

Animal Health Commission Summary of Recommendations - House

Section 1

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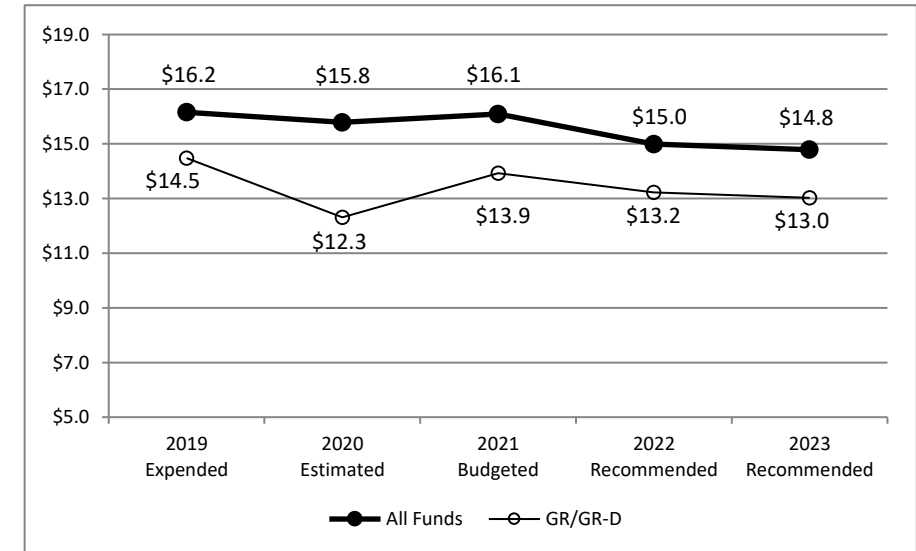
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$26,243,238	\$26,243,238	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$26,243,238</i>	<i>\$26,243,238</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$5,622,249	\$3,529,104	(\$2,093,145)	(37.2%)
Other	\$9,589	\$0	(\$9,589)	(100.0%)
All Funds	\$31,875,076	\$29,772,342	(\$2,102,734)	(6.6%)

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	212.0	212.0	0.0	0.0%

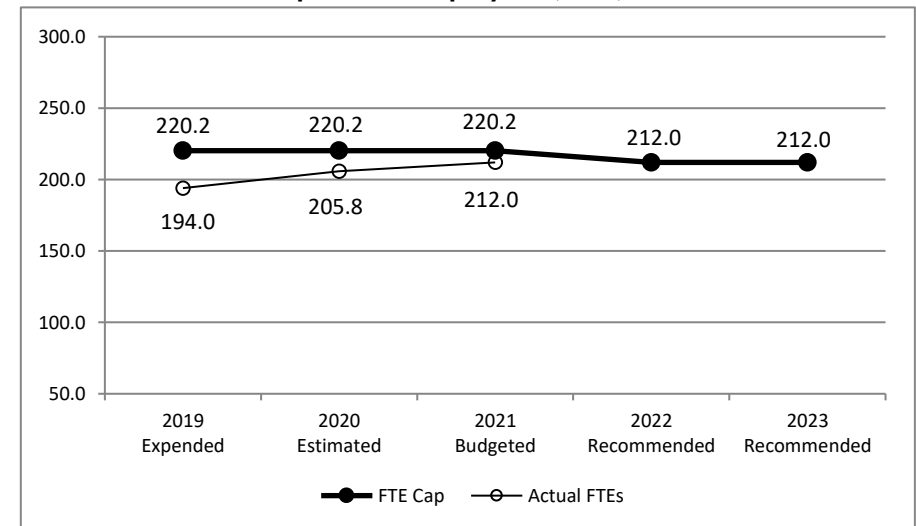
Agency Budget and Policy Issues and/or Highlights

- The Texas Animal Health Commission (TAHC) underwent a Strategic Fiscal Review in fiscal year 2020.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Animal Health Commission
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	No significant funding changes compared to the 2020-21 base.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
B)	Decrease in Federal Funding in various federal grants no longer anticipated to be available.	\$0.0	\$0.0	(\$2.1)	\$0.0	(\$2.1)	All Strategies
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	(\$2.1)	\$0.0	(\$2.1)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	\$0.0	(\$2.1)	\$0.0	(\$2.1)	As Listed

Animal Health Commission
Selected Fiscal and Policy Issues - House

1. **State-Federal Laboratory.** Recommendations provide \$0.8 million in All Funds (\$0.7 million in General Revenue Funds and \$0.1 million in Federal Funds), a decrease of \$0.8 million (\$0.7 million in General Revenue Funds and \$0.1 million in Federal Funds), or 51.0 percent, for epidemiological services at the State-Federal Laboratory. TAHC's State-Federal Laboratory in Austin performs limited testing for diseases affecting the livestock industry, including cattle, swine, horses, sheep, and goats. That testing is primarily for screening for certain diseases that, if detected, would require regulatory follow-up (such as brucellosis, equine infectious anemia, and bovine tuberculosis) and the testing of healthy animals that require proof that they are free from disease before movement (such as export, livestock shows, and private sales).

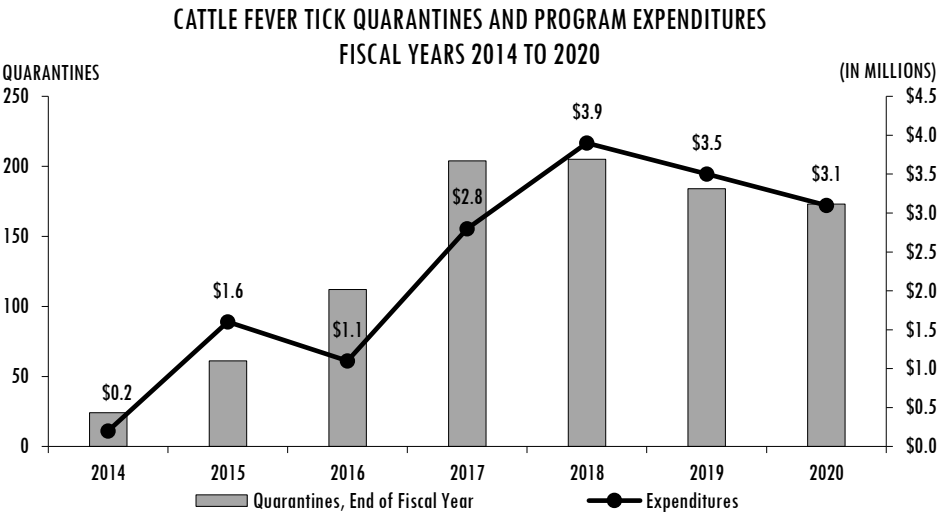
Appropriations of Federal Funds for the State-Federal Laboratory have decreased from \$668,169 during the 2016-17 biennium to \$244,842 during the 2020-21 biennium mostly due to the cancellation of a federal cooperative agreement on April 1, 2019 between TAHC and the United States Department of Agriculture for brucellosis testing of cattle at two large slaughter plants in Texas. This has resulted in the number of sample testing performed by the laboratory decreasing significantly from 962,588 in fiscal year 2019 to 63,360 in fiscal year 2020.

As a result of the reduction in Federal Funds, the Sunset Advisory Commission's recommendations to close the laboratory (see Item 9, Selected Fiscal and Policy Issues - House), and the five percent required spending reduction in 2020-21, the agency no longer recognizes the State-Federal Laboratory as being the most cost-effective means to conduct serological testing for livestock regulatory and reportable diseases. The agency is requesting that the Texas Facilities Commission terminate the building lease for the laboratory's current location effective September 1, 2021 and that the space be vacated no later than January 1, 2022. The agency plans to continue to provide parasitic identification and limited serological testing for cattle and swine brucellosis, pseudorabies, and equine infectious anemia at an existing TAHC facility for regulatory testing continuity with recommended funding.

According to the agency, the State-Federal Laboratory and TVMDL are developing an interagency memorandum of understanding to clarify the scope of sample testing, transfer of equipment, logistics, and data sharing.

2. **Cattle Fever Tick Mitigation.** Recommendations continue funding for fever tick prevention and eradication efforts at 2020-21 levels. The figure below reflects the number of quarantines and program expenditures each fiscal year. Funding reductions made by the Eighty-sixth Legislature, Regular Session, 2019, are reflected for one-time expenditures made in the 2018-19 biennium for capital equipment purchases (e.g. fencing), vehicles, and information resource technologies totaling \$1.2 million.

At the end of fiscal year 2020, there were 173 quarantines in six affected counties, an increase of 621.0 percent from fiscal year 2014, but down from a peak of 205 in fiscal year 2018. The figure shows the number of quarantines and program costs over the last seven fiscal years. Once a tick infestation is discovered, it takes a minimum of 15 months for a premise to be released from quarantine. Increased program expenditures between fiscal years 2014 and 2018 allowed the agency to purchase additional equipment, such as vehicles and laptops, and fill related positions. According to TAHC staff, this has resulted in the decline in the number of quarantines since fiscal year 2018.



3. **Chronic Wasting Disease.** Recommendations continue \$0.3 million in All Funds (\$0.2 million in General Revenue Funds and \$0.1 million in Federal Funds) for Cervid Health program activities at 2020-21 levels.

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. According to data maintained by the Texas Parks and Wildlife Department (TPWD), as of February 2020, 170 cervid have tested positive for CWD in Texas. 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 TWPD to develop a revision of deer breeder permitting rules and movement restrictions that took effect in August 2016.

Native deer species (white-tailed deer and mule deer) are defined in the Texas Parks and Wildlife Code, Section 63.001, as game animals and not livestock. As such, they are owned by the state and are under the jurisdiction of TPWD. The Texas Agriculture Code, Section 161.041 authorizes TAHC to act to eradicate or control any disease affecting exotic livestock, including situations when the transmitting agent is an animal species that is not within the agency's jurisdiction.

4. **Vehicle Replacement.** Recommendations continue \$0.3 million in General Revenue Funds for vehicle replacement in the 2022-23 biennium, and does not include the agency's requested increase of \$1.4 million in General Revenue Funds to facilitate replacement of aging vehicles and to purchase 14 additional vehicles (see Item 3, Items Not Included in Recommendations - House). TAHC maintains a fleet of 112 vehicles and purchases light duty trucks for inspector and field staff to perform livestock and facility inspections.

The agency generally uses a specialized replacement schedule to replace its vehicles that are ten years of age and have mileage exceeding 200,000. The agency's capital budget authority allows for the replacement of four vehicles per fiscal year.

5. **Lease Funding.** Recommendations provide \$1.5 million in General Revenue Funds for building lease funding in the 2022-23 biennium, and does not include the agency's requested increase of \$0.2 million in General Revenue Funds for anticipated lease increases for the Rockdale Region Office and the Central Office in Austin in fiscal year 2023 (see Item 2, Items Not Included in Recommendations - House). According to the agency, the current lease for the Rockdale Region Office will expire in fiscal year 2023 and facility improvements including wiring for phone and internet are necessary if they plan to extend the lease. The lease for the Central Office in Austin increases 2.5 percent annually.
6. **Information Technology.** Recommendations continue \$2.2 million in General Revenue Funds for information technology resources in the 2022-23 biennium, and does not include the agency's request of \$0.3 million in General Revenue Funds for maintenance and data storage costs for the Animal Health Automated Information System – Animal Health Tracking System, TexCore (see Item 4, Items Not Included in Recommendations - House). In fiscal year 2019, the agency received approval from the Legislative Budget Board and the Office of the Governor to exceed its capital budget authority by \$0.2 million in General Revenue Funds to purchase an agency modernization IT business initiative software program with funding reallocated from the agency's Cattle Fever Tick Mitigation program.
7. **Revenue Collections.** Recommendations include \$1.1 million in General Revenue Funds, an increase of \$0.1 million, in fee generated revenue collections to recovery costs associated with the issuance of health certificates, Chronic Wasting Disease inspections, and fowl registrations (see Modification of Existing Riders 7, Rider Highlights - House).

8. **Strategic Fiscal Review.** The agency underwent a Strategic Fiscal Review (SFR) in fiscal year 2020. Significant findings include:
- a) Fee Revenue - The Texas Agriculture Code, Section 161.060, authorizes TAHC to assess fees for inspections conducted in the livestock and poultry industries, which could help provide funding for inspections, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities.
 - b) State-Federal Laboratory - Continued evidence of the eradication of bovine brucellosis has resulted in decreased funding for testing, which has caused a significant reduction in sampling and sample testing performed by TAHC's State-Federal Laboratory. All surveillance testing for the agency could be performed by the Texas Veterinary Medical Diagnostic Laboratory (TVMDL) through an Interagency Contract, reducing overall costs including those from non-fee-generated revenue and the number of laboratory facilities capable of performing the same test (see Item 1, Selected Fiscal and Policy Issues - House).
9. **Sunset Commission Staff Recommendations.** TAHC underwent a statutorily required Sunset Advisory Commission review in fiscal year 2020. Key recommendations from the Sunset Advisory Commission Staff Report (April 2020) include 1) closing the agency's State-Federal Laboratory and designating the Texas A&M Veterinary and Medical Diagnostic Laboratory (TVMDL) as the state's regulatory animal health laboratory in statute (see Item 1, Selected Fiscal and Policy Issues - House); 2) requiring TAHC to regularly conduct trend analysis of its compliance data and directing TAHC to complete and implement its penalty matrix; 3) removing outdated animal disease provisions from statute to allow TAHC more flexibility to prevent, manage, and eradicate animal diseases, authorizing TAHC to establish advisory committees, and directing TAHC and TVMDL to enter into a memorandum of understanding to jointly develop and coordinate educational programs about animal health; and 4) continuing TAHC for 12 years (see New Riders 9, Rider Highlights - House).

**Animal Health Commission
Rider Highlights - House**

Modification of Existing Riders

7. **Contingency Appropriations: Cost Recovery for Animal Health Programs.** Recommendations modify the rider to provide updated revenue collection amounts and fiscal year references. The agency reported collecting an additional \$80,205 in revenues for the 2020-21 biennium. Recommendations continue this funding in the 2022-23 biennium and increase the revenue target in the rider by \$40,102 each fiscal year (see Item 7, Selected Fiscal and Policy Issues - House).

New Riders

9. **Sunset Contingency.** The Introduced Bill adds a contingency provision for the agency's Sunset review (see Item 9, Selected Fiscal and Policy Issues - House).

Animal Health Commission
Items Not Included in Recommendations - House

Section 5

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Five Percent Budget Reduction Restoration: General Revenue Funds to restore two compliance investigator positions (2.0 FTEs), one attorney position (1.0 FTE), one compliance specialist position (1.0 FTE), and field inspector positions (3.2 FTEs) as part of the agency's 2020-21 5.0 percent base reduction.	\$1,374,370	\$1,374,370	7.2	No	Yes	\$1,247,350
2)	Regional Office & Central Office Lease Increase: General Revenue Funds for anticipated lease increases for the Rockdale Region Office and the Central Office in Austin in fiscal year 2023 (see Item 5, Selected Fiscal and Policy Issues - House).	\$157,187	\$157,187	0.0	No	Yes	\$414,918
3)	Vehicle Acquisition: General Revenue Funds to purchase 14 fleet vehicles each fiscal year to provide a vehicle for all inspector and field staff positions and replace aging fleet vehicles (see Item 4, Selected Fiscal and Policy Issues - House).	\$1,400,000	\$1,400,000	0.0	No	Yes	\$0
4)	Animal Health Tracking System: General Revenue Funds for maintenance and data storage costs for the Animal Health Automated Information System - Animal Health Tracking System, TexCore (see Item 6, Selected Fiscal and Policy Issues - House).	\$287,509	\$287,509	0.0	Yes	Yes	\$305,018
5)	Executive Director Salary: Request to add the Executive Director position to Article IX, §3.04(c)(6), Schedule of Exempt Positions, to grant the agency's governing board the ability to set the positions salary within the group classification range established in the General Appropriations Act upon approval of the Legislative Budget Board and the Office of the Governor (see Note 1, FTE Highlights Appendix C - House).	\$0	\$0	0.0	No	No	\$0

TOTAL Items Not Included in Recommendations	\$3,219,066	\$3,219,066	7.2			\$1,967,286
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Animal Health Commission
Appendices - House

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* Appendix is not included - no significant information to report

Animal Health Commission					
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS					
Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
FIELD OPERATIONS A.1.1	\$23,044,937	\$20,462,962	(\$2,581,975)	(11.2%)	Recommendations include an All Funds decrease reflecting the following: a) decreases in Federal Funds of \$1.6 million from the Plant and Animal Disease, Pest Control, and Animal Care grant from the United State Department of Agriculture reflecting the agency's award projection, \$0.3 million from Hurricane Harvey Public Assistance Grants, and \$20,513 from COVID-19 Public Assistance Category B (Emergency Protective Measures); b) an increase in General Revenue Funds of \$1.1 million savings realized from the affect of the COVID-19 pandemic on agency travel, utilities, other operating expenses, and vacant positions; c) a decrease in General Revenue Funds of \$0.7 million allocated to Strategy B.1.1, Central Administration, for annual expenses for one internal auditor position, one Accountant II position, one Procurement Director position, half of the Chief of Staff position, and half of the Executive Director position; d) a decrease in General Revenue Funds of \$0.6 million allocated to Strategy A.1.3, Promote Compliance, for annual expenses for a Compliance Director position and two investigator positions; e) a decrease in General Revenue Funds of \$0.6 million from the 2020-21 5.0 percent base reduction; and f) a decrease in Appropriated Receipts of \$9,355 related to the sale of trucks in the 2020-21 biennium.

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
DIAGNOSTIC/EPIDEMIOLOGICAL SUPPORT A.1.2	\$1,982,168	\$1,165,823	(\$816,345)	(41.2%)	Recommendations include an All Funds decrease reflecting the following: a) a decrease in General Revenue Funds of \$0.7 million from the 2020-21 5.0 percent base reduction; b) decreases in Federal Funds of \$47,638 from the Plant and Animal Disease, Pest Control, and Animal Care grant from the United States Department of Agriculture reflecting the agency's award projection, \$88,026 from Homeland Security Agricultural Grants, \$5,678 from Hurricane Harvey Public Assistance Grants, and \$3,499 from COVID-19 Public Assistance Category B (Emergency Protective Measures); and c) a decrease in Appropriated Receipts of \$24 related to the sale of laboratory equipment sold in the 2020-21 biennium.
PROMOTE COMPLIANCE A.1.3	\$714,377	\$1,165,714	\$451,337	63.2%	Recommendations include an All Funds increase reflecting the following: a) an increase in General Revenue Funds of \$0.6 million allocated from Strategy A.1.1, Field Operations, for annual expenses for one Compliance Director position and two investigator positions; b) a decrease in General Revenue Funds of \$0.3 million allocated to Strategy B.1.1, Central Administration, for annual expenses for one Procurement Director position and one Information Specialist position; c) an increase in General Revenue Funds of \$0.1 million allocated from Strategy B.1.1, Central Administration, for annual expenses for a Government Relations Specialist III position; d) decreases in Federal Funds of \$6,408 from Hurricane Harvey Public Assistance Grants and \$1,814 from COVID-19 Public Assistance Category B (Emergency Protective Measures); e) an increase in General Revenue Funds of \$0.1 million from savings realized from the affect of the COVID-19 pandemic on agency travel, utilities, and other operating expenses; and f) a decrease in Appropriated Receipts of \$210 related to open records requests received during the 2020-21 biennium.

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
ANIMAL EMERGENCY MANAGEMENT A.1.4	\$454,446	\$484,354	\$29,908	6.6%	Recommendations include an All Funds increase reflecting the following: a) an increase in General Revenue Funds of \$51,422 from savings realized from the affect of the COVID-19 pandemic on agency travel, utilities, and other operating expenses; and b) decreases to Federal Funds of \$20,529 from Hurricane Harvey Public Assistance Grants and \$985 from COVID-19 Public Assistance Category B (Emergency Protective Measures).
Total, Goal A, PROTECT/ENHANCE TEXAS ANIMAL HEALTH	\$26,195,928	\$23,278,853	(\$2,917,075)	(11.1%)	
CENTRAL ADMINISTRATION B.1.1	\$2,884,175	\$3,731,372	\$847,197	29.4%	Recommendations include an All Funds increase reflecting the following: a) an increase in General Revenue Funds of \$0.7 million allocated from Strategy A.1.1, Field Operations, for annual expenses for one internal auditor position, one Accountant II position, one Procurement Director position, half of the Chief of Staff position, and half of the Executive Director position; b) an increase in General Revenue Funds of \$0.3 million allocated from Strategy A.1.3, Promote Compliance, for annual expenses for one Procurement Director position, one Director position, and one Information Specialist position; c) a decrease in General Revenue Funds of \$0.1 million allocated to A.1.3, Promote Compliance, for annual expenses for one Government Relations Specialist III position; d) an increase in General Revenue Funds of \$33,755 from savings realized from the affect of the COVID-19 pandemic on agency travel, utilities, and other operating expenses; and e) decreases in Federal Funding of \$19,911 from Hurricane Harvey Public Assistance Grants and \$5,262 from COVID-19 Public Assistance Category B (Emergency Protective Measures).

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES B.1.2	\$2,190,777	\$2,166,579	(\$24,198)	(1.1%)	Recommendations include an All Funds decrease reflecting the following: a) an increase in General Revenue Funds of \$0.1 million from savings realized from a vacant position; b) a decrease in General Revenue Funds of \$0.1 million from the 2020-21 5.0 percent base reduction; c) decreases in Federal Funds of \$4,035 from Hurricane Harvey Public Assistance Grants and \$22 from COVID-19 Public Assistance Category B (Emergency Protective Measures).
OTHER SUPPORT SERVICES B.1.3	\$604,196	\$595,538	(\$8,658)	(1.4%)	Recommendations include a decrease in Federal Funds of \$4,578 from Hurricane Harvey Public Assistance Grants and \$4,080 from COVID-19 Public Assistance Category B (Emergency Protective Measures).
Total, Goal B, INDIRECT ADMINISTRATION	\$5,679,148	\$6,493,489	\$814,341	14.3%	
Grand Total, All Strategies	\$31,875,076	\$29,772,342	(\$2,102,734)	(6.6%)	

Animal Health Commission
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2019	Estimated 2020	Budgeted 2021	Recommended 2022	Recommended 2023
Cap	220.2	220.2	220.2	212.0	212.0
Actual/Budgeted	194.0	205.8	212.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 5	\$146,742	\$155,814	\$155,814	\$155,814	\$155,814

Note:

a) The agency has requested to add the Executive Director position to Art. IX, §3.04(c)(6), Schedule of Exempt Positions, to grant the agency's governing board the ability to set the positions salary range within the group classification range established in the General Appropriations Act upon approval of the Legislative Budget Board and the Office of the Governor (see Item 5, Items Not Included in Recommendations - House).

b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), indicates a market average salary of \$168,808 for the Executive Director position at the Texas Animal Health Commission.

c) State Auditor's Office is the source for the fiscal year 2019 and fiscal year 2020 annual (actual) FTE levels.