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Kelly Keel, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 31, 2025

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

Subject: Summary of the FY 2026 Recommended Operating Budget. TCEQ Docket No 2025-0681-BGT

Dear Ms. Gharis:

I have enclosed the original Summary of the FY 2026 Recommended Operating Budget for the August 20, 2025, docket.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Jené Bearse".

Jené Bearse
Deputy Director, Budget & Planning Division

Texas Commission on Environmental Quality



Summary of the FY 2026 Recommended Operating Budget

August 20, 2025

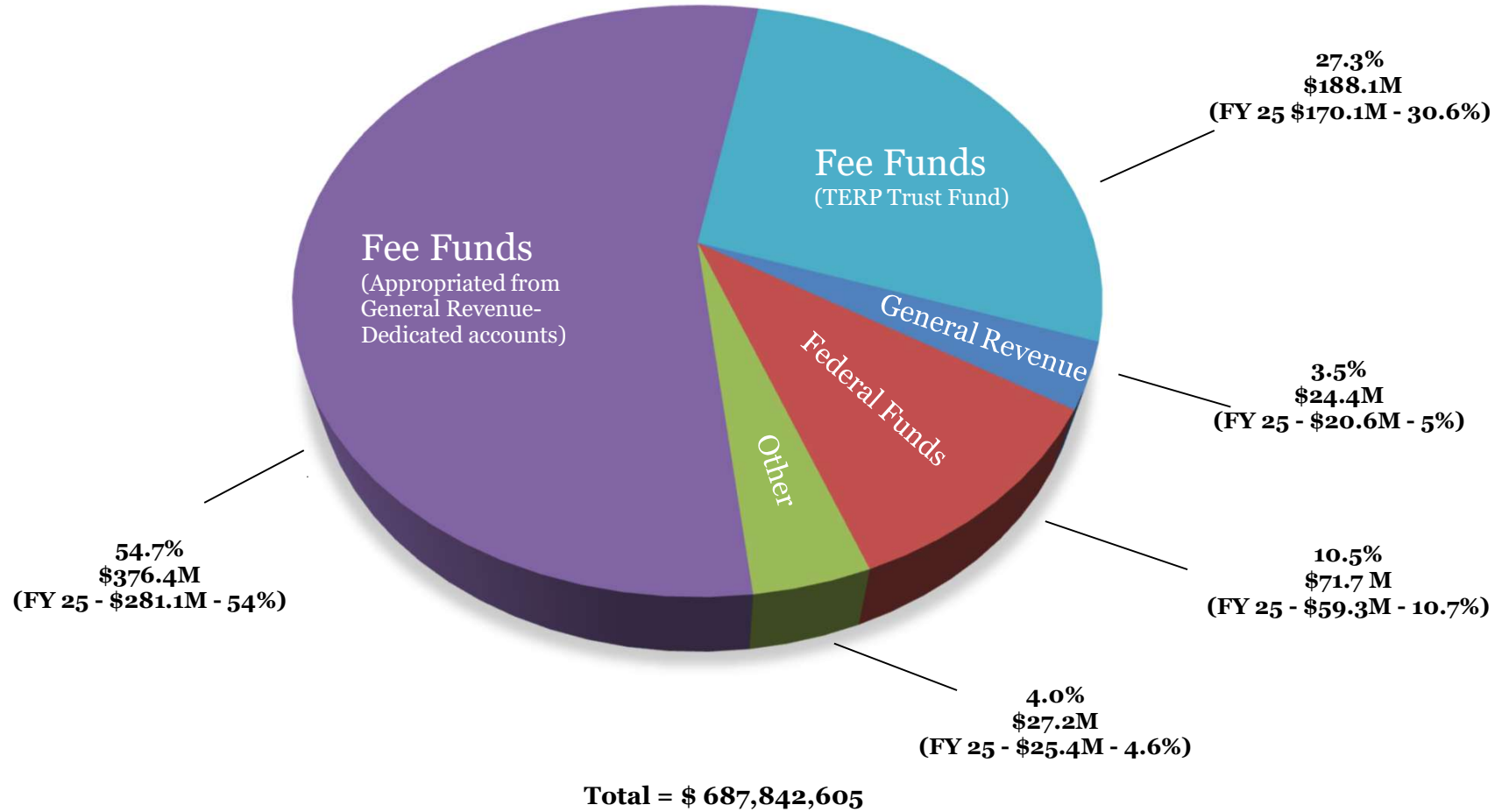
**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

Appropriation Summary

	FY2025		FY2026	
	Budget	FTE	Budget	FTE
Baseline Appropriations				
Article VI - Baseline	\$ 357,259,896	2,848.3	\$ 475,171,278	3,035.8
Other Appropriations and Reductions				
Article IX, Sec. 13.01: Federal Funds/Block Grants	25,272,854	0.0	(20,279,991)	0.0
Article IX, Sec. 17.18 Bays and Estuaries Program	1,400,000	0.0	0	0.0
Article IX, Sec. 18.34: HB 4256 (88 R) Leaking Water Wells Grant Program	408,156	2.0	0	0.0
Article IX, Sec. 18.57: SB 1397 (88 R) Continuation of TCEQ	2,178,374	28.0	0	0.0
Article IX, Sec. 18.33: SB 7 & HB 500 (89 R) Oversight and Financing of Water Infrastructure	0	0.0	929,860	9.0
Article IX, Sec. 18.56: SB 1145 (89 R) Transfer of Land Application Permits of Produced Water	0	0.0	625,855	6.0
HB 500 (89 R) Cybersecurity, Modernizations, PCs, Vehicles, Amarillo	0	0.0	43,261,415	0.0
	29,259,384	30.0	24,537,139	15.0
Total Appropriated Budget	\$ 386,519,280	2,878.3	\$ 499,708,417	3,050.8
Total Estimated TERP Trust Fund	\$ 170,056,250	152.3	\$ 188,134,188	152.3
Total Agency Budget	\$ 556,575,530	3,030.6	\$ 687,842,605	3,203.1

**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

Method of Finance



**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

Table I - FTE Comparison Summary

Office	FY 2025	FY2026	Difference
Commissioners	73.0	78.0	5.0
Executive	91.0	106.4	15.4
Office of Administrative Services	381.0	404.0	23.0
Office of Compliance & Enforcement	992.5	1,005.5	13.0
Office of Legal Services	139.8	150.9	11.1
Office of Water	457.5	496.5	39.0
Office of Waste	326.2	338.3	12.1
Office of Air	569.6	623.6	54.0
Agency Wide	0.0	0.0	0.0
Agency Total	<u>3,030.6</u>	<u>3,203.1</u>	<u>172.5</u>

**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

Table II - Budget Comparison Summary

Office	FY 2025	FY 2026	Difference	% Change
Commissioners	\$ 7,482,544	\$ 7,715,426	\$ 232,882	3.1%
Executive	11,294,573	12,621,613	\$ 1,327,040	11.7%
Office of Administrative Services	68,431,852	73,098,639	\$ 4,666,787	6.8%
Office of Compliance & Enforcement	95,111,379	81,897,856	\$ (13,213,523)	(13.9%)
Office of Legal Services	12,839,374	13,121,248	\$ 281,874	2.2%
Office of Water	75,419,527	80,383,464	\$ 4,963,937	6.6%
Office of Waste	60,423,673	60,383,621	\$ (40,052)	(0.1%)
Office of Air	208,934,207	271,431,806	\$ 62,497,599	29.9%
Agency Wide	16,638,401	6,627,945	\$ (10,010,456)	(60.2%)
89th Legislative Session - Exceptional Items, Article IX, Supplemental funding (Agency Wide)	0	80,560,987	\$ 80,560,987	
Agency Total	\$ 556,575,530	\$ 687,842,605	\$ 131,267,075	23.6%

**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

Table III - Budget Category Comparison

Budget Category	FY 2025	FY 2026	Difference	% Change
Salaries				
Salaries	\$ 236,121,478	\$ 267,256,268	\$ 31,134,790	13.2%
Salary Enhancements	<u>3,450,000</u>	<u>3,450,000</u>	<u>-</u>	<u>0.0%</u>
Subtotal	\$ 239,571,478	\$ 270,706,268	\$ 31,134,790	13.0%
Other Operating Costs				
Professional/Temporary	51,696,209	98,358,078	\$ 46,661,869	90.3%
Travel In-State	1,912,424	1,946,151	33,727	1.8%
Travel Out-of-State	303,995	309,003	5,008	1.6%
Training	1,918,253	2,077,644	159,391	8.3%
Rent-Building	7,915,607	7,623,033	(292,574)	(3.7%)
Postage	805,781	849,431	43,650	5.4%
Telephone & Utilities	1,827,602	1,761,700	(65,902)	(3.6%)
Supplies	774,258	807,807	33,549	4.3%
Capital (not limited to LAR Capital)	1,756,498	4,583,729	2,827,231	161.0%
Other Operating Costs	18,915,112	18,648,308	(266,804)	(1.4%)
Fuels & Lubricants	502,316	494,442	(7,874)	(1.6%)
Rent-Machine and Other	871,606	957,765	86,159	9.9%
Facilities, Furnishings & Equipment	<u>5,722,147</u>	<u>6,441,545</u>	<u>719,398</u>	<u>12.6%</u>
Subtotal	\$ 94,921,808	\$ 144,858,636	\$ 49,936,828	52.6%
Remediation, Reimbursements & Grant Contracts				
Other Remediation, Reimbursements & Grants	78,119,432	99,524,689	\$ 21,405,257	27.4%
Texas Emissions Reduction Plan Grants	<u>143,962,812</u>	<u>172,753,012</u>	<u>28,790,200</u>	<u>20.0%</u>
Subtotal	\$ 222,082,244	\$ 272,277,701	\$ 50,195,457	22.6%
Agency Total	<u>\$ 556,575,530</u>	<u>\$ 687,842,605</u>	<u>\$ 131,267,075</u>	<u>23.6%</u>

**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

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

Remediation, Reimbursement and Grant Contracts

Air Quality and Monitoring Grants	\$ 6,304,670
Drinking Water Quality and Standards Grants	68,523
Dry Cleaning Facilities	3,289,618
Estuary Programs	4,784,357
Leaking Water Well Program	9,780,662
Local Air Grants - Federal	862,500
Local Air Grants - State	1,306,300
Marginal Conventional Well Plugging Program	30,945,538
Miscellaneous RRG Contracts	1,980,502
Other Remediation	416,109
Petroleum Storage Tank Program	12,779,432
Solid Waste Management Grants	5,493,162
Superfund	11,393,166
Texas Emission Reduction Plan Grants	172,753,012
Water Quality and Monitoring Grants	5,087,671
Water Quality Clean Rivers	5,032,479

Agency Total

\$ 272,277,701

**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

Table V - Capital Budget Comparison

	FY 2025	FY 2026	Difference
Information Technology			
Data Center Consolidation	\$ 12,442,446	\$ 36,750,688	\$ 24,308,242
Technology Operation & Security Infrastructure	586,500	619,253	32,753
Personal Computer Replacement	658,737	1,130,091	471,354
Federal Lead & Copper Rule Revision	750,000	-	(750,000)
Centralized Accounting and Payroll Processing System (CAPPS)	<u>2,274,148</u>	<u>-</u>	<u>(2,274,148)</u>
Total Acquisition of Information Resource Technology	\$ 16,711,831	\$ 38,500,032	\$ 21,788,201
Vehicle Replacement			
Total Vehicle Replacement	\$ -	\$ 1,119,775	\$ 1,119,775
Acquisition of Capital Equipment and Items			
Monitoring and Analysis Equipment	<u>255,000</u>	<u>2,065,000</u>	<u>1,810,000</u>
Total Acquisition of Capital Equipment and Items	\$ 255,000	\$ 2,065,000	\$ 1,810,000
Agency Total	<u><u>\$ 16,966,831</u></u>	<u><u>\$ 41,684,807</u></u>	<u><u>\$ 24,717,976</u></u>

**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

Table VI - Information Technology Project Descriptions

Project Name	Project Description	FY 2026
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 one-year extended warranty with each system.	\$ 1,431,530
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 telecommunication's voice, video and mobility services. This plan replaces, adds capacity or capability to all aspects required to maintain agency wide technology demands and provide relevant security levels to the agency's technology and data needs. Major data and telecommunications hardware components have a typical life cycle between 5 and 7 years.	\$ 619,253
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.	\$ 36,750,688
Cybersecurity	The purpose is to decrease operational risks, especially given the criticality of the data TCEQ maintains, including the location and quantity of highly hazardous chemicals, personally identifiable information, and detailed information for every drinking water system in Texas. The project's objectives include establishing a comprehensive risk management framework, implementing an enterprise-wide vulnerability management program, implementing continuous monitoring and response, rapid detection and containment of threat.	\$ 7,494,879
Modernization	Modernization of the Title V Air software applications and water district database.	\$ 9,918,026
Total Information Technology Projects		\$ 56,214,376

**Texas Commission on Environmental Quality
FY 2026 Operating Budget**

Table VII - Texas Emissions Reduction Plan Summary

Texas Emissions Reduction Plan Programs	Statutory Allocation	FY 2026
TCEQ Administration*	\$6M to 15%	30,485,826
Regional Air Monitoring (Max)	Not more than \$3M	3,000,000
Texas Clean School Bus (Min)	4.00%	8,129,553
Alternative Fueling Facilities (Max)	Not more than \$6M	6,000,000
Texas Clean Fleet (Min)	5.00%	10,161,942
Texas Natural Gas Vehicle Grant (Min)	7.50%	15,242,913
Light-Duty Motor Vehicle Purchase or Lease Incentive (Min)	2.50%	5,080,971
Port Authority Studies and Pilot Projects (Max)	Not more than \$500k	500,000
Governmental Alternative Fueling Fleet (Max)**	3.00%	-
New Technology Implementation Grant (NTIG) (Min)***	8.00%	8,000,000
Texas Hydrogen Infrastructure, Vehicle, & Equipment (THIVE) Grant***	8.00% to \$8M	8,000,000
Seaport and Rail Yard Areas Emissions Reduction (Min)	6.00%	12,194,330
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	91,993,302
Health and Safety Code Sec. 386.252 Air Quality Planning	Specified Amount	500,000
Total Program Allocation		<u><u>\$ 203,238,837</u></u>
Fringe, Indirect, and Payroll Contributions (*funded by TCEQ Administration)		(15,104,649)
Total Estimated Program Allocation		<u><u>\$ 188,134,188</u></u>

Note: Amounts indicated in above table are based on current revenue and program need estimates as of July 3, 2024

****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.**