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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 28, 2023

Laurie Gharis
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Subject: Summary of the FY 2024 Recommended Operating Budget. TCEQ Docket No 2023-0806-BGT.

Dear Ms. Gharis:

I have enclosed the original Summary of the FY 2024 Recommended Operating Budget. Please let me know if you have any questions.

Sincerely,

Stephanie Robinson

Stephanie Robinson
Assistant Deputy Director, Budget & Planning Division

Texas Commission on Environmental Quality



Summary of the FY 2024 Recommended Operating Budget

August 16, 2023

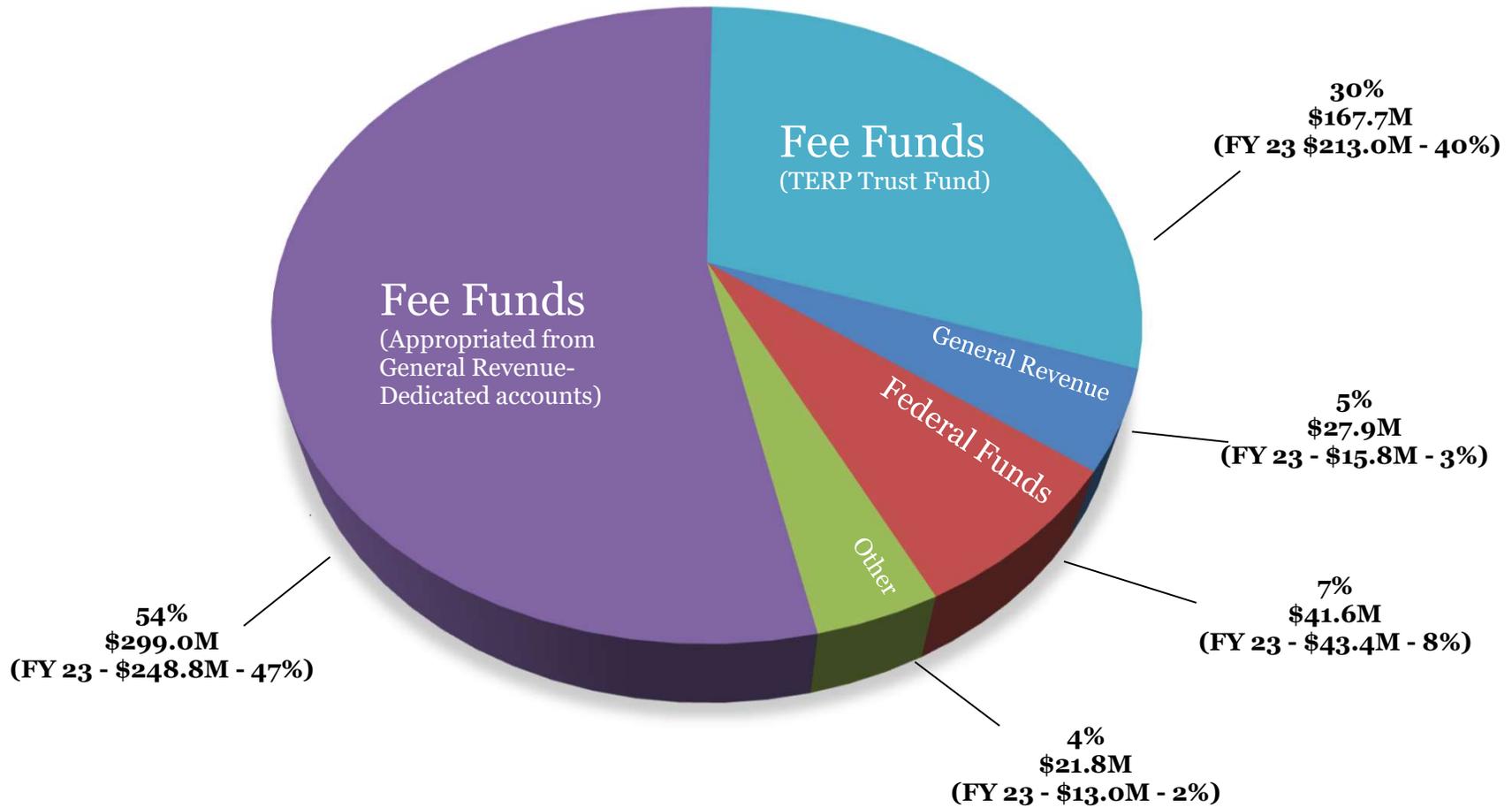
**Texas Commission on Environmental Quality
FY 2024 Operating Budget**

Appropriation Summary

	FY 2023		FY 2024	
	Budget	FTE	Budget	FTE
Baseline Appropriations				
Article VI - Baseline	\$ 312,696,623	2,802.3	\$ 374,264,847	2,848.3
Other Appropriations and Reductions				
Article IX, Section 13.01: Federal Funds/Block Grants	7,019,587	0.0	2,096,970	0.0
Article IX, Section 8.02: Reimbursements and Payments	120,376	0.0	0	0.0
Article IX, Sec 8.13: Appropriation of Specialty License Plate Receipts	418	0.0	0	0.0
Article IX, Sec 18.28: SB 3 - Weather Emergencies Preparation & Response	945,043	17.0	0	0.0
Article IX, Sec 18.44: SB 900 - Safety at Storage Vessels (PSSSV) Program	118,946	2.0	0	0.0
Article IX, Sec: 17.18 Bays and Estuaries Program	0	0.0	1,400,000	0.0
Article IX, Sec: 18.34: HB 4256 Leaking Water Wells Grant Program	0	0.0	10,200,000	0.0
Article IX, Sec: 18.57: SB 1397 Continuation of TCEQ	0	0.0	3,795,854	28.0
	<u>8,204,370</u>	<u>19.0</u>	<u>17,492,824</u>	<u>28.0</u>
Total Appropriated Budget	\$ 320,900,993	2,821.30	\$ 391,757,671	2,876.30
Total Estimated TERP Trust Fund	\$ 212,918,906	146.87	\$ 167,741,890	147.16
Total Agency Budget	\$ 533,819,899	2,968.17	\$ 559,499,561	3,023.46

**Texas Commission on Environmental Quality
FY 2024 Operating Budget**

Method of Finance



Total = \$ 558,099,561

■ General Revenue
 ■ Federal Funds
 ■ Other
 ■ Appropriated Fee Funds
 ■ TERP Fee Funds

**Texas Commission on Environmental Quality
FY 2024 Operating Budget**

Table I - FTE Comparison Summary

Office	FY2023	FY2024	Difference
Commissioners	73.00	73.00	0.00
Executive	82.00	91.00	9.00
Office of Administrative Services	377.65	378.15	0.50
Office of Compliance & Enforcement	1,085.50	1,120.50	35.00
Office of Legal Services	139.47	139.76	0.29
Office of Water	452.50	455.50	3.00
Office of Waste	318.25	326.25	8.00
Office of Air	439.80	439.30	-0.50
Agency Wide	-	-	0.00
Agency Total	<u><u>2,968.17</u></u>	<u><u>3,023.46</u></u>	<u><u>55.29</u></u>

**Texas Commission on Environmental Quality
FY 2024 Operating Budget**

Table II - Budget Comparison Summary

Office	FY 2023	FY 2024	Difference	% Change
Commissioners	\$ 6,497,306	\$ 6,619,970	\$ 122,664	1.89%
Executive	9,739,346	15,531,164	5,791,818	59.47%
Office of Administrative Services	61,702,138	69,005,143	7,303,005	11.84%
Office of Compliance & Enforcement	83,299,033	85,993,992	2,694,959	3.24%
Office of Legal Services	10,716,310	11,141,124	424,814	3.96%
Office of Water	62,383,115	73,276,890	10,893,775	17.46%
Office of Waste	55,114,889	59,625,812	4,510,923	8.18%
Office of Air	234,518,405	186,440,928	(48,077,477)	(20.50%)
Agency Wide	9,849,357	50,464,538	40,615,181	412.36%
Agency Total	<u>\$ 533,819,899</u>	<u>\$ 558,099,561</u>	<u>\$ 24,279,662</u>	<u>4.55%</u>

**Texas Commission on Environmental Quality
FY 2024 Operating Budget**

Table III - Budget Category Comparison

Budget Category	FY 2023	FY 2024	Difference	% Change
Salaries				
Salaries	\$ 183,728,926	\$ 219,500,766	\$ 35,771,840	19.47%
Salary Enhancements	3,450,000	3,450,000	\$ -	0.00%
Subtotal	<u>\$ 187,178,926</u>	<u>\$ 222,950,766</u>	<u>\$ 35,771,840</u>	<u>19.11%</u>
Other Operating Costs				
Professional/Temporary	46,680,689	63,276,745	16,596,056	35.55%
Travel In-State	1,726,901	1,572,499	(154,402)	(8.94%)
Travel Out-of-State	276,146	286,129	9,983	3.62%
Training	1,780,592	1,763,879	(16,713)	(0.94%)
Rent-Building	6,871,839	7,766,540	894,701	13.02%
Postage	802,130	851,965	49,835	6.21%
Telephone & Utilities	1,843,159	1,669,567	(173,592)	(9.42%)
Supplies	782,465	768,576	(13,889)	(1.78%)
Capital (not limited to LAR Capital)	3,409,445	1,866,214	(1,543,231)	(45.26%)
Other Operating Costs	16,191,805	22,667,741	6,475,936	40.00%
Fuels & Lubricants	522,248	460,399	(61,849)	(11.84%)
Rent-Machine and Other	833,705	824,333	(9,372)	(1.12%)
Facilities, Furnishings & Equipment	5,438,915	5,288,418	(150,497)	(2.77%)
Subtotal	<u>\$ 87,160,039</u>	<u>\$ 109,063,005</u>	<u>\$ 21,902,966</u>	<u>25.13%</u>
Remediation, Reimbursements & Grant Contracts				
Other Remediation, Reimbursements & Grants	60,620,487	80,670,790	20,050,303	33.08%
Texas Emissions Reduction Plan Grants	198,860,447	145,415,000	(53,445,447)	(26.88%)
Subtotal	<u>\$ 259,480,934</u>	<u>\$ 226,085,790</u>	<u>\$ (33,395,144)</u>	<u>(12.87%)</u>
Agency Total	<u><u>\$ 533,819,899</u></u>	<u><u>\$ 558,099,561</u></u>	<u><u>\$ 24,279,662</u></u>	<u><u>4.55%</u></u>

**Texas Commission on Environmental Quality
FY 2024 Operating Budget**

Table IV - Remediation, Reimbursement and Grant (RRG) Contracts

Remediation, Reimbursement and Grant Contracts

Air Quality and Monitoring Grants	\$ 8,156,839
Drinking Water Quality and Standards Grants	4,460,252
Dry Cleaning Facilities	3,245,161
Estuary Programs	4,850,417
Leaking Water Well Program	10,000,000
Local Air Grants - Federal	862,500
Local Air Grants - State	1,801,863
Miscellaneous RRG Contracts	4,908,692
Other Remediation	492,246
Petroleum Storage Tank Program	12,890,273
Solid Waste Management Grants	5,493,162
Superfund	11,627,081
Texas Emission Reduction Plan Grants	145,415,000
Water Quality and Monitoring Grants	6,821,829
Water Quality Clean Rivers	5,060,475
Agency Total	<u>\$ 226,085,790</u>

Texas Commission on Environmental Quality
FY 2024 Operating Budget

Table V - Capital Budget Comparison

	FY2023	FY2024	Difference
Information Technology			
Data Center Consolidation	\$ 12,442,446	\$ 12,378,392	\$ (64,054)
Technology Operation & Security Infrastructure	586,500	619,253	32,753
Personal Computer Replacement	658,737	927,451	268,714
Federal Lead & Copper Rule Revision	900,000	750,000	(150,000)
Agency Website Usability Enhancements	-	5,000,000	5,000,000
Centralized Accounting and Payroll Processing System (CAPPS)	<u>1,920,264</u>	<u>2,274,148</u>	<u>353,884</u>
Total Acquisition of Information Resource Technology	\$ 16,507,947	\$ 21,949,244	\$ 5,441,297
Vehicle Replacement			
Replacement Vehicles for Agency Fleet	235,426	-	(235,426)
Vehicles for Field Operations	<u> </u>	<u>237,120</u>	<u> </u>
Total Vehicle Replacement	\$ 235,426	\$ 237,120	\$ (235,426)
Acquisition of Capital Equipment and Items			
Monitoring and Analysis Equipment	292,790	255,000	(37,790)
Optical Gas Imaging Cameras	<u> </u>	<u>400,000</u>	<u>400,000</u>
Total Acquisition of Capital Equipment and Items	\$ 292,790	\$ 655,000	\$ 362,210
Agency Total	<u><u>\$ 17,036,163</u></u>	<u><u>\$ 22,841,364</u></u>	<u><u>\$ 5,568,081</u></u>

**Texas Commission on Environmental Quality
FY 2024 Operating Budget**

Table VI - Information Technology Project Descriptions

Project Name	Project Description	FY 2024
Data Center Consolidation	The project consists of existing information technology infrastructure assets and functions in the scope of the Data Center Services Contract. Services include provision and management of application and utility servers, storage, system software, backup and recovery, and most utility and application software except for mission-specific applications. Service functions include system administration, physical database administration, procurement, and technical support.	\$ 12,378,392
Technology Operation & Security Infrastructure	The Technology Operations and Security Infrastructure includes network and security hardware, software and management components, as well as providing for agency communications through internet, voice-over-IP (VoIP), video conferencing, collaboration and mobility services. This plan replaces, and adds capacity or capability required to maintain agency wide technology demands and provides relevant security levels to the agency's technology and data needs. Major data and security hardware components have a typical life cycle between 5 and 7 years.	\$ 619,253
Personal Computers Replacement	This project replaces personal computer workstations throughout the agency on an approximate 5 year lifecycle. The agency replaces approximately 20% of the agency's workstations each year and purchases a 4-year extended warranty with each system.	\$ 927,451
CAPPS Financials Implementation ERP System	The agency converted to the Centralized Accounting and Payroll/Personnel System (CAPPS) HR/Payroll in FY20 and will convert to CAPPS Financials in FY 24. CAPPS is an Enterprise Resource Planning (ERP) tool for Texas. All agencies are required to convert to the new system. For HR/Payroll, the agency continues to allocate resources to support business processes where gaps existed between agency applications and the CAPPS HR/Payroll system. These resources are also managing the additional workload, documenting changes in processes, staff training, and serving as CAPPS experts. Given the greater complexity of CAPPS Financials and the extent of the agency's financial operations, TCEQ will need to expend significant time and personnel resources to the Financials deployment and implementation.	\$ 2,274,148
Federal Lead & Copper Rule Revision	This project develops a new database for the implementation of the Lead and Copper Rule Revisions (LCRR) and the Water Infrastructure Improvement for the Nation (WIIN) Act . The database will house drinking water data and perform compliance determinations required by the proposed LCRR and to meet EPA grant requirements. The database provides tracking and reporting functions to the EPA for WIIN grant activities for lead testing in schools and childcare facilities.	\$ 750,000
Agency Website Usability Enhancements	This project consists of enhancing a centralized, intuitive, and spatial public interface of the agency's website. Enhancements include creating an information architecture that will allow TCEQ to remediate, create, and maintain content in a useable manner for the public to navigate. In addition, enhancements will include designing a new interface that uses responsive web design and a new centralized permit search that will allow the public to easily find currently available digital information. A central inventory of sample and monitoring data will also be created and a map interface designed to present emission and other monitoring data to the public.	\$ 5,000,000
Total Information Technology Projects		<u>\$ 21,949,244</u>

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FY 2024 Operating Budget**

Table VII - Texas Emissions Reduction Plan Summary

Texas Emissions Reduction Plan Programs	Statutory Allocation	FY 2024
TCEQ Administration	\$6M to 15%	\$ 25,496,250
Regional Air Monitoring (Max)	Not more than \$3M	3,000,000
Texas Clean School Bus (Min)	4.00%	6,799,000
Alternative Fueling Facilities (Max)	Not more than \$6M	6,000,000
Texas Clean Fleet (Min)	5.00%	8,498,750
Texas Natural Gas Vehicle Grant (Min)	7.50%	12,748,125
Light-Duty Motor Vehicle Purchase or Lease Incentive (Min)	2.50%	4,249,375
Port Authority Studies and Pilot Projects (Max)	Not more than \$500k	500,000
Governmental Alternative Fueling Fleet (Max)*	3.00%	-
New Technology Implementation Grant (Min)**	8.00%	5,598,000
Texas Hydrogen Infrastructure, Vehicle, and Equipment (THIVE) Grant**	8.00% to \$8M	8,000,000
Seaport and Rail Yard Areas Emissions Reduction (Min)	6.00%	10,198,500
Health Effects Study (Max)	Specified Amount	200,000
Research (Max)	Specified Amount	750,000
Energy Systems Laboratory Contract (Max)	Specified Amount	500,000
Research for Demonstrations to EPA	Not more than \$2.5M	2,500,000
Diesel Emissions Reduction Incentive Programs		
- Emissions Reduction Incentive Grants Program		
- Rebate Grants Program	Balance	72,203,890
Health and Safety Code Sec. 386.252 Air Quality Planning	Specified Amount	500,000
Total Program Allocation		<u>\$ 167,741,890</u>

Note: Amounts indicated in above table are based on current revenue and program need estimates as of July 5, 2023

*Governmental Alternative Fueling Fleet program is limited to three percent of the balance of the fund as of September 1 of each state fiscal year of the biennium for the governmental alternative fuel fleet grant program in that fiscal year.

**NTIG and THIVE programs may use 8% total between the two programs with no more than \$8 million used on the THIVE program.