

## Expanding Agency Capacity to Address State Water Infrastructure Needs

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### Key Takeaways:

- TWDB needs greater resources to accomplish its mission-critical work relating to water supply development, flood control mitigation, and infrastructure repairs.
- Texas needs to maximize leverage of Federal IIJA dollars.
- Additional state appropriations are essential for fixing aging, depreciating infrastructure, including that within rural areas.

### Background:

TWDB is responsible for several programs essential to the state's development of water supply and flood control and mitigation projects. The sophistication of these programs require that the agency have qualified professional and technical staff in the areas of planning, finance, engineering, and, among others, hydrogeology to meet growing workload requirements. Just as TWDB needs more qualified personnel to accomplish its mission, the costs associated with developing new water supply projects and fixing our aging, depreciating infrastructure continue to grow. While the new infusion of federal dollars from the US Infrastructure Investment and Jobs Act (IIJA) will prove beneficial in the short-term, more state appropriations are needed to address an escalating infrastructure crisis.

### Proposed Action:

**1. Support Exceptional Item #1 Enhancing TWDB Staff Capacity.** TWDB is charged with implementing critical programs for Texas' water infrastructure. These include the State Water Plan, State Flood Plan, and, among other programs, administration of the state revolving funds. Given these significant and growing responsibilities, the Legislature needs to invest in TWDB's capacity so that it is set-up for success. Just as TWDB's responsibilities have increased, so has the agency's need to hire and retain qualified personnel. Exceptional Item #1 in TWDB's LAR makes a needed investment in both FTEs and competitive salaries for the agency. As proposed, Exceptional Item #1 seeks \$15,973,032 and 51 new FTEs for the FY 23/24 biennium. This item is especially important given the agency's anticipated influx of IIJA dollars.

**2. Exceptional Item #3 Makes a Needed Investment in Rural Water Infrastructure Needs.** Many of Texas' rural water systems endure problems associated with aging, depreciating infrastructure and a declining or insufficient revenue base to pay for needed repairs or upgrades. Nonetheless, reliable water systems are essential for continued economic growth and development in rural areas. Exceptional Item #3 seeks appropriations to the Rural Water Assistance Fund and the Agricultural Water Conservation Fund. Funding these programs allows TWDB to provide needed financial resources to rural communities and agricultural water users that may not be able to participate in other state programs such as the SWIFT. The \$169,869,702 million requested here is needed to address water supply and drinking water infrastructure issues in rural areas. While the magnitude of financial needs in rural and agricultural communities is far greater than the amount

sought in this exceptional item, the appropriations requested here represent a needed step towards addressing the larger problem.

**3. Expand Financial Resources for Technical Assistance Providers.** Exceptional Item #3 includes the request for \$3 million for TWDB to contract with an outside entity to provide technical assistance to rural water entities. Technical assistance is a critical bridging element that assists communities that lack the resources to apply for TWDB funds and develop funded projects. Stakeholder discussions hosted earlier this year by Texas 2036 found that expanding the state's technical assistance outreach could improve outcomes with regard to rural communities' participation in state water programs. Given the importance of technical assistance, it is recommended that this exceptional item be amended to provide an additional \$3 million and one additional FTE to TWDB for the purpose of providing technical assistance to rural communities. This recommendation would authorize a total of \$6 million and two FTEs for contracts for technical assistance. As part of this recommendation, TWDB should be encouraged to contract with more than one outside entity for the purposes of providing technical assistance.

**4. Exceptional Item #6 is Critical for Securing Matching Federal Funds.** The US Infrastructure Investment and Jobs Act (IIJA) provides Texas with over \$2 billion over the next five years for our state's clean and drinking water state revolving funds. Congress requires that states provide a 10% match for these dollars for the first two fiscal years of the program, and a 20% match for the remaining three years. Exceptional Item #6 is critically important as it provides the needed state match to maximize our leverage of IIJA dollars.

**5. Greater Infrastructure Funding Capacity Needed.** TWDB will need more resource capacity -- in terms of personnel and appropriated resources -- to address the bigger infrastructure problems affecting Texas. These problems include aging, depreciating water and wastewater systems that require substantial amount of state and local investment to repair. Towards that end, Texas 2036 is exploring recommendations aimed towards the creation and capitalization of a new fund, much like SWIFT, to pay for both agency resources and needed repairs to our water and wastewater infrastructure. Towards that end, we recommend the creation of a placeholder within the agency's budget pattern for a potentially new funding mechanism to address infrastructure needs and agency capacity.

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For additional information, please contact:

**Jeremy B. Mazur, Senior Policy Advisor**  
Jeremy.Mazur@Texas2036.org • 512.789.9862  
210 W. 7<sup>th</sup> Street, Suite 1100 • Austin, Texas 78701