

The *Real Budget* Project:
**Funding Levels and Needs at Natural Resource
Agencies in Texas**

Prepared by:



**TEXAS CENTER
FOR POLICY STUDIES**

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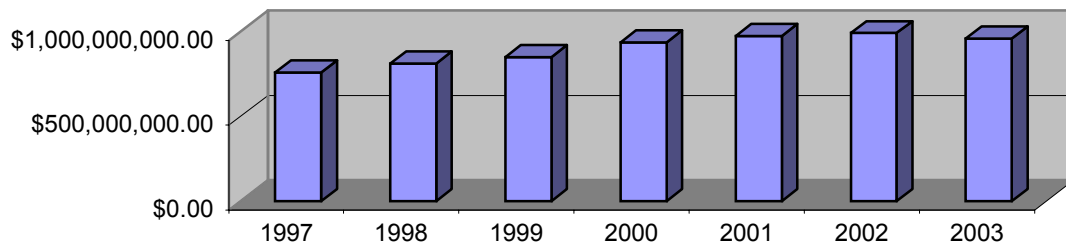
I. Introduction

Texas' quality of life is threatened by increasing air and water pollution and hazardous waste and a scarcity of public recreational resources. Yet Texas spending on natural resources is notably low compared to others states. About \$1.95 billion of the current appropriated budget, or only 1.7 percent of the total, is earmarked for natural resource agencies.

Markers demonstrating the scope of Texas' pollution problems abound. For instance, the state led the nation in 2000 in toxic emissions from manufacturing plants. The state leads the nation in the gases associated with global warming and is second only to California in production of the number of people living in cities with dirty, health-threatening air.¹ Nearly 30 percent of streams and rivers assessed between 1995 and 2000, and nearly 40 percent of reservoirs and estuaries assessed were declared contaminated.²

Despite these challenges to public health, budgets for state agencies that regulate polluters and promote clean-up have remained stagnant over the past six years. Affected agencies include the Department of Agriculture, Animal Health Commission, General Land Office, Texas Natural Resource Conservation Commission, Texas Parks and Wildlife, Railroad Commission of Texas, Texas River Compact Commissions, Texas Soil and Water Conservation Board, and Texas Water Development Board. Agency budgets have barely kept pace with inflation.

Annual Expended and Appropriated Budgets for Natural Resource Agencies, 1997 - 2003



Notes: For 1997-2001, annual budgets are actual; 2002-2003 are appropriated budgets. Sources: For 1997-1999, Legislative Budget Board, Legislative Budget Estimates, 2000-2001; for 2000-2001, Legislative Budget Board, Legislative Budget Estimates, 2002-2003; and for 2002-2003, LBB, SB 1, Conference Committee Enrolled Version as signed by governor.

¹ According to the EPA's 2000 Toxics Release Inventory, Texas manufacturing facilities released 248 million pounds of toxics on and off-site in 2000, followed by Ohio manufacturing facilities, which released about 144 million pounds of toxics. In 1997, Texas facilities generated 46.6 percent of all hazardous wastes in the U.S. according to the U.S. EPA, National Biennial RCRA Hazardous Waste Report, August 99. A 1990 study found that Texas released 553 million metric tons of carbon dioxide, while California, the second leading state, released 310 million metric tons (*Daniel Lashof and Eric Washburn, The Statehouse Effect: State Policies to Cool the Greenhouse (Washington, D.C.: Natural Resource Defense Council, 1990), A-3*). According to the U.S. EPA, Houston, Dallas-Ft. Worth, El Paso, Beaumont-Port Arthur and Tyler-Marshall-Longview all fail the one-hour standard for ozone pollution. Only California—led by Los Angeles and San Diego—has more people living in areas that fail the one-hour ozone standard. U.S. EPA, Ozone Greenbook, 2001.

² Texas Natural Resource Conservation Commission, Texas Water Quality Inventory 2000, October 2002.

Spending ranks low Compared to Other States

The Census Bureau reports that Texas state government in 1998-1999 spent an average of \$32.34 per person for natural resource protection, while the average state spent \$49.97. Texas state government only spent \$2.71 in 1998 and 1999 on parks and recreation, while the average state spent \$14.12.³

A 1999 study⁴ of fiscal 1996 environmental budgets by the Council of Governments found that on a per-capita basis Texas ranked:

- 46th in spending on environmental protection overall
- 43rd in per capita spending on fish and wildlife; and
- 47th per capita spending on water quality and resources

Texans' quality of life suffers from such neglect. Natural resource agencies are responsible for a number of programs which promote quality of life, public health and consumer protection as well as protecting wildlife and scenic areas important to all Texans. From pesticide regulation and food safety levels, to regulating air emissions from cars and industrial plants, to clean drinking water, to oil and gas drilling and waste, to uranium by-products, to park and public recreational area maintenance and acquisition, to clean and pristine rivers, to responding to indoor air quality complaints, to developing and assuring the availability of water resources, to oil spills and beach debris response, to testing our fish to make sure they are safe to eat, this relatively small part of the budget directly impacts the quality of our lives.

This brief report will review the budgets and needs of three of the largest natural resource agencies: the Texas Commission on Environmental Quality, formerly called the Texas Natural Resource Conservation Commission (TNRCC); the Texas Parks and Wildlife Department (TPWD); and the Texas Water Development Board (TWDB).. Together, these agencies make up more than 75 percent of the approved budget for "Natural Resources" for 2002-2003, and together they address the major environmental issues that concern Texans: clean, drinkable and available ground and surface water, clean air and sufficient park and recreational opportunities and protection of major habitats and species.

The report shows how adequate funding at these three agencies is in fact a "myth" and that major deficiencies and unmet needs are problematic as Texas confronts its myriad of environmental challenges.

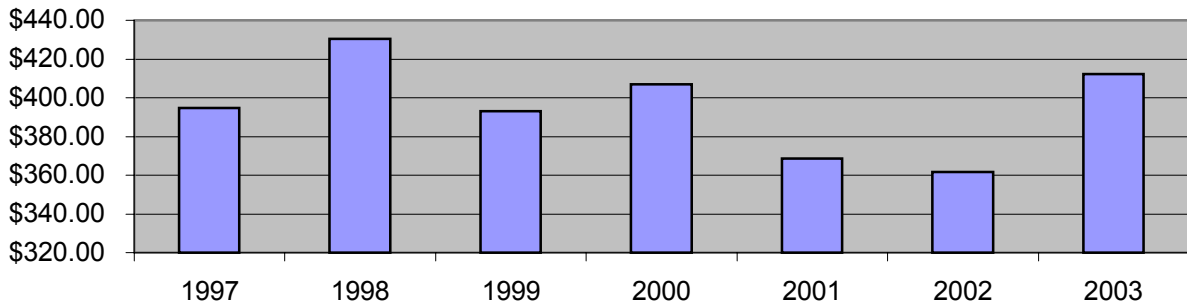
³ U.S. Census Bureau, Government Finances, 1998-1999, September 2001.

⁴ Council of State Governments, *Resource Guide to State Environmental Management*, 5th Edition (1999).

II. Focus on Environmental Safety: Texas Commission on Environmental Quality

Nearly 40 percent of the budget for natural resources went to the Texas Commission on Environmental Quality, until September of this year known as the Texas Natural Resource Conservation Commission, whose responsibilities have increased dramatically in recent decades. The agency gets most of its income – about 80 percent -- from fees paid by the regulated community and general public. The remaining 20 percent is divided between federal funds and state general revenue. In FY 2002, an estimated 49 percent of operating budget was passed through the agency in contracts, grants and reimbursements to fund the clean-up of leaking underground petroleum storage tanks, and to provide grants for clean air activities, superfund clean-up and other activities. In other words, only about half of the budget pays for actual agency operating expenses: permitting, inspecting, monitoring, assessing, and enforcing state and national environmental laws.

**Annual Expended and Appropriated Operating Budget at
TNRCC/TCEQ, 1997-2003**



Sources: for 1997-1998, TNRCC, Legislative Appropriations Request for Fiscal Years 2000 and 2001. For 1999-2001, Legislative Budget Board, LBE, 2002-2003, VI-14; and for 2002-2003, TNRCC, Legislative Appropriations Request for Fiscal Years 2004 and 2005, August 23, 2002. 2002-03 spending includes about \$19 million per year in Texas Emissions Reduction Plan funds.

Consequences of low spending

Meager spending on natural resource protection reduces the quality of life in Texas, and will have long-term effects on economic development. Monitoring, enforcement and clean-up activities are spotty, at best. For instance, between 1996 and 2000, only 38 percent of permanent stream and river miles was assessed for basic water quality standards. Less than 25 percent of reservoir surface area was assessed for high nutrient levels, less than 5 percent of reservoir acres were assessed for toxics and metals, and less than 2 percent of acres were assessed for high levels of metals and toxics in fish tissue. Of the 3,879 square miles of Gulf of Mexico waters within the jurisdiction of Texas, only eight square miles were assessed for nutrient concerns, and no fish tissue or sediment was assessed for contaminants.

Similarly, based upon the available data, between FY 1996 and 2001, inspections by agency staff of agricultural facilities, air quality permits, municipal waste and petroleum storage tanks declined. While the total number of administrative (enforcement) orders did increase in most categories over this same time period, the average penalty assessed plummeted, from an average of \$15,000 to \$7500. And the average penalties due – what violators were actually required to pay – has dropped even more, averaging in the water quality program a measly \$1,000 per administrative order.⁵ Rather than an economic deterrent to polluting behavior, more often than not the commission has chosen to slap wrists. Meanwhile, because of inadequate response time, TNRCC inspectors often arrive too late to document problem after receiving citizen complaints about noise, noxious smells, accidents or sudden emissions from industrial plants. Numerous other deficiencies have been documented.



“It is painfully apparent that it will not be possible to identify and correct serious water quality problems unless increased funding for sampling activities are made available. Human health and aquatic life will be at risk because of an inadequate assessment program.”

Walt West, retired engineer and avid fisherman of bass, and his dog next to Sam Rayburn Reservoir near Lufkin, Texas. Walt is the one on the right.

⁵ Data from TNRCC, Annual Enforcement Reports, as calculated by Texas Center for Policy Studies, October 2002.

A Real Budget for TCEQ: Four Approaches

So what would a real budget look like? The table below shows four different approaches. If TCEQ were to maintain the same level of service, and assume a slight increase for inflation and salaries, a budget would look roughly the same, but holes and inadequacies would remain. If they were to rise to the national average in spending, the budget for the agency would double, surely an impossibility in today's economy. However, the last two categories – Fulfilling Myths and Meeting Unmet Needs – represent a more “real budget” for the agency. How these figures were generated are discussed in more detail below.

A real budget for TCEQ

Current level, biennium (1)	Current level + inflation and salary increases (2)	Rising to national average in spending	Current level + inflation + fulfilling the myth	Current + inflation+ fulfilling the myth+meeting unmet needs
\$774.0 million	\$806.7 million	\$1.45 billion	\$1.111 billion	\$1.133 billion

(1) Includes estimated \$38 million generated for Texas Emissions Reduction Program.

(2) Assumes 2.8 percent increase per year;

Approaching the National Average

One goal the state could consider is raising per capita spending on natural resource protection to the national average. According to U.S. Census Bureau, Texas spent \$32 per person in natural resource protection in state government resources in 1999, while the national average was nearly \$50 per person. An increase of \$17 per person over two years would require spending an additional \$680 million in the next biennium. Obviously, however, it is unlikely that the Texas Legislature would be willing, or could even find, an additional \$700 million to reach national levels.

Fulfilling the Myth: Real Enforcement and Monitoring

Many citizens assume the state has adequate programs for its main environmental agency, long known as TNRCC and being renamed TCEQ, to monitor pollution and require conformity with environmental laws. But this, too, is a fiction. The agency's budget allows only limited monitoring and enforcement. Increased funding of roughly \$16 million a year, or \$32 million each biennium, would be necessary to allow more adequate enforcement under existing programs. While finding another \$16 million per year in the present budget crisis will be difficult, if TCEQ would make their penalties for environmental violations higher and more of an economic deterrent to breaking the law, the state would have more general revenue to spend on these and other programs.

Some steps needed to reduce deterioration in the state's quality of life include:

- Increase the monitoring and assessment of surface waters, particularly of streams and rivers, from the current level of 38 percent of miles over a five year period, to 50 percent over the same period, and also increase assessment of metals and organics in sediment and water.
Estimated Annual Cost: \$5 million
- Increase inspections of drinking water facilities, so that at least 75 percent of all facilities were inspected on a yearly basis.
Estimated Annual Cost: \$1.0 million
- Increase inspections of Confined Animal Feeding Operations from one-third to one-half of all permitted facilities.
Estimated Annual Cost: \$125,000
- Increase inspections of wastewater discharge facilities, from 60 to 75 percent of all permitted facilities on a yearly basis.
Estimated Annual Cost: \$1.0 million
- Increase toxic air monitoring and assessment of cumulative and synergistic impacts of toxic air emissions.
Estimated Annual Cost: \$1.0 million
- Increase penalties assessed and penalties due on enforcement orders, so that there is an economic deterrent to pollution;
Estimated Annual Cost: None, but would increase general revenues.
- Increase air monitoring for pollutants like ozone and carbon monoxide in secondary cities such as Austin, San Antonio and Laredo (10 new monitors).
Estimated Annual Cost: \$0.5 million
- Keep Texas on schedule to meet 2009 deadline for cleaning up polluted rivers, bays and reservoirs.
Estimated Annual Cost: \$2.0 million
- Increase funds in drinking water program to meet new radionuclide and arsenic standards.
Estimated Annual Cost: \$2 million
- Increase monitoring of groundwater to assess quality and quantity from 100 to 200 assessment per year
Estimated Annual Cost: \$2.5 million
- Increase funding for the Title V Clean Air Permitting Program since TCEQ projects that the program will have inadequate resources in FY 2004 and 2005;
Estimated Annual Cost: \$1.0 million

Fulfilling the myth: making good on SB 5

Many citizens were heartened when the Legislature created the Texas Emissions Reductions Plan (TERP) Fund in 2001. The fund, created in Senate Bill 5, was designed to develop emission-reducing technologies, pay for clean-up and replacement of diesel engines, provide incentives to purchase clean cars and encourage more efficient energy use. But the fund quickly became part of the myth of environmental protection in Texas.

The fund had been expected to generate \$133.4 million in fiscal 2002, a total increasing to \$165 million by fiscal 2006 through a combination of registration fees, sales tax on older diesel motor vehicles, vehicle inspection fees and a \$225 fee on motor vehicles registering

for the first time in Texas. But because the first-time registration fee was – correctly -- invalidated in court since it violated inter-state commerce rules, the majority of the funds have not been generated. The Legislature will have to come up with alternative funding in 2003 if the state is to achieve the anticipated air quality improvements. The TCEQ has estimated that to meet the state’s obligations under the Clean Air Act to meet clean ozone standards in Houston, Beaumont and Dallas, it would need to generate \$135.9 million in FY 2004 and 2005. :

Year	TOTAL TERP fund Needed to Reduce Ozone	TCEQ Portion (78.5% + \$500,000 for non-attainment grants)
FY 2004	\$188.7 million	\$135.9 million
FY 2005	\$188.7 million	\$135.9 million

Source: TCEQ, Annual Funding to Restore SB 5/TERP Programs, Presented to Governor’s Office and Legislative Budget Board, September 2002.

Meeting Unmet Needs

In addition to the needs listed under “Fulfilling the Myth,” there are a variety of other needs the state has not even begun to meet. Some specific needs the state budget should address are listed below. Meeting these environmental protection needs, viewed by some budget analysts as obvious and urgent, would require an increase of about \$11 million a year. Details of the identified needs follow.

Closing other holes in environmental regulation

Category	Estimated annual cost	Notes
Grant program for septic tank oversight and enforcement at county level	\$2.5 million	Much of Texas' pollution in rural areas is due to failing septic tanks, and most licensing and enforcement has been devolved to the local level, yet there is little oversight of those areas that lack such authority and no grants to help areas improve their licensing and oversight roles.
Begin to plug abandoned water wells and enforce against non-compliant water well operators	\$7.5 million	Abandoned water wells are conduits for pollution to groundwater yet Texas has no state program to deal with issue.
Enforcement of Water Rights	\$0.5 million	By actually enforcing water rights, the state could free up some waters held in water rights permits, either to maintain adequate environmental flows in rivers and bays, or for increased municipal use
State-wide Fish Tissue Monitoring Program	\$0.6 million	Currently, Texas has no inland fish-tissue testing program and instead done on emergency or case-by-case basis by TCEQ, TDH and TPWD among others. TDH does have a shellfish assessment program funded at \$1.2 million per biennium. A similar amount could help Texas assess health of fish inland.
Total	\$11.1 million a year; or \$22 million a biennium	

III. Focus on Parks, Recreation and Wildlife: The Texas Parks and Wildlife Department

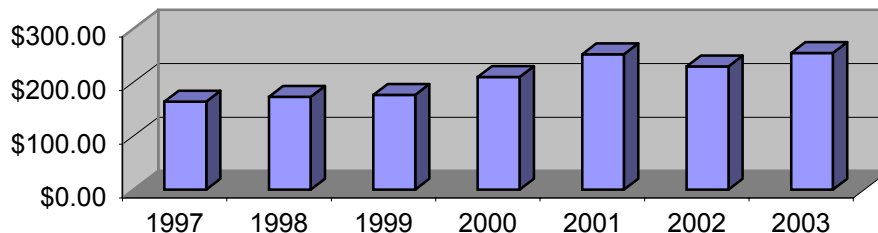
From its inception in the 1920s, the Texas Parks and Wildlife Department has had to balance conflicting roles: protecting wildlife and habitat while also providing recreation for park-users, hunters, fishers, hikers and birders. Federal environmental laws have increased the department's responsibilities.

In recent years the department has received increased state general revenue and greater authority to spend fees generated from its users – such as hunting and fishing licenses, park fees and boat fees. In fiscal years 2002 and 2003, about 46 percent of the budget comes from dedicated user fees, 15 percent from federal funds, and 28 percent from general revenue, including sales taxes earmarked for TPWD from sporting goods, boat and boat motors. A smaller portion -- \$37.3 million or 8 percent – is from general obligation bond proceeds to pay mainly for park repair and maintenance.

Low spending on parks

Even with increases in budgets in recent years, stable funding for acquisition of new parkland as well as for maintenance and operation of existing parks has consistently been a core problem. According to the U.S. Census Bureau, state and local government spending on parks and recreation totaled about \$55 per person in Texas, while nationally average state and local spending was about \$86 per person.⁶

Annual Operating Expended and Appropriated Budget at Texas Parks and Wildlife Department, 1997 - 2003



Sources: Legislative Budget Board, Legislative Budget Estimates for the 2000-01 Biennium, January 1999; and Legislative Budget Board, Legislative Budget Estimates for 2002-03 Biennium, January 2001 and TPWD, Request for Legislative Appropriations, Fiscal Year 2004 and 2005. *Note: FY 2001 includes \$16.3 million in general obligation bonds for World Birding Center sites and other projects, FY 2003 budget includes \$36.8 million in general obligation bonds for park infrastructure repair, maintenance and other projects.*

⁶ U.S. Census Bureau, Government Finances, 1998-1999, September 2001.

Holes in current budget

The main funding issue identified at the agency has been a backlog of \$100 million to \$150 million in repairs at parks and natural areas. Last November voters approved new general obligation bonds of \$100 million over six years to address this problem. In addition, the legislature earmarked \$5 million over the biennium for staffing and operational expenses at new and partially opened parks. However, funding for personnel to staff and maintain the parks is still a major deficiency, especially after the legislature failed to fund a promised pay increase, and Parks and Wildlife was forced to spend \$7.4 million per year out of its operating budget to cover the salary and benefit cost.⁷ In fact, the agency in its initial budget request has made an “exceptional” request for \$14.8 million over two years to pay for these salary costs, as well as an “exceptional” request for \$8 million to operate the state park system.⁸ Bond proceeds intended for fixing up and maintaining the parks cannot be used to pay these personnel and operating costs.

The public and in legislators have consistently called for more access to state parkland. Yet funding has been inadequate to acquire more parkland in recent years. Texas offers about 52 acres of state park and wildlife management acreage per 1,000 residents. To reach the 75th percentile ranking when compared with other states, Texas would need to provide 55 acres per 1,000 residents. That would mean acquiring about 1.5 million additional acres by 2030. In addition, several reports have cited a need for the state to raise money to help counties and cities acquire land for local parks.

While the agency continues to consider additional species for possible inclusion in the state endangered and threatened species list, it lacks the resources to adequately assess the status of all but a few species. Similarly, while studies have been conducted to estimate the instream needs of the bays and estuaries, there has been little funding to study the instream flow needs of rivers and streams.

More than 90 percent of its land are in private hands, yet Texas has no comprehensive program to prevent habitat fragmentation and loss of sustainable habitats. A recent study⁹ commissioned by TPWD highlighted these needs:

- Acquire new state parkland and help counties and cities acquire local parkland, and provide funding to adequately operate and maintain them;
- Begin a Purchase of Development Rights and/or Conservation Easement program to increase habitat for wildlife on private lands;
- Increase resources for studying species and compliance with Texas Endangered Species Act

⁷ Texas Parks and Wildlife Department, Request for Legislative Appropriations: FY 2004 and 2005, August 2002, “Administrator’s Statement,” 1.

⁸ Ibid., Section IVA.

⁹ Texas Tech University, Texas Parks and Wildlife for the 21st Century, November 2001.

What Would A Real Budget for Parks and Wildlife Look Like?

The current two-year parks and wildlife budget totals about \$485 million, which includes \$36.8 million in general obligation bond proceeds for parkland repair. To adjust the non-bond total upward by 2.8 percent for the next two-year budget, accounting for inflation, and then add in \$34.25 million in additional bonds scheduled in FY 2004-05 would raise the budget to \$485 million. This would only meet current needs, and would not rise Texas to the national level, “fulfill the myth” of adequate funding, or meet unmet needs.

A Real Budget for Parks and Wildlife

Current level, fiscal 2002-2003	Current level + inflation and salary increase	Rising to national average	Current level + inflation + fulfilling the myth	Current + inflation+ fulfilling the myth + meeting unmet needs
\$485.2 million	\$501.5 million	\$960.5million	\$652.9 million	\$702.9 million

Rising to the National Level

The U.S. Census Bureau reports that state governments spent an average of \$14.2 on parks per person in the 1998-1999 period, while Texas state government spent an average of \$2.7 per person in the same period. An increase of \$11.5 per person, multiplied by 20 million persons over two years would add an additional \$460 million to TPWD state spending, for a total of \$960.5 million. It is unlikely that Texas will be able to meet the national average in the coming years.

Fulfilling the Myth: More Local and State Parkland

To make repairs and take other steps that most citizens assume are already in the works would require significant increases in the budget. For example, meeting the goals set out by the TPWD-sponsored Texas Tech study would take significant resources. These steps, and their estimated costs, would increase annual state spending on parks by more than \$70 million per fiscal year.

Category	Current acreage per-1,000 persons	Texas Tech study goal: Acreage per 1,000 persons by 2030	Estimated cost over 30 years	State agency cost per year (assumes 50% match for local parks)
State Parkland	52 acres	55 acres	\$1 Billion	\$33.3 million
Local Parkland	12.2 acres	25 acres	\$2 Billion	\$33.3 million
Operations Maintenance of Existing and Parkland				\$9 million
Total	74.2 acres	80 acres	\$3 Billion	\$75.7 million

Source for Goal: Texas Tech University, Texas Parks and Wildlife for the 21st Century, November 2001, 28.

Meeting Unmet Needs

One clear need is for the state to lead a private land conservation program such as purchases of development rights, or PDR. The cost for such a program is difficult to measure because land prices vary, but seed money of \$25 million per year could lead to the aggressive protection of private land, particularly in important habitat areas near urban centers.



“Tubers” enjoy a summer day in San Marcos, Texas. Access to rivers and parkland is a key indicator of quality of life; unfortunately lack of parkspace and a lack of money to properly operate parks in Texas threaten this access.

Photo courtesy of Texas Parks and Wildlife Department.

IV. Focus on Water Infrastructure, Conservation and Management: Texas Water Development Board

The Texas Water Development Board (TWDB) was created in 1957 to provide loans and grants for a variety of water-related needs, including several clean-water environmental programs.

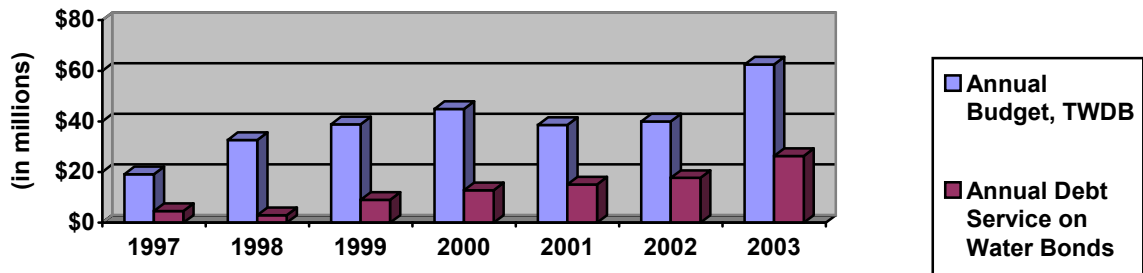
In 1989 and 1991, voters authorized \$250 million in bonds for the Economically Distressed Areas Program designed to bring water and wastewater services to unincorporated areas lacking service, particularly in neighborhood called “colonias” along the border. Since the program began, some \$490 million from the bonds as well as grants provided by the Environmental Protection Agency has been spent or committed for projects in the construction phase, and another \$98 million is needed for projects in the planning phase.

In 1997, the legislature changed the way water planning is done for the state, shifting it to the regional level, and TWDB became the lead agency in overseeing the regional planning effort, partially through grants provided to local planning groups.

Funding for the agency has remained fairly steady despite new projects. About 60 percent of the agency’s budget comes from general revenue, with the rest coming from federal funds (10 percent), and other funds, largely from interest earned on their assistance funds.

In addition to funding for the TPWD operating budget, the state is scheduled to pay off some \$44 million in debt service in the present biennium due to the large number of non-self supporting bonds scheduled for issue. About three-fourths of these non-self supporting bonds are to pay off debt service on the Economically Distressed Areas Program to help underserved, low-income communities gain access to water and wastewater treatment service. As TWDB has increased the amount of grant funding, this debt service has grown.

**Annual Expended and Appropriated Operating Budget at
TWDB and Payments in Debt Service for TWDB Programs, 1997-2003**



Sources: Legislative Budget Board, Legislative Budget Estimates for the 2000-01 Biennium, January 1999; and Legislative Budget Board, Legislative Budget Estimates for 2002-03 Biennium, January 2001 and TWDB, Legislative Appropriations Request for Fiscal Years 2004 and 2005, August, 2002.

Note: The FY 2003 includes \$16 million authorized by the legislature, mainly for agricultural conservation grants.

Is funding adequate?

The state's regional water planning groups say more than \$17.5 billion in additional funds will be needed in coming decades to meet basic water needs. While there is considerable debate about the necessity of some of these proposed projects – such as new reservoirs in the Dallas area – and the actual “needs” may be only a fraction of this cost, there is no doubt that Texas certainly will have to find ways to pay for the cost of conserving, managing and in some cases, increasing supply for certain areas of the state. While many of these needs could be paid for with state or municipal bonds, the state would shoulder the burden of some of the costs of servicing debt payments, as well as administering the loans.

In addition, new communities continue to request grant assistance both along the border and in other areas of the state. In fact, TWDB recently reported that it only has \$63 million left to give in grants, even though it recently approved 21 projects for planning grants, with an estimated construction cost of \$98 million and would have spent all EDAP money by the end of the 2003 fiscal year. Recently, in its initial budget request, the TWDB requested an additional \$20 million from the state to help meet these needs.¹⁰

Finally, in addition to the need to identify monies to pay for water needs in the future, the amount of planning grants available to regional planning groups has been low to adequately study the issue. In particular, there are currently no funds available for regional planning groups to study the “environmental” water needs such as environmental instream flow needs for habitats and little funding to actually study options to conserve rather than develop water.

What would a Real Budget for TWDB look like?

Increasing the current non-debt budget by inflation would increase the total budget from \$146.5 million to approximately \$150.8 million over a two-year period. However, this would not take care of “fulfilling the myths” or meeting unmet needs.

A Real Budget for TWDB and water bond debt

Current level, fiscal 2002-2003	Current service level + inflation and salary increase	Ranked at national average	Current level + inflation + fulfilling the myth	Current + inflation+ fulfilling the myth + meeting other needs
\$146.5 million	\$150.8 million	No estimate	\$214.8 million	No estimate

¹⁰ TWDB, Legislative Appropriations Request for Fiscal Years 2004 and 2005, August, 2002

Fulfilling the Myth: Making Conservation Planning A Priority

While the current Governor has said water conservation should be a top priority, the current TWDB budget has not provided grants to regional planning groups to adequately study conservation as an option. Fulfilling the myth at the TWDB would increase planning grants from their current level of \$8 million per year to \$15 million per year, with the majority of the increase earmarked for studying conservation measures for the major municipalities and irrigation districts, as well as instream needs of rivers and streams.

In addition, fulfilling the myth would make available \$25 million per year over the next biennium to complete the EDAP projects along the border which have been approved, but have not been constructed due to lack of monies.

Meeting Unmet Needs: Future Water Infrastructure and Supply

The TWDB is currently studying additional community needs for water and wastewater treatment service, both for EDAP-eligible communities as well as other areas in the state – particularly rural areas – where state assistance may be needed. Until those studies are conducted, and until the \$17.5 billion in needs that the regional planning groups have identified are more closely examined, it is difficult to come up with a number for what Texas water needs will be over the coming years. Still, by spending more on conservation studies and plans now, it is likely that many of these “needs” may never develop.