

Legislative Priorities Report

TWDB Priorities for the 89th Texas Legislative Session



February 2025



Legislative Priorities

89th Texas Legislative Session

L'Oreal Stepney, Chairwoman

Tonya Miller, Member

Bryan McMath, Executive Administrator

Updated February 2025 (Originally published December 2024)



www.twdb.texas.gov

Contents

Executive Summary	5
Agency Activities	6
Outcomes of the 88th Legislative Session	8
Recommendations to the 89th Legislature	8
Legislative Appropriations Request Exceptional Item Requests	12



Executive Summary

The mission of the Texas Water Development Board (TWDB) is to lead the state's efforts in ensuring a secure water future for Texas. The TWDB is the state agency responsible for water supply and flood planning, financing, and research. It is our agency's mission to help the state plan and prepare for the perpetual threat of water scarcity and water surplus in our vast state.

The TWDB collects, analyzes, and distributes water and geographic data that helps businesses, citizens, local governments, and water providers make informed decisions on their water resources. Since its creation in 1957, the TWDB has been charged with addressing the state's water needs through planning and financial assistance. Local communities carry out the responsibility for providing water to their residents; however, the TWDB has a leadership and support role by guiding, enabling, and supporting the conservation and responsible development of the state's water resources. The agency coordinates regional water planning and prepares the state water plan to show Texans what actions are needed to achieve water security in times of drought. The TWDB also administers cost-effective financial assistance programs for water supply; wastewater treatment, distribution and collection; flood mitigation; and agricultural water conservation projects.

Section 6.156 of the Texas Water Code requires that the TWDB provide to the governor and members of the legislature a biennial report that includes a statement of agency activities and recommendations for necessary and desirable legislation. This report includes the following seven legislative recommendations, in priority order, that further our agency's mission and goals outlined in the TWDB's 2025–2029 Strategic Plan:

1. Long-term Sustainable Financing
2. Rural Definition Cleanup
3. Planning Rule Sync Up
4. Groundwater Management Plan Clarification
5. Texas Grant Management Standards
6. SWIFT Reporting Requirement Update
7. Groundwater Deposits to the Texas Water Trust

In conjunction with the TWDB's legislative priorities, this report also includes narrative summaries of the TWDB's Exceptional Item Requests. These requests include, in priority order, the following:

1. Increase to Agency Full-Time Equivalent (FTE) Limit and Associated Funding (\$8,074,200 – 50 FTEs)
2. Targeted Salary Adjustments (\$7,259,466)
3. Board Member Group Classification (\$0)
4. Hurricane Harvey Rider 21 Revision (\$0)
5. Capitalization Grant Matching Funds for the State's Drinking Water State Revolving Fund and Clean Water State Revolving Fund (\$142,933,000)
6. Agricultural Water Conservation Fund (\$6,795,118 – 3 FTEs)
7. Information Technology Risk Mitigation (\$2,676,054 – 5 FTEs)
8. Groundwater Data Collection and Analysis (\$745,121 – 2 FTEs)
9. Surface Water Data Collection and Analysis (\$1,612,368 – 2 FTEs)
10. TexMesonet Coverage (\$1,880,000)
11. MatLab Facilities Expansion for TWDB Field Data Collection Programs (\$576,000)
12. Agency Vehicles Replacement (\$442,000)
13. Agency Digitization Initiative (\$2,540,000)

Agency Activities

The following sections highlight recent accomplishments and initiatives as well as challenges and opportunities that the TWDB may face in the next five years, as outlined in the TWDB's 2025–2029 Strategic Plan.

Recent Accomplishments and Looking Forward

The TWDB has experienced a significant increase in statutory and operational responsibilities in recent years due to the success of the State Water Implementation Fund for Texas (SWIFT) program; increases in funding through the state revolving fund programs; and the addition of new flood science, planning, and financing programs. Since 2013 (considered a reference year due to legislation that created the SWIFT program), the agency has seen a significant increase in key performance metrics. Total assets managed over that timeframe have increased three-fold from \$6.9 billion to \$20.9 billion, and the number of construction contracts managed has nearly doubled (an increase from 257 to 507). From 2016 to 2023, the TWDB delivered, on average, more than \$1.8 billion per year in financial assistance, a many-fold increase in the average annual amount compared with past years. Of the \$35.6 billion in financial assistance commitments since the agency's inception in 1957, nearly \$20 billion has been committed since 2013.

This growth has brought both challenges and opportunities. For the past several years, the TWDB has been actively addressing workload and customer service challenges that are largely due to the significant increases in demand for our financial assistance programs. These challenges have been exacerbated by difficulties in hiring and retaining skilled staff in current economic conditions.

The following sections highlight recent accomplishments and initiatives as well as challenges and opportunities that the agency may face in the next five years, including continued implementation of recommendations from the 2022–2023 Sunset review cycle.

Texas Water Fund Implementation

In 2023, the 88th Texas Legislature passed Senate Bill (SB) 28 and Senate Joint Resolution (SJR) 75 providing for the creation of the Texas Water Fund, a special fund in the state treasury outside the general revenue fund to be administered by the TWDB. In addition, SB 30 authorized a one-time, \$1 billion supplemental appropriation of general revenue to the Texas Water Fund, contingent on enactment of SB 28 and approval of SJR 75 by Texas voters. Proposition 6 (the proposition for SJR 75), creating the Texas Water Fund to assist in financing water projects in Texas, passed on November 7, 2023, with more than 77 percent in favor.

The Texas Water Fund is not a new financial assistance program itself; rather, it allows the TWDB to provide funding through certain existing financial assistance programs and the newly created New Water Supply Fund for Texas. The TWDB is working to implement the Texas Water Fund and has considered stakeholder feedback to inform funding priorities as well as the administration of the programs to which funds may be transferred.

Flood Initiatives

In the aftermath of Hurricane Harvey in 2017, the TWDB conducted Texas' first State Flood Assessment, which included an overview of flood-related roles and responsibilities, an estimation of flood mitigation costs, and a synopsis of stakeholder views on the future of flood planning in Texas. Based on findings from that effort, the TWDB recommended that the legislature pursue proactive statewide flood mitigation by developing foundational flood risk management policies and goals to support three key pillars of investment: (1) improved and updated flood mapping and modeling; (2) coordinated watershed-based planning; and (3) mitigation efforts, such as policy enhancements, increased technical assistance, and financial assistance for project implementation.

In response to this assessment and other efforts initiated in the wake of Hurricane Harvey, the 86th Legislature and Governor Greg Abbott greatly expanded the TWDB's role in flood planning, science, and financial assistance via the historic passage of SB 7 (which created the Flood Infrastructure Fund and the Texas Infrastructure Resiliency Fund) and SB 8 (which created a

new regional and state flood planning process). SB 500 appropriated funding for infrastructure projects related to drainage, flood mitigation, flood control, regional flood planning activities, and flood science initiatives to support development of the regional and state flood plans.

Significantly, the funding has allowed the TWDB to develop multiple flood hazard data products, including cursory flood hazard data, base level engineering, and a composite flood “quilt” composed of best-available data sets for watersheds across Texas. The data and models created by these processes empower community officials and the public by providing flood hazard information needed to make informed mitigation decisions. Further, these projects can be used as leverage for additional federal funding to complete additional mapping activities.

Recognizing the need for greater state resources to assist with implementing flood mitigation strategies, the legislature made a one-time transfer of \$793 million from the state’s Economic Stabilization or “Rainy Day” Fund via SB 500 to create a new flood financial assistance program to be administered by the TWDB. The Flood Infrastructure Fund (FIF) program is designed to make implementing drainage and flood projects more affordable for Texas communities and meet immediate needs for funding with grants and low-interest loans. In 2023, the legislature added an additional \$624 million to further support statewide flood mitigation efforts. In addition to FIF-funded projects, the TWDB was successful in assisting communities participating in the National Flood Insurance Program with securing significant amounts of federal funding through the Federal Emergency Management Agency’s Flood Mitigation Assistance program.

The TWDB, in partnership with numerous stakeholders, has made considerable progress in implementing these new flood programs. Of the 208 Hydrologic Unit Code 8 watersheds in Texas, 127 have completed base level engineering studies and 81 are planned and in progress; we anticipate statewide coverage by the end of the 2024 calendar year. The cursory flood data set and flood quilt are already available statewide. The regional flood planning groups developed Texas’ first 15 regional flood plans that were submitted to the TWDB

by January 2023 and approved by the Board; the first state flood plan was adopted on August 15, 2024. And as of December 2024, the TWDB has committed more than \$643 million for 140 FIF projects, including early warning systems, watershed studies, match for federal programs, and a range of flood control and mitigation strategies.

State Water Plan Implementation

The agency looks forward to continuing to implement the state water plan. The 2022 State Water Plan projects that Texas’ population will increase 73 percent by 2070. The plan recommends more than 5,800 strategies crafted to conserve existing water supplies and to create additional supplies to address the needs of our growing population. The estimated capital costs associated with implementing the 2022 State Water Plan are \$80 billion, with water providers estimating they will need about \$47 billion of that amount in state financial assistance. Of the \$80 billion, approximately \$77.1 billion will support strategies associated with municipal water suppliers or wholesale water providers. The TWDB has SWIFT and other financial assistance programs available to help finance these water management strategies.

The TWDB has committed almost \$14.5 billion for dozens of state water plan projects in Texas through the SWIFT program, resulting in a savings of over \$1.7 billion for Texas water providers since the first funding cycle in 2015. Projects funded through the SWIFT program—transmission pipelines, major reservoirs, aquifer storage and recovery, canal linings, capacity expansions, groundwater wells, leak detection systems, water meter replacements, and wastewater reuse—will all help ensure that Texans have sustainable and reliable water sources for decades to come. Projects range greatly in both size and scope and serve a number of geographic areas around the state. The program continues to experience significant demand with nearly \$3 billion in new commitments in 2024.

Outcomes of the 88th Legislative Session

Along with general government legislation, the agency has worked to implement the following TWDB-related legislation from the 88th Legislative Session:

- House Bill (HB) 4742 – Relating to a study by the Texas Water Development Board of issues faced by communities with artificial drainage systems.
- HB 1565 – Relating to the functions of the Texas Water Development Board and continuation and functions of the State Water Implementation Fund for Texas Advisory Committee (TWDB Sunset bill).
- SB 469 – Relating to the eligibility of certain political subdivisions to receive certain financial assistance administered by the Texas Water Development Board.
- SB 1047 – Relating to funding and activities of the Texas Produced Water Consortium.
- SB 2196 – Relating to the identification and mapping of aggregate production operations by the University of Texas Bureau of Economic Geology.

Texas Water Fund to transfer money to the select funds or accounts administered by the agency. The TWDB continues to experience high demand across the agency's financial assistance programs, with the Clean Water and Drinking Water State Revolving Funds (SRFs) being nine and ten times oversubscribed, respectively, and the 2024 SWIFT cycle abridged applications receiving the highest total of requested funds since the inaugural funding cycle in 2015.

The 86th Texas Legislature passed several bills entrusting the TWDB with responsibilities related to funding flood mitigation projects and planning for future flood events. SB 8 created the first statewide, comprehensive flood planning process in Texas and charged the TWDB with administering the regional and state flood planning programs. The 2024 State Flood Plan presents information from the 15 regional flood plans and makes legislative and floodplain management recommendations to guide state, regional, and local flood control policy. The plan confirms there is significant risk of flooding across Texas, with approximately one in every six people in Texas working in known flood hazard areas, including the 1 percent (100-year) and 0.2 percent (500-year) annual chance floodplains.

Recommendations to the 89th Legislature

1. Long-Term Sustainable Financing

The legislature should consider developing a long-term, affordable, and sustainable method to provide financing assistance for the implementation of the Texas Water Fund and Flood Infrastructure Fund.

Background

In 2023, the 88th Texas Legislature passed SB 28 and SJR 75, providing for the creation of the Texas Water Fund. In addition, SB 30 authorized a one-time, \$1 billion supplemental appropriation of general revenue to the Texas Water Fund, contingent on the enactment of SB 28 and approval of SJR 75 by voters, which passed via Proposition 6 on November 7, 2023, creating the Texas Water Fund to assist in financing water projects in Texas. SB 28 directed that the TWDB may only use the

The 2024 State Flood Plan recommends 4,609 flood risk reduction solutions, including flood management evaluations, flood mitigation projects, and flood management strategies, with the estimated total cost to implement these solutions exceeding \$54.5 billion. SB 500 appropriated funding via a one-time transfer of \$793 million for infrastructure projects related to drainage, flood mitigation, flood control, regional flood planning activities, and flood science initiatives to support development of the regional and state flood plans.

SB 7 created the FIF to make implementing drainage and flood projects more affordable to Texas communities and to meet immediate needs for funding with grants and low-interest loans. During the 88th Legislative Session, SB 30 provided more than \$624 million from the general revenue fund in additional funding to the FIF program. As of the 2024–2025 cycle, the FIF is roughly 5.5 times oversubscribed its capacity of \$375,000,000, having received more than \$2 billion in applications.

Given this overwhelming need across the state, the TWDB recommends that the legislature consider developing a new method for funding water and flood projects. One such model is an ongoing deposit of funding, either from general revenue, a fee, or another appropriated source designated by the legislature. This funding could be utilized to expand the capacity of existing state financial assistance programs or make loans to entities for water and flood projects via the Texas Water Fund and the FIF. Adding this additional funding to the TWDB's base appropriation would also ensure a dedicated and predictable source to meet the aforementioned demand.

Once established, this model could expand to include bond funding and reduced interest rates without being a draw on general revenue. It is imperative that the State determine a sustainable, long-term methodology to provide the funding necessary to address Texas' water needs and allow the TWDB to continue pursuing its goal of ensuring a secure water future for Texas.

2. Rural Definition Cleanup

The legislature should amend the definition of "rural political subdivision" in § 15.001(14) that inaccurately describes certain municipalities as "rural political subdivisions."

Background

During the 88th Legislative Session, SB 469 and HB 3582 were filed, aiming to standardize the use of the term "rural" across the TWDB's financial assistance programs by amending statute and adding a general definition of "rural political subdivision" in Chapter 15, Texas Water Code. This standardization and general definition add consistency for rural applicants across TWDB programs. Both bills passed and became effective on September 1, 2023.

The bills were both codified in Texas Water Code; however, the two provisions of law do not contain identical language. The intention of the change was to narrow the definition of "rural" to exclude entities with small service areas located within urban areas. In the process of defining "rural political subdivision," SB 469 inadvertently excluded municipalities whose service areas are located outside specific urban areas, rather than excluding those

within urban areas, which would be consistent with the common understanding of "rural political subdivision." Because SB 469 passed later during the legislative session, a court would most likely interpret the language from SB 469 to control over that of HB 3582, according to the Code Construction Act.

Correcting the discrepancy in the two enacted subsections is essential to rectify the initial legislative intent of both bills, which was to exclude municipalities inside urban areas from qualifying as "rural political subdivisions."

Statutory change: § 15.001(4) of the Texas Water Code.

3. Planning Rule Sync Up

The legislature should better align certain TWDB planning rule review cycles with the state agency review requirements in Texas Government Code Chapter 2001.

Background

The 59th Texas Legislature charged the TWDB with administering the regional water planning process and developing a state water plan every five years. At the end of every five-year regional water planning cycle, the TWDB compiles information from the approved regional water plans and other sources to develop the state water plan, which is presented to the Board for adoption. The 87th Texas Legislature greatly expanded the TWDB's role in flood planning, charging the agency with administering a new state and regional flood planning process with flood planning regions based on river basins as well as publishing a state flood plan every five years. The 15 regional flood planning groups submitted regional flood plans that were incorporated into the first-ever state flood plan adopted by the Board on August 15, 2024.

The statutes of the current state water plan and state flood plan specify a five-year rule review cycle for the relevant guidance principles, which aligns with the five-year planning cycles. However, as these rules are adopted state agency rules, there is an inconsistency with the rule review requirements for all state agencies in Texas Government Code Section 2001.039, which requires a four-year review cycle for all adopted state agency rules. Without this item, the TWDB will continue to experience

a review of its planning rules that is misaligned with the five-year planning cycle.

Statutory change: §§ 16.051(d), 16.053, 16.061(c), and 16.062 of the Texas Water Code

4. Groundwater Management Plan Clarification

The legislature should clarify which desired future conditions and modeled available groundwater volumes need to be included and considered in a groundwater management plan in the event that an aquifer previously relevant for joint groundwater planning is later declared non-relevant or in the event that a desired future condition is deemed no longer reasonable.

Background

Desired future conditions (DFCs) are quantitative descriptions of the desired condition of the groundwater resources in a groundwater management area in the future. They are policy goals that each district must manage. Modeled available groundwater (MAG) is the amount of water that may be pumped annually on average to achieve a desired future condition. The TWDB estimates modeled available groundwater based on a district's adopted desired future conditions.

Statute requires the TWDB to assist groundwater conservation districts (GCDs) in the development of groundwater management plans. Under Texas Water Code, the TWDB Executive Administrator must approve management plans submitted by GCDs if they are administratively complete, which includes addressing DFCs and including MAG volumes. However, in the event that (1) an aquifer was previously relevant for joint planning purposes but is subsequently not or (2) a desired future condition is deemed no longer reasonable through the petition process, there is no clear guidance on which DFCs and MAG estimates should be included and considered in the plans.

This issue affects GCDs that are developing management plans and the TWDB when assisting districts and reviewing plans for administrative completeness. Lack of guidance results in confusion for districts and the TWDB

on which DFCs and MAG volumes considered in a plan meet the standards for administrative completeness.

Clarifying which DFCs and MAG volumes should be included in groundwater management plans in these cases would make the management plan development process more efficient for both GCDs and the TWDB.

Statutory change: §§ 36.1071 and 36.1072 of the Texas Water Code

5. Texas Grant Management Standards

The legislature should amend the grant standards law to exempt certain TWDB programs from applicability of the Texas Grant Management Standards.

Background

The Texas Comptroller of Public Accounts is responsible for promulgating state grant management guidance and published the Universal Grant Management Standards that were superseded on January 1, 2022, by the Texas Grant Management Standards. Both guidance documents are published under the authority of Government Code Chapter 783. The Comptroller's guidance aligns state standards with those found in the Code of Federal Regulations, Chapter 2, Part 200; and, although state guidance provides uniform assurances and standards, some agencies have specific statutory authority that differs from these state standards. The TWDB is one of those agencies.

The Universal Grant Management Standards and Texas Grant Management Standards do not apply to loans, loan guarantees, or loan subsidies. For consistency, these management standards have also historically not applied to the TWDB's grant programs through existing statutory exemptions. Our records indicate the statutory exemption was first authorized in 1981. This bill would provide a similar exemption for grants authorized within the Water Assistance Fund, Water Loan Assistance Fund, and Rural Water Assistance Fund.

The inconsistency between Universal Grant Management Standards, Texas Grant Management Standards, and TWDB grant standards creates confusion for TWDB customers, as well as staff, who may utilize or work

across multiple TWDB financial assistance programs. TWDB grant standards are more comprehensive than Universal Grant Management Standards and Texas Grant Management Standards, as they are specific to and consistent with the TWDB's statutory and programmatic guidance.

To continue providing consistency to our customers, the TWDB seeks to obtain an exemption for grants authorized within the Water Assistance Fund, Rural Water Assistance Fund, and the Water Loan Assistance Fund.

Statutory change: § 15.008 of the Texas Water Code

6. SWIFT Reporting Requirement Update

The legislature should remove the requirement that all nonconfidential information submitted as part of applications for SWIFT financial assistance be posted on the TWDB website.

Background

The 83rd Texas Legislature greatly expanded the TWDB's ability to help communities develop and optimize water supplies at cost-effective rates by passing HB 4 and establishing the SWIFT program. In the 84th Legislative Session, HB 280 added several reporting requirements, including the posting of all full applications submitted as part of a SWIFT application approved by the Board.

No other financial assistance programs administered by the TWDB require the posting of full or abridged applications, though this information is available by public information request. Significant staff time is required to fully review the applications to ensure that information deemed confidential by the Texas Public Information Act or other law is accurately redacted before the application is posted online. Removing this requirement would save considerable staff time and ensure that posting requirements for all programs are consistent. The SWIFT reporting requirements that are more extensive than those of other TWDB state programs, including disclosure of administrative and operating expenses, bond transaction summaries, and loan status, would remain in place. These SWIFT applications will remain available to the public through Public Information Act requests.

Statutory change: § 15.440 of the Texas Water Code

7. Groundwater Deposits to the Texas Water Trust

The legislature should specify that the dedication of any groundwater rights placed in the Texas Water Trust shall be reviewed and approved by the TWDB.

Background

The Texas Water Trust was created as a program within the Texas Water Bank with the adoption of SB 1 by the 75th Texas Legislature. The Trust offers a significant opportunity to acquire, by donation, lease, or purchase, water rights for environmental purposes. Placing water rights into the Trust helps preserve aquatic life and habitat for future generations.

The Texas Water Code states that the TWDB shall administer the water bank to facilitate water transactions to provide sources of adequate water supplies for use within the state of Texas. Texas Water Code states that the dedication of any water rights placed in trust must be reviewed and approved by the Texas Commission on Environmental Quality. However, the Texas Commission on Environmental Quality does not typically review issues related to groundwater. Additionally, without a groundwater permit from a GCD, it is impossible to quantify a groundwater right because of the rule of capture, which states that landowners have the right to take all the water they can capture under their land.

Therefore, amending the statute to give authority to the TWDB to review and approve donations of groundwater rights to the Trust, where the donor holds a groundwater permit from a GCD and that GCD acknowledges the dedication, would allow the TWDB a path forward to accept donations of groundwater rights to the Texas Water Trust.

Statutory change: § 15.7031(c) of the Texas Water Code

Legislative Appropriations Request Exceptional Item Requests

The TWDB is requesting 13 exceptional items for the 2026–2027 biennium for a total of \$175,533,327.

1. Increase to Agency Full-Time Equivalent (FTE) Limit and Associated Funding (\$8,074,200 – 50 FTEs)

The agency has experienced a significant increase in statutory and operational responsibilities in recent years, due in large part to the success of the SWIFT program; increases in funding through the state revolving funds; and the addition of new flood science, planning, and financing programs. Since 2013 (considered a reference year due to legislation that created the SWIFT program), the agency has seen a significant increase in key performance metrics:

- Of the nearly \$35.6 billion in financial assistance commitments made since the agency's inception in 1957, nearly \$20 billion, or 56 percent, has been committed since 2013.
- Total assets managed since 2013 have increased three-fold from \$6.9 billion to \$20.9 billion.
- During the same period, the number of construction contracts managed nearly doubled from 257 to 507, and the number of active projects has increased nearly five-fold from 142 to 703.

From 2016 to 2023, the TWDB delivered an average of more than \$1.8 billion per year in financial assistance, a many-fold increase compared to past years. Since submitting the previous Legislative Appropriations Request, the agency has executed grant agreements associated with emerging contaminant and lead service line replacement programs with the Environmental Protection Agency, as well as developed an implementation plan to utilize \$1 billion from the Texas Water Fund through the Rural Water Assistance Fund, Water Loan Assistance Fund, a statewide water public awareness program, the SWIFT program, potential leveraging through other existing financial assistance programs, and the New Water Supply for Texas Fund.

With this growth has come challenges and opportunities. For the past several years, the TWDB has been

actively addressing workload and customer service challenges largely brought on by the significant increases in demand for our financial assistance programs. These challenges have been exacerbated by difficulties in hiring and retaining skilled staff in current economic conditions. Currently, the agency's workforce consists of many individuals with post-secondary degrees or professional certifications, such as licensed engineers, attorneys, hydrologists, geologists, and certified public accountants. As such, it is often difficult to hire and retain qualified professionals, with some vacancies taking months to fill. Additionally, the training period can be 12, 18, or, in some cases, 24 months because many of the program processes take a full year to complete. Amid these ongoing challenges, the demand for our services continues to grow.

This request includes an increase of 50 to the TWDB's FTE cap, from 482.5 to 532.5, to help the agency succeed in its substantial objectives, vast breadth of responsibility, and highly complex work. No additional general revenue is needed to support this FTE cap increase.

2. Targeted Salary Adjustments (\$7,259,466)

This request is for funding to increase salaries for positions that are hard to fill and retain and to bring agency employees to the 50 percent (midpoint) salary range. These adjustments will be funded with general revenue and federal funds.

3. Board Member Group Classification (\$0)

This request is to modify the TWDB Board member salary group classification from Group 6 to Group 7 to match the salary range of the TWDB's Executive Administrator and that of board members of sister agencies. It does not require additional funding.

4. Hurricane Harvey Rider 21 Revision (\$0)

This request is to appropriate unexpended and unobligated funds from the Texas Infrastructure Resiliency Fund's Hurricane Harvey account in fiscal year 2026. This can be achieved by amending the existing rider to include the phrase "and Hurricane Harvey Subaccount" after "Floodplain Management Subaccount." This revision will ensure that the funds remain available for their originally intended purpose.

5. Capitalization Grant Matching Funds for the State's Drinking Water State Revolving Fund and Clean Water State Revolving Fund (\$142,933,000)

The TWDB receives federal capitalization grant appropriations for the Clean and Drinking Water State Revolving Fund (SRF) programs. Depending upon the program, the SRFs assist communities by providing low-cost financing for water, wastewater, stormwater, reuse, and other pollution control projects. The federal capitalization grants generally require states to provide a 20 percent state match. The projected state matching fund requirements for the 2026-2027 biennium total \$142.9 million to correspond with a projected \$714.7 million in federal capitalization grants for the same timeframe.

In the past, this state matching fund requirement has primarily been met through the issuance of bonds. When a state meets its matching fund requirement through the issuance of bonds, there is a further federal requirement that the state's debt service may only be paid with interest earnings and/or the interest repayments from loans within the SRFs.

Due in large part to this interest repayment requirement, issuing bonds to satisfy state matching fund requirements decreases the SRF programs' bonding capacity. A decrease in bonding capacity limits the ability of the programs to raise capital to provide financial assistance to program participants. Bonding capacity is dependent upon sufficient excess cash flows to cover the debt service and maintain the highest possible credit ratings.

If the state matching fund requirements are provided by state appropriation rather than through the issuance of bonds, as was the case in the 2024-2025 biennium, bonding capacity can be optimized. As a result, the amount of capital that can be raised for the program is increased, enabling the state to assist more entities through the SRF programs.

The TWDB estimates that an increase of nearly \$500 million in program capacity would be achieved if the state matching fund requirement is provided by state appropriation instead of issuing bonds for state match.

6. Agricultural Water Conservation Fund (\$6,795,118 – 3 FTEs)

The Agricultural Water Conservation grant and loan programs provide financial assistance for agricultural water conservation projects in Texas. These programs fund agricultural conservation projects to improve irrigation efficiency, including improving aging canal infrastructure, replacing canals with pipeline systems, installing automatic gates or control systems, installing water monitoring devices, demonstrating the latest water conservation technological advancements, supporting evapotranspiration networks, improving agricultural water conservation best management practices, and other projects that enhance resilience to weather extremes.

Water use estimates form the basis for developing irrigation demand projects in regional water plans, and the TWDB produces annual estimates of irrigation water use by crop for all counties in the state. Through collaboration with stakeholders, best management practices for agricultural water users are developed. This request includes appropriations of \$3 million per fiscal year to the Agricultural Water Conservation Fund to continue providing agricultural water conservation grants and loans to public entities in rural areas of Texas where agriculture is an important sector of the local economy. It also includes three FTEs and associated contracting expenses.

7. Information Technology Risk Mitigation (\$2,676,054 – 5 FTEs)

Balancing the water needs of agriculture, industry, cities, rural areas, and the environment is becoming increasingly challenging, and TWDB data, research, planning, and financial assistance are instrumental in this effort. The agency continues to face risks of cybersecurity breach that could result in digital, economic, and reputational damage to stakeholders, the agency, and the state. Microsoft is ending security patching and support for the Windows Server 2016 operating system in January 2027. If the Information Technology Division does not have professional services support to complete the extensive effort of migrating off Windows Server 2016, it will pose a considerable risk to the security and stability of agency operations.

This request includes funding and staff resources to enable the TWDB to meet its evolving digital transformation demands, enhance risk mitigation efforts, as well as contract resources to assist with all aspects of the Microsoft 2016 server migration and modernization/re-architecture of the applications environment.

8. Groundwater Data Collection and Analysis (\$745,121 – 2 FTEs)

The TWDB initiated the Springs Monitoring Program in 2020 in conjunction with the groundwater quality sampling program. The purpose of the program is to monitor and inventory a consistent network of springs across the state on an annual basis. Historically, the TWDB has sampled springs on a case-by-case basis with discharge data rarely collected. The goals of the program are to implement data collection, inventory, and analysis on the springs of Texas and to monitor short- and long-term changes in flow rate and water quality. These activities provide an improved understanding of the conditions of the aquifers that produce springs and a better picture of overall aquifer health, as well as insights into groundwater-surface water interactions that can be incorporated into regional water planning and groundwater availability modeling.

The Recorder Well Network allows the TWDB, in partnership with its cooperators, to continue installing and monitoring automatic water level recorders in observation wells throughout the state. An automatic groundwater level recorder well, or recorder well, refers to an unused water well installed with water level recording equipment (a recorder) and a datalogger. Ongoing monitoring networks provide longer periods of record and allow the TWDB to track trends, understand impacts to changes in pumping and recharge, and develop sound policies based on historical data at a finer resolution, which can be very helpful for drought triggers.

This request includes funding to support maintenance and growth of the TWDB Recorder Well and Springs Monitoring programs, provides additional funding to address the rising costs of water quality analyses in the TWDB Water Quality and Springs Monitoring programs, and provides funding for additional data collection equipment to be used in the field. This will expand public access to available data for groundwater resource planning and management.

9. Surface Water Data Collection and Analysis (\$1,612,368 – 2 FTEs)

Water data is the foundation upon which Texas builds its water plans, protects against flood risk, and manages water resources. The Surface Water Division compiles several key datasets, including reservoir evaporation, volumetric reservoir storage capacity, sedimentation rates for water supply reservoirs, and measurements of stream flows at key locations throughout the state.

The TWDB's Water Availability Program is responsible for providing the state with reservoir evaporation data. Although the TWDB has compiled this data since the 1960s, newer methods are being pursued to ensure greater accuracy and spatial coverage of reservoir evaporation data for all of Texas. During the 2011 drought, the amount of water lost from Texas reservoirs through evaporation was higher than municipal water use within the state, demonstrating the importance for better monitoring. In 1991, the Texas Legislature authorized creation of the Hydrographic Survey Program. At the request of a political subdivision, state or federal agency, or an agency of a neighboring state, the TWDB may generate revenue through charges to customers for conducting surveys that determine reservoir storage capacity, sedimentation levels, rates of sedimentation, projected water supply availability, or potential mitigative measures; providing bathymetric studies; or collecting information on water bearing formations. Since that time, the TWDB has completed surveys for only 108 (or 57 percent) of the 189 total major water supply reservoirs (greater than 5,000 acre-feet in capacity). Currently structured as a receivable program, the TWDB is unable to conduct surveys on lakes that do not have a financial sponsor. Consequently, the availability of this type of data is entirely dependent upon external customers, primarily reservoir owners, who hire the TWDB to conduct reservoir surveys. This results in information gaps that limit effective long-term water planning, as some reservoirs have never been surveyed or have not been surveyed in a very long time.

The TWDB also supports a cooperative agreement with the U.S. Geological Survey to maintain 148 stream and lake level gages across the state. Stream gages provide a foundational water dataset used in water resources planning and management and in flood forecasting and warning. Although the U.S. Geological Survey does not increase its costs for operation and maintenance of

gages every year, gaging costs have increased an average of 1.5 percent per year during the last 21 years. As a significant provider of this type of data for the state, without additional funding, the TWDB will need to eliminate up to five stream gages by fiscal year 2027, and more funding will be needed beyond that date to ensure additional gages are not cut in the following years.

With population and statewide water use increasing, accurately assessing the state's available and projected surface water resources is a fundamental TWDB responsibility that is necessary to ensure a secure water future for Texas. Each of the mentioned datasets is critical to informing decisions impacting surface water rights permitting, adaptive management of environmental flow standards, regional water supply and flood mitigation planning, and financial assistance for water supply and flood infrastructure projects. As the TWDB is the only entity providing estimates of reservoir evaporation and reservoir volumetric capacity and sedimentation rates for the state's water supply reservoirs, this request addresses vital and basic areas of need with regard to improving key surface water data collection and analysis efforts of existing programs, specifically (1) improving the accuracy of reservoir evaporation datasets; (2) ensuring the ability of the Hydrographic Survey Program to continue conducting water supply reservoir volumetric and sedimentation surveys; and (3) providing for projected cost increases to maintain the existing network of stream gages through fiscal year 2030. This funding will allow the TWDB to continue to develop improved, high-quality, validated daily evaporation estimates for each major water supply reservoir in the state and fill the data gap by completing surveys of reservoirs that have never been surveyed or were surveyed a long time ago.

10. TexMesonet Coverage (\$1,880,000)

The TWDB's TexMesonet is a statewide hydrometeorological (weather and soil conditions) data collection network providing historical and real-time weather data for Texas. TexMesonet is a vital support tool for severe weather events, including flood, fire, and drought, as well as public safety, agricultural productivity, and research efforts. TexMesonet stations complement and aggregate data from existing monitoring systems maintained by the National Weather Service, the Federal Aviation Authority, the U.S. Forest Service, and other state and local organizations. The TWDB continues to

strategically add its own managed stations to improve statewide coverage.

This funding will enable the TWDB to achieve statewide coverage of hydrometeorological stations as soon as 2030 via two mechanisms: (1) through installation and maintenance of an additional 55 TWDB TexMesonet stations and (2) through cooperative agreements with regional weather station networks to provide high-quality meteorological data. This request will also support a statewide evapotranspiration dataset, which is currently unavailable throughout much of the state, yet vital for improving water conservation.

11. MatLab Facilities Expansion for TWDB Field Data Collection Programs (\$576,000)

This facilities expansion request will provide the TWDB with additional funding to rent a laboratory or warehouse facility that is large enough to provide suitable, safe workspaces and adequately house the scientific equipment, tools and supplies, buoys, boats, field trucks, and other equipment required for the field collection of water resources and hydrometeorological data. Mirroring the substantial growth throughout the agency, the programs within the Office of Water Science and Conservation have continued to evolve and expand to provide more relevant, higher-quality datasets to support water supply and flood planning and general water resources management.

12. Agency Vehicles Replacement (\$442,000)

This request includes funding to replace 10 agency vehicles purchased between 2008 and 2018, all of which have exceeded their mileage thresholds.

13. Agency Digitization Initiative (\$2,540,000)

This request includes funding to complete the Agency Digitization Initiative, an effort to completely digitize physical records that are currently stored at the Texas State Library and Archives Commission. Digitizing files reduces storage costs and improves accessibility for staff.



1700 North Congress Avenue
P.O. Box 13231
Austin, Texas 78711-3231

www.twdb.texas.gov

