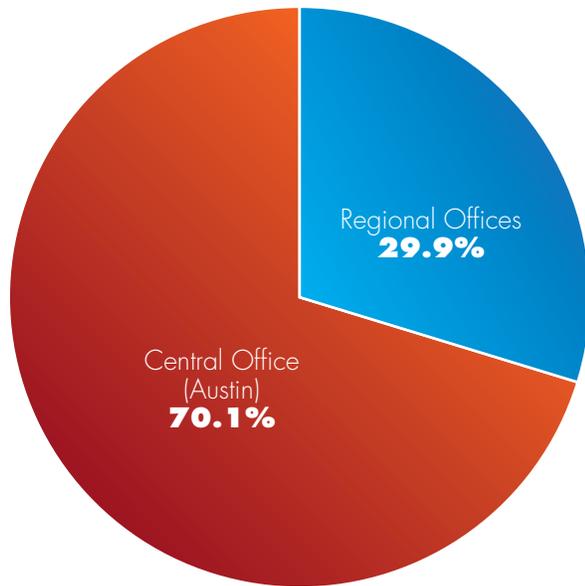


Agency Resources

The Texas Commission on Environmental Quality has about 2,700 full-time employees, with more than a quarter working outside of the Austin headquarters. The agency has 16 regional offices, as well as three special-project offices.

**Locations of TCEQ Employees
FY 2014**



These field offices give the TCEQ a statewide presence, enabling its staff to communicate firsthand with municipalities, businesses and industry, and community groups in all quarters of Texas.

The TCEQ's budgetary needs are based on the demands of state and federal laws concerned with protecting human health and the environment. The operating budget totaled \$349.1 million in fiscal 2013 and \$379.1 million in fiscal 2014. Most of the budget is supported from revenues collected from fees.

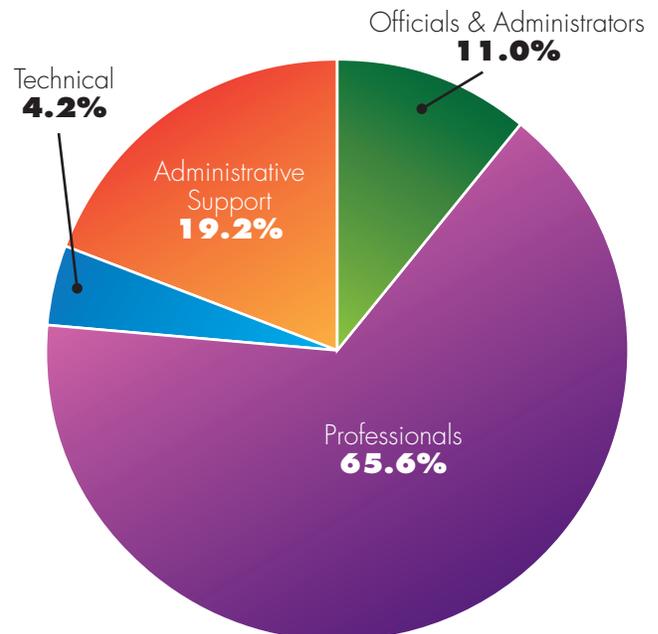
The TCEQ posts its quarterly expenditures online. The data is reported in broad categories, such as salaries, travel, utilities, and maintenance. The Web page also links to an expenditure database, called "Where the Money Goes," at the state comptroller's website. These online postings are in response to the Texas Legislature's call for greater accountability in state government.

Workforce

Size and Job Categories

The overall size of the TCEQ workforce remains fairly consistent. In fiscal 2013, the agency was authorized to have 2,761.2 full-time-equivalent (FTE) positions, and the

**Job Categories of TCEQ Workforce
FY 2014**



average number of FTEs utilized was 2,613.61. In fiscal 2014, the authorized FTEs were 2,767.2; the TCEQ averaged 2,654.63 during that time.

The TCEQ staff is composed largely of professionals trained in science, technology, engineering, computer science, and related fields. In fiscal 2014, professionals represented 65.6 percent of the workforce; technical and administrative support staff made up 23.4 percent; and officials and administrators (managers) filled 11 percent of positions. This reflects almost no change in the distribution of job categories within the agency from fiscal 2012, with professionals up only 0.3 percent, technical and administrative support staff down 0.2 percent, and officials and administrators (managers) down 0.1 percent.

Equal Employment

It is the TCEQ's policy to afford equal-employment opportunities to all employees and qualified applicants, regardless of race, color, religion, national origin, sex, sexual orientation, age, disability, genetic information, veteran status, or other status protected by law.

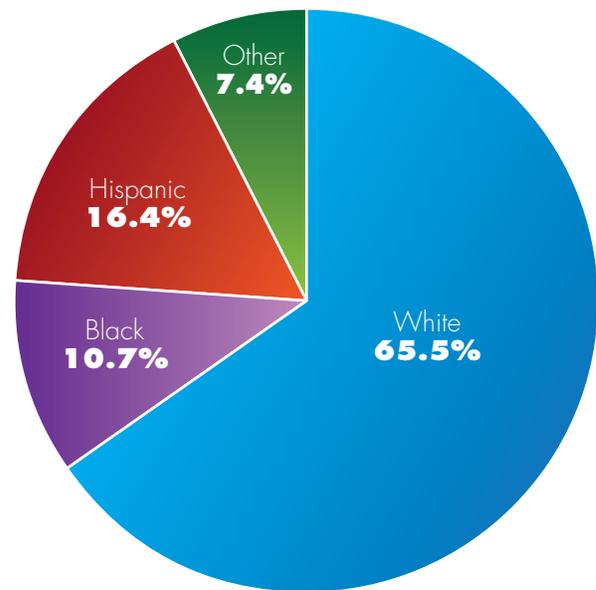
The agency is committed to recruiting, selecting, and retaining a multitalented, culturally diverse workforce that is representative of the state's available labor force. In accordance with the Texas Labor Code, Chapter 21, all employees are trained on equal-employment practices to make them aware of state and federal employment laws and regulations.

With regard to race and ethnicity, the agency's workforce composition in fiscal 2014 was 65.5 percent white, 10.7 percent black, 16.4 percent Hispanic, and 7.4 percent other (including Asian, Pacific Islander, American Indian, and Alaskan Native). With regard to gender, women continue to be in the majority at the TCEQ: female employees represented 52.1 percent; males, 47.9 percent.

Ethnicity and Gender

Since 1999, the Legislature has required each state agency to analyze its workforce by ethnicity and gender. The TCEQ compares its workforce to the state civilian workforce using data provided by the Civil Rights Division of the Texas Workforce Commission. The TWC's report on equal-employment-opportunity hiring practices, which is published at the start of each legislative session, uses data sets based on the percentage of blacks, Hispanics, and females—by job category—within the civilian labor force in Texas.

Ethnicities of TCEQ Workforce FY 2014



In fiscal 2014, the TCEQ exceeded the percentage of the available black labor force in the job category of administrative support by 7.7 percent. The agency's female workforce exceeded the available female labor force in top management (officials and administrators/managers) by 1.9 percent, as well as in administrative support, by 18.9 percent.

Recruitment and Retention

The TCEQ continues its recruitment and retention efforts by emphasizing employee recognition, professional development, and workforce and succession planning. The agency also uses hiring programs, such as Express Hire, at recruitment events and Transitions Hiring for entry-level positions. In addition, the agency recruits at colleges and universities and administers the Mickey Leland Environmental Internship Program with a focus on summer internship opportunities for minorities, women, and economically disadvantaged students pursuing environmental, engineering, science-related, and public-administration careers at colleges and universities across the United States.

In the coming years, TCEQ officials anticipate several challenges as the agency strives to fulfill its mission and goals. In fiscal 2014, staff turnover was 12.2 percent, a slight decrease (0.25 percent) from fiscal 2013. The

agency's turnover continues to fall below the overall average for full- and part-time classified employees at state agencies. The TCEQ will continue its efforts to attract and retain a qualified and diverse workforce.

Finances

In fiscal 2013, the agency's approved operating budget was \$342.3 million. Of that, \$286.5 million was appropriated from general revenue-dedicated (GRD) fee revenue, \$42.2 million from federal funds, and \$5.7 million from general revenue. Other sources provided the remaining \$7.9 million.

In fiscal 2014, the approved operating budget totaled \$379.1 million. Of that, \$317 million was appropriated from dedicated fee revenue, \$41.3 million from federal funds, and \$11.5 million from general revenue. Other sources supplied the remaining \$9.3 million.

Pass-through funds accounted for 36 percent of the agency's operating budget in fiscal 2013 and 38 percent in fiscal 2014. Pass-through funds primarily support grants, remediation, and reimbursements for other agency programs, such as the Texas Emissions Reduction Plan (TERP), the Clean Rivers Program, Petroleum Storage Tank cleanups,

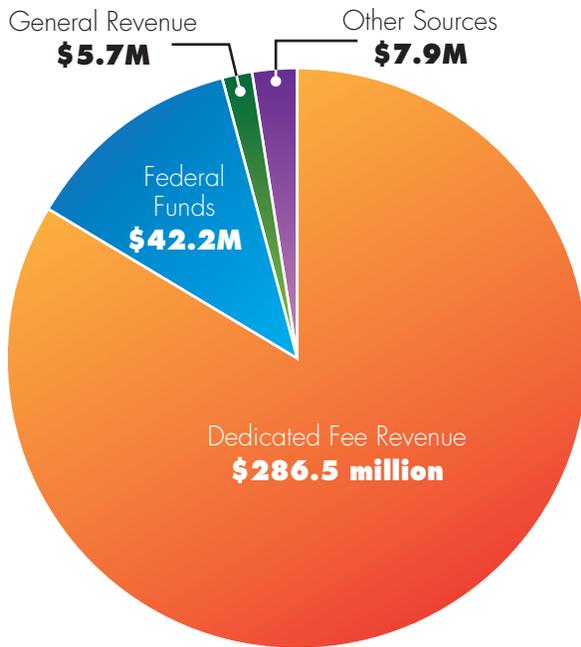
Superfund cleanups, and Municipal Solid Waste. The water and air programs also pass dollars on to local and regional units of government, but the amounts are not as significant.

Funds other than those passed through are devoted to day-to-day agency operations. Salaries accounted for 47 percent in fiscal 2013 and 43 percent in fiscal 2014. The remaining operating funds support professional services, supplies, utilities, rent, travel, training, and capital.

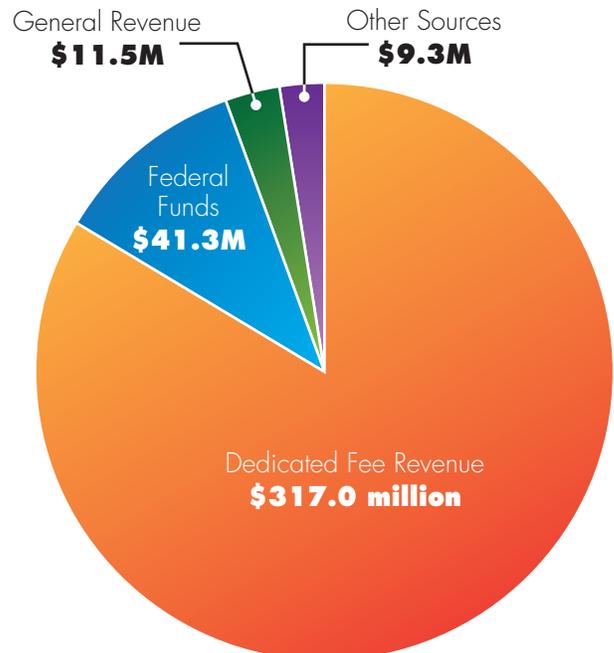
HB 1600 and SB 567 transferred the responsibility for regulating water and wastewater rates, services, and certificates of convenience and necessity from the TCEQ to the Public Utility Commission (PUC), effective Sept. 1, 2014. The bills appropriated the funding for the PUC's new responsibilities out of the Water Resource Management Account (0153). SB 567 allocated additional FTEs to the PUC to manage the water-rates program.

These bills increased the obligations of Account 0153, but did not increase revenue deposited to the account. Moreover, unlike other GRD accounts managed by the agency, this account does not have a strong fund balance. The revenue source used to fund the water-rates program is the Regulatory Assessment Fee, whose rate is set in Section 5.701(n) of the Texas Water Code. Any funding

Fiscal Year 2013



Fiscal Year 2014



shortfalls associated with the transfer to the PUC will have to be covered by other water fees.

Fees

The TCEQ collects more than 100 separate fees. The fees listed below each generated revenue in excess of \$22 million a year:

- **Texas Emissions Reduction Plan** (\$203.2 million in fiscal 2013, \$217.5 million in fiscal 2014). Fees are assessed on the sale, registration, and inspection of vehicles. The TERP Account (5071) draws from five separate fees and surcharges, and a monthly transfer from the Texas Mobility Fund. Revenue sources for this account are collected by the Texas Department of Public Safety (DPS), the Texas Department of Motor Vehicles (TxDMV), and the Texas Comptroller of Public Accounts (CPA) on behalf of the TCEQ. In 2008, the TCEQ became the authorized manager of the account and has since handled the management and transfer of funds from the account. The programs supported by TERP funding are vital to implementing the State Implementation Plan.
- **Petroleum-product delivery fee** (\$22.4 million in fiscal 2013, \$24.2 million in fiscal 2014). The fee is assessed on the bulk delivery of petroleum products. The CPA collects and deposits to the Petroleum Storage Tank Remediation Account (0655) on behalf of the TCEQ.
- **Air emissions fee** (\$38.5 million in fiscal 2013, \$38.2 million in fiscal 2014). The fee is authorized to recover the costs of developing and administering the Title V Operating Permit Program. The fee revenue is deposited to the Operating Permit Fees Account (5094).
- **Solid-waste disposal fee** (\$35.5 million in fiscal 2013, \$29.4 million in fiscal 2014). The fee is assessed on the operators of municipal solid-waste facilities for the disposal of solid waste. The fee revenue was deposited 50-50 between the Waste Management Account (0549) and the Solid Waste Disposal Account (5000) until June 2013. In accordance with the fee change authorized in HB 7 of the 83rd legislative session, the fee revenue is now deposited 66.7 percent to Account 0549 and 33.3 percent to Account 5000.

Fee revenue deposited to Account 0549 is used to fund the TCEQ's municipal solid waste permitting,

enforcement, and site remediation programs. In fiscal 2013 and 2014, the agency reviewed 431 applications for new, modified, or amended municipal solid waste storage, treatment, and processing permits and registrations for recycling and disposal facilities. These reviews are conducted to ensure that proposed facilities meet design and operational requirements and are protective of human health and the environment.

In fiscal 2013 and 2014, the agency conducted over 2,700 municipal solid waste investigations and issued 68 municipal solid waste administrative orders. A pilot site remediation project, initiated in fiscal 2014, aimed to clean up an unauthorized solid-waste dump in a residential area of Bee County. An estimated 4,500 tires were collected and properly disposed of during the first phase of the project.

The agency also conducted other waste-related activities, including technical compliance assistance, educational outreach, and the implementation of product take-back programs. In fiscal 2013 and 2014, the agency responded to 617 requests for technical assistance. The agency provided educational outreach at conferences and meetings across the state, and has developed over 20 publications for all ages that promote the message of waste reduction, recycling, and the conservation of natural resources.

To date, the agency's electronics recycling programs combined have resulted in the recycling or reuse of over 100 million pounds of electronics. These programs, funded in part by solid waste fee revenue, are key components of the agency's strategy to enhance the state's solid waste management program. The fee revenue deposited to Account 5000 is used to administer a municipal solid waste planning grant program. The planning grants are provided to councils of governments around the state, which administer the program.

- **Auto-emission inspection, on-board diagnostic fee** (\$43.3 million in fiscal 2013, \$42.8 million in fiscal 2014). The fee provides funding for the Low-Income Repair Assistance Program (LIRAP) for counties that have opted into the program. The fee is currently collected by the DPS and deposited to the Clean Air Account (0151). Beginning March 1, 2015, the state will convert to a single sticker for both inspection and registration. The collection of the fee will be transferred from the DPS to the TxDMV.

- **Motor-vehicle safety-inspection fee** (\$35.9 million in fiscal 2013, \$38.9 million in fiscal 2014). The fee is assessed per vehicle on the sale of state safety-inspection stickers at inspection stations, auto dealers, and other service providers. The fee is collected by the DPS and deposited to the Clean Air Account (0151). Beginning March 1, 2015, the state will transfer to a single sticker for both inspection and registration. The collection of the fee will be transferred from the DPS to the TxDMV. The combined sticker fee will be due upon registering the vehicle.
- **Consolidated water quality fee** (\$22.6 million in fiscal 2013, \$25.1 million in fiscal 2014). The fee is assessed against each permit authorizing the treatment and/or discharge of wastewater issued under the Texas Water Code, Chapter 26. The fee is calculated based on several factors, including flow volume and type, traditional pollutants, toxicity, and facility designation as major or minor.

Fee Revisions

As a result of state legislation passed in 2013, a number of changes were made to the TCEQ's fees and funding structure, including the following:

- HB 7 required any interest earned from deposits in the state treasury that were authorized for certification to be allocated for general governmental purposes. This provision affected the Clean Air, TERP, and Hazardous and Solid Waste Remediation accounts. The bill also reduced the solid-waste disposal fee by 25 percent. It requires the agency to deposit 66.7 percent of the collected revenue to support the agency's solid-waste permitting and enforcement programs. The remaining 33.3 percent is dedicated to local regional solid-waste programs. Although the fee was reduced, the agency is able to completely fund the solid-waste permitting program.
- HB 2305 eliminates the current system of separate inspection and registration stickers, and replaces it with a single sticker for both inspection and registration. It also transfers the collection of inspection fee revenue from the DPS to the TxDMV. This revenue is used to fund the Drive a Clean Machine program and other air programs.
- SB 347 required the fee assessed to support the Texas Low-Level Radioactive Waste Disposal Compact Commission (TLLRWDCC) to be deposited to the Low-Level Radioactive Waste Account (0088). It also required the TCEQ to transfer the full appropriation amount to the TLLRWDCC at the beginning of the fiscal year. The bill increased the curie capacity for non-party waste, increasing revenue collections from the 20 percent surcharge on non-party waste. The bill also required the TCEQ and the Texas Department of State Health Services to collect a 5 percent fee on licensees and deposit the fees into their respective perpetual care accounts. Further, the bill repealed the \$500,000 cap on the fee and sets a new cap of \$100 million for the combined Radiation and Perpetual Care and Environmental Radiation and Perpetual Care accounts. Once the cap is reached, the fee is suspended and not collected until the balance is \$50 million or less.
- SB 1756 authorized the TCEQ to establish a surcharge on the standard air permit application fee for an expedited review process. The surcharge should cover all expenses related to expediting the permit review process, including overtime, contract labor, and other associated costs.