

Animal Health Commission **Summary of Recommendations - House**

Page VI-13

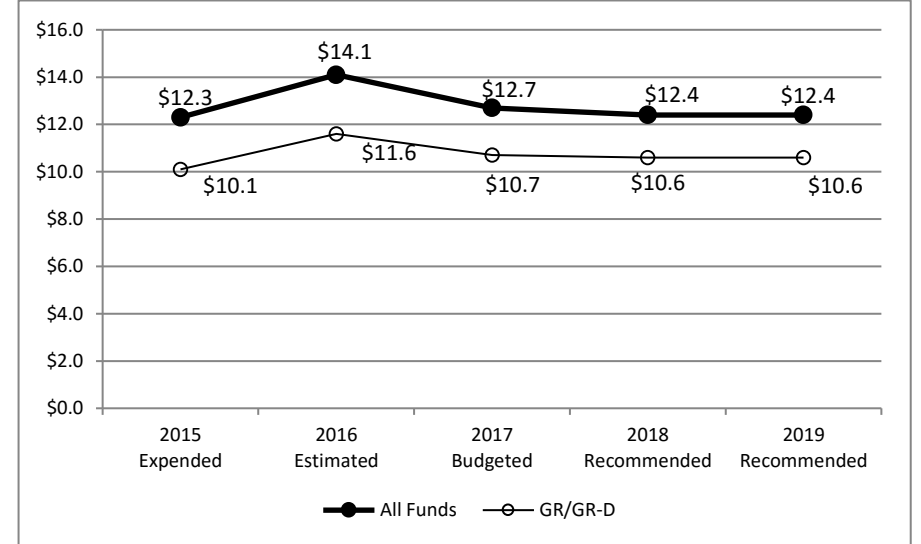
Dr. Andy Schwartz, Executive Director and State Veterinarian

Michael Wales, LBB Analyst

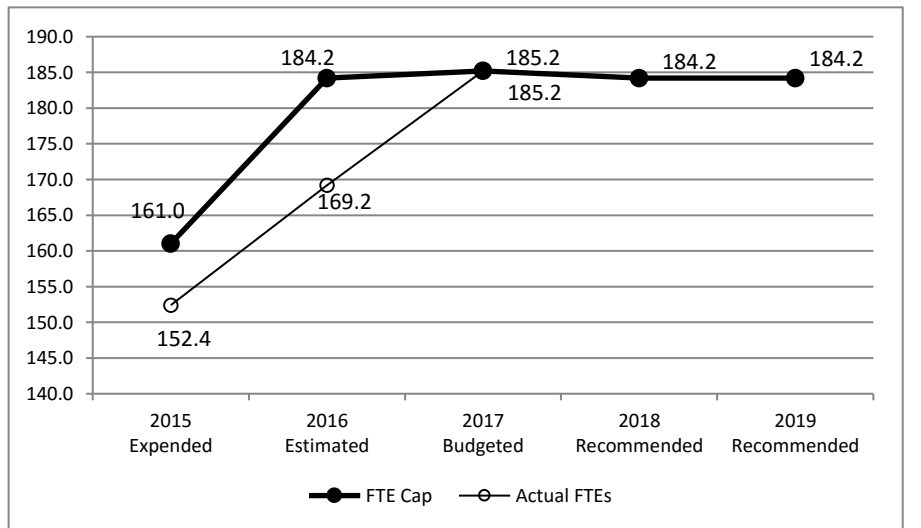
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$22,334,969	\$21,128,026	(\$1,206,943)	(5.4%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$22,334,969</i>	<i>\$21,128,026</i>	<i>(\$1,206,943)</i>	<i>(5.4%)</i>
Federal Funds	\$4,478,797	\$3,660,022	(\$818,775)	(18.3%)
Other	\$3,367	\$0	(\$3,367)	(100.0%)
All Funds	\$26,817,133	\$24,788,048	(\$2,029,085)	(7.6%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	185.2	184.2	(1.0)	(0.5%)

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

Animal Health Commission
Summary of Funding Changes and Recommendations - House

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
Funding Changes and Recommendations:							
A)	One-time costs associated with creation of new regional office in 2016-17	(\$0.8)	\$0.0	\$0.0	\$0.0	(\$0.8)	A.1.1
B)	One-time costs for vehicle replacements in 2016-17	(\$0.2)	\$0.0	\$0.0	\$0.0	(\$0.2)	A.1.1
C)	Federal Funds primarily for Plant and Animal Disease and Pest Control in 2016-17 that are not anticipated to be available in 2018-19	\$0.0	\$0.0	(\$0.8)	\$0.0	(\$0.8)	A.1.1, A.1.2
D)	One-time funding to implement the Centralized Accounting and Payroll/Personnel System	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	B.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$1.1)	\$0.0	(\$0.8)	\$0.0	(\$1.9)	As Listed
Funding Increases		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
Funding Decreases		(\$1.1)	\$0.0	(\$0.8)	\$0.0	(\$1.9)	As Listed

NOTE: Totals may not sum due to rounding.

**Animal Health Commission
Selected Fiscal and Policy Issues - House**

1. **Chronic Wasting Disease.** Chronic wasting disease (CWD) is a degenerative neurological disease affecting deer, elk, and other cervids. The disease is similar to bovine spongiform encephalopathy (mad cow disease) in cattle or scrapie in sheep, but is only transmittable to other cervid species. To date, a total of 34 deer have tested positive for CWD in Texas, including 25 white-tailed deer in captive deer breeding facilities and nine free-ranging mule deer. The first captive deer to test positive for CWD in a postmortem test was from a facility in Medina County in June 2015. This positive test led the Animal Health Commission (TAHC) and Parks and Wildlife Department (TPWD) to jointly develop a revision of deer breeder permitting rules and movement restrictions that took effect in August 2016. In January 2017, TAHC and TPWD reported that a hunter-harvested free-ranging white-tailed deer in Medina County had also tested positive for CWD.

While native deer species are defined in Parks and Wildlife Code §63.001 as game animals and not livestock, TAHC is involved CWD response in multiple ways. Non-native cervid species such as elk, sika, red deer, nilgai, and moose are classified as exotic livestock. Agriculture Code §161.041 authorizes TAHC to act to eradicate or control any disease affecting exotic livestock, including situations when the agent of transmission is an animal species outside of the agency's jurisdiction, such as a native mule deer or white-tailed deer. As a result, TAHC cooperates with TPWD on disease assessments and investigations and operates the Herd Certification Program that originated with the US Department of Agriculture. TAHC performs inspections of a breeder's facility and records in order to offer the breeder certified status.

Recommendations include General Revenue Funding in the amount of \$1,181,106 for the CWD program. See also Items Not Included in the Recommendations - House, Item 4.

2. **Cattle Fever Tick Mitigation.** Cattle fever ticks transmit the *Babesia bovis* parasite, which causes a disease commonly known as bovine piroplasmiasis or cattle fever. Cattle fever ticks can be carried by animals not susceptible to cattle fever, such as horses, deer, and nilgai. Fever tick outbreaks in Texas led to the creation of the Livestock Sanitary Commission in 1893, the precursor to TAHC. Texas is the largest producer of cattle in the US, and Texas A&M AgriLife Extension reported the inventory of all cattle in Texas to be 11.7 million head at a value of \$17.9 billion in 2015. The agency has established a permanent fever tick quarantine zone along the Rio Grande River in South Texas from Val Verde County to Cameron County. Inspectors regularly inspect livestock in the quarantine zone, and animals must receive a movement document from the agency before being shipped outside the area. TAHC has established temporary quarantine zones outside of the permanent zone as well, primarily in South Texas. In late 2016, the agency established a controlled purpose quarantine area in Live Oak County. Inspectors also perform surveillance at sale barns and receiving pens to prevent the spread of ticks.

Recommendations include \$2,100,000 for fever tick prevention and eradication for the 2018-19 biennium. During the 2016-17 biennium, the agency devoted \$2,077,700 to cattle fever tick activities. HB 2, Eighty-fourth Legislature, Regular Session, 2015 appropriated \$601,111 from General Revenue in supplemental funding in fiscal year 2015 to provide additional resources for the temporary quarantine zones, which did not continue into 2016-17. The agency also received \$4,044,737 from General Revenue in 2016-17 to establish a new regional office in Laredo that essentially mirrors the permanent fever tick quarantine zone. One-time costs associated with establishing this new office totaling \$825,524, including \$765,057 from General Revenue, are not included in the recommendations for 2018-19. In addition to this new regional office, the agency has a fever tick response office in Los Fresnos. See also Items Not Included in the Recommendations - House, Item 1.

3. **Supplemental Appropriation Request.** The agency has requested supplemental funding totaling \$649,987 in General Revenue in 2017. The funding would be used for equipment, travel, and overtime expenses to support existing fever tick quarantine areas and provide for up to two more potential additional quarantine areas in 2017 should the agency determine they be necessary. The request is in response to the identification of infested premises in Live Oak County as well as additional infested premises detected in counties where a quarantine area already exists.

**Animal Health Commission
Rider Highlights - House**

Modification of Existing Riders

2. **Capital Budget.** Recommendations modify the rider to remove the Centralized Accounting and Payroll/Personnel System (CAPPS) item because the agency is expected to fully transition to CAPPS by the end of 2017. Recommendations also modify the rider to reflect the removal of one-time costs for transportation items. See also Items Not Included in the Recommendations - House, Item 3.

8. **Appropriations Limited to Revenue Collections: Cost Recovery for Animal Health and Laboratory Programs.** Recommendations revise the rider from an “appropriations limited to revenue collections” rider to a “contingent revenue rider,” and removes laboratory programs from the rider title, as the agency no longer assesses the relevant laboratory fees. Recommendations also prohibit the use of appropriations made or identified in the rider from being used for salaries and wages or other personnel expenditures.

Animal Health Commission
Items Not Included in Recommendations - House

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-22
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included - In Agency Priority Order

1)	Animal Health Disease Preparedness, Response, & Mitigation - Cattle Fever Tick: General Revenue and FTE positions (field inspectors, supervisors, and support personnel) to bolster the agency's efforts to control, mitigate, and eradicate cattle fever ticks in areas outside of the permanent cattle fever tick quarantine zone. These areas are primarily in Live Oak, Webb, Willacy, and Zapata counties. Seven FTEs would continue into fiscal year 2020 and beyond.	\$7,351,104	\$7,351,104	36.0	Yes	Yes	\$1,470,264
2)	Funding for Items Included in Agency's 4% reduction: General Revenue to bring 2018-19 appropriations in line with the 2016-17 base. Funding would be used for travel expenses and other operating expenses in multiple strategies.	\$893,399	\$893,399	0.0	No	No	\$1,340,100
3)	TAHC Infrastructure - Rents & Leases: General Revenue to renew leases on office space at six locations that will expire during the 2018-19 biennium. The request will cover an increased lease rate of \$35 per square foot at these offices.	\$424,941	\$424,941	0.0	No	Yes	\$2,172,528
4)	Animal Health Disease Preparedness, Response, & Mitigation: Chronic Wasting Disease: General Revenue and FTE positions (four livestock inspectors, one administrative assistant, and one veterinarian) to enhance chronic wasting disease control efforts through education and outreach, surveillance, detection, control, and management.	\$1,141,796	\$1,141,796	6.0	No	No	\$1,290,834
5)	Animal Health Automated Information System - ERP: General Revenue for enterprise resource planning software to consolidate existing database systems. The request includes initial costs of \$377,362 and recurring annual costs of \$131,968.	\$509,330	\$509,330	0.0	Yes	Yes	\$395,904

Animal Health Commission
Items Not Included in Recommendations - House

Section 5

		2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-22
		GR & GR-D	All Funds	FTEs			
6)	Acquisition of Information Resource Technology - Software/Network Upgrades: General Revenue for additional costs associated with replacing and upgrading outdated hardware and software and maintaining current licenses above the current biennial total of \$172,000.	\$125,000	\$125,000	0.0	Yes	No	\$169,950
7)	Acquisition of Information Resource Technology - Computer Replacement: General Revenue to replace personal computers, tablets, and other computer equipment.	\$88,000	\$88,000	0.0	Yes	No	\$132,000
8)	Exempt Position Equity Adjustment: General Revenue and authority to reclassify the Executive Director's salary from Salary Group 4 to Salary Group 5 and increase the salary to the Group 5 maximum salary of \$197,415 per year.	\$114,176	\$114,176	0.0	No	No	\$171,264
9)	Transportation Fleet Vehicle Acquisition: Appropriations from General Revenue to purchase 12 vehicles to equip all field personnel who travel on a daily basis with a vehicle.	\$480,000	\$480,000	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$11,127,746	\$11,127,746	42.0			\$7,142,844

Animal Health Commission
Appendices - House

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	8
B	Summary of Federal Funds	*
C	FTE Highlights	10
D	Performance Measure Highlights	11
E	Summary of Ten Percent Biennial Base Reduction Options	12

* Appendix is not included - no significant information to report

Animal Health Commission
Funding Changes and Recommendations by Strategy - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
FIELD OPERATIONS A.1.1	\$18,380,322	\$16,523,260	(\$1,857,062)	(10.1%)	Recommendations include reductions from General Revenue for one-time costs associated with the new Region 8 office totaling \$765,057; a reduction from General Revenue totaling \$223,148 for one-time vehicle replacements; a reduction from General Revenue totaling \$89,967 for one-time office upgrades; a reduction from Federal Funds of \$397,225 for equipment and other costs associated with the new Region 8 office; a reduction in Federal Funds for a merit pay freeze in 2018-19 totaling \$250,000; a decrease in Federal Funds of \$108,000 for reduced travel reimbursement; and a reduction in Federal Funds totaling \$20,000 for a grant related to cattle fever tick mitigation; and a decrease of \$3,240 from Appropriated Receipts generated in 2016 that are not anticipated in the 2018-19 biennium.
DIAGNOSTIC/EPIDEMIOLOGICAL SUPPORT A.1.2	\$2,153,202	\$2,199,146	\$45,944	2.1%	Recommendations include an increase from General Revenue for salaries and wages to convert a part-time employee to a full-time employee offsetting a \$24,586 General Revenue reduction for one-time costs associated with the installation of a fire system in the agency's Austin Laboratory.
PROMOTE COMPLIANCE A.1.3	\$826,841	\$808,778	(\$18,063)	(2.2%)	Recommendations include a decrease from General Revenue for a 0.5 FTE public information officer position that was eliminated during 2016-17.
ANIMAL EMERGENCY MANAGEMENT A.1.4	\$673,136	\$460,782	(\$212,354)	(31.5%)	Recommendations include a decrease from General Revenue for 1.0 FTE veterinarian position that as reallocated within the agency.
Total, Goal A, PROTECT/ENHANCE TEXAS ANIMAL HEALTH	\$22,033,501	\$19,991,966	(\$2,041,535)	(9.3%)	

Animal Health Commission
Funding Changes and Recommendations by Strategy - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CENTRAL ADMINISTRATION B.1.1	\$2,487,244	\$2,532,574	\$45,330	1.8%	Recommendations include an increase in General Revenue for salaries and wages expenditures related to anticipated one-time payouts for retiring employees, partially offset by the elimination of a 1.0 FTE temporary position to assist with implementation of the Centralized Accounting and Payroll/Personnel System and by a decrease of \$9,075 in General Revenue one-time funding to replace Executive Chairs for the Commissioners.
INFORMATION RESOURCES B.1.2	\$1,793,792	\$1,802,152	\$8,360	0.5%	Recommendations include an increase from General Revenue for equipment partially offset by a reduction of 1.0 FTE that was reallocated within the agency and a decrease of \$13,000 in General Revenue one-time funding to restructure the agency's IP address.
OTHER SUPPORT SERVICES B.1.3	\$502,596	\$461,356	(\$41,240)	(8.2%)	
Total, Goal B, INDIRECT ADMINISTRATION	\$4,783,632	\$4,796,082	\$12,450	0.3%	
Grand Total, All Strategies	\$26,817,133	\$24,788,048	(\$2,029,085)	(7.6%)	

Animal Health Commission
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	161.0	184.2	185.2	184.2	184.2
Actual/Budgeted	152.4	169.2	185.2	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	\$123,624	\$140,327	\$140,327	\$140,327	\$140,327

Notes:
a) The FTE cap for 2016-17 includes 1.0 FTE for to a temporary employee to assist the agency with transition to the Centralized Accounting and Payroll/Personnel System. This FTE was appropriated by Art. IX, Sec. 18.03 of the GAA.

**Animal Health Commission
Performance Measure Highlights - House**

	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Percentage Change in Fever Tick-Infested Premises <i>Measure Explanation: This measure is substantially revised from previous biennia and is treated as a new measure so as to avoid comparison with prior versions of the measure. The measure compares the number of premises outside of the permanent cattle fever tick quarantine zone infested with fever ticks in the specified fiscal year to an average of the previous five fiscal years.</i>	N/A	N/A	N/A	-15%	-15%
Number of Livestock Surveillance Inspections and Shipment Inspections <i>Measure Explanation: This measure is new and does not have previous or current biennia data available. The measure totals the number of livestock inspections conducted by agency personnel at livestock markets, slaughter houses, feedlots, operator premises, import pens on the Texas-Mexico border, and other facilities, as well as the number of shipment vehicles inspected. The purpose of these activities is to identify signs of disease and promote compliance with animal movement requirements.</i>	N/A	N/A	N/A	105,412	105,412
Number of Compliance Actions Completed <i>Measure Explanation: This measure tallies the number of compliance actions completed by the agency in a given year, including legal correspondence, filing complaints with a Justice of the Peace, injunctions filed by the Attorney General, the initiation of administrative proceedings with the State Office of Administrative Hearings, and assessing administrative penalties.</i>	716	847	1,200	1,200	1,200

Animal Health Commission
Summary of Ten Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Field Staff Reductions	Reduction of FTEs – one Investigator, three Veterinarians, ten Inspectors, two Administrative Assistants, and one Customer Service Representative. Reductions in force of Veterinarians, Investigator, and Inspectors would increase workload on remaining Veterinarians, Investigators, and Inspectors. Reductions of Administrative Assistants would increase workload on remaining staff to capture livestock movement information. The TAHC would have to prioritize programs and may not be able to meet all of the demands placed upon it.	\$1,956,057	\$1,956,057	17.0	\$0	14%	No
2)	Indirect Administration Staff Reductions	Reduction of FTEs – one Accountant and one Programmer. Reductions would increase workload on remaining administrative staff. The TAHC would have to prioritize programs and may not be able to meet all of the demands placed upon it.	\$188,100	\$188,100	2.0	\$0	7%	No
TOTAL, 10% Reduction Options			\$2,144,157	\$2,144,157	19.0	\$0		