

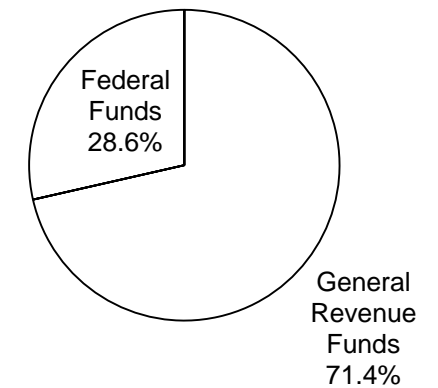
**Animal Health Commission
Summary of Recommendations - Senate**

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Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	\$21,505,136	\$20,534,534	\$19,555,388	(\$979,146)	(4.8%)
GR Dedicated Funds	\$0	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$21,505,136	\$20,534,534	\$19,555,388	(\$979,146)	(4.8%)
Federal Funds	\$9,143,126	\$9,405,126	\$7,817,373	(\$1,587,753)	(16.9%)
Other	\$0	\$518	\$0	(\$518)	(100.0%)
All Funds	\$30,648,262	\$29,940,178	\$27,372,761	(\$2,567,417)	(8.6%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING

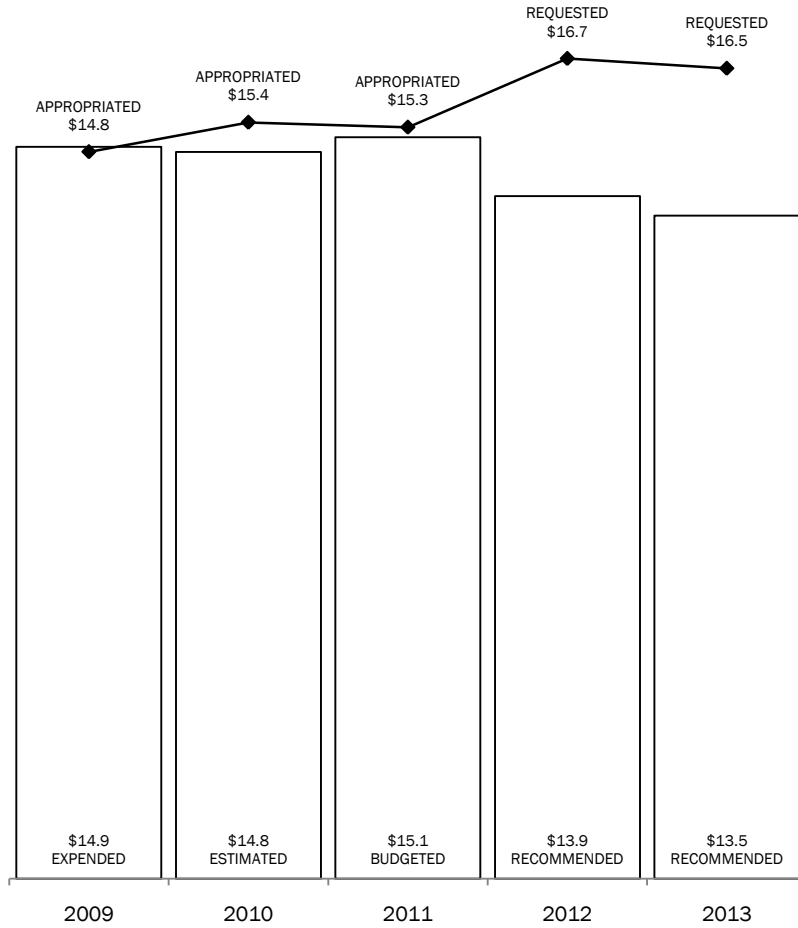


FTEs*	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
	214.0	199.5	199.5	0.0	0.0%

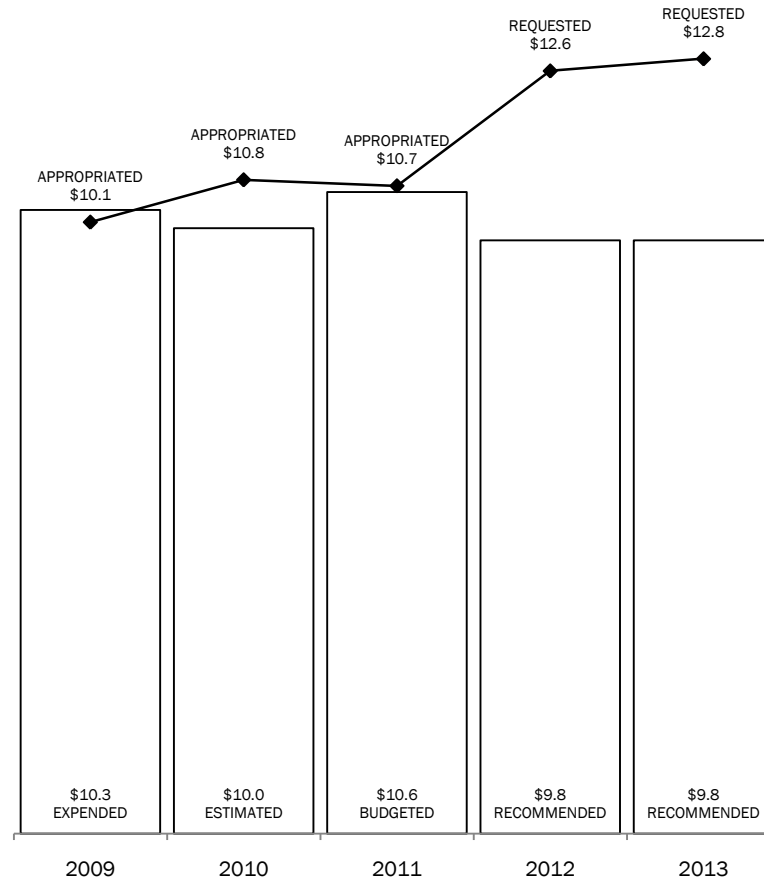
*Recommended FTE cap is below current cap of 214.0 FTEs and reflects agency actual FTEs for fiscal year 2010. In addition, approximately 26 percent of the recommended cap (52.0 FTEs) is contingent upon the Commission assessing fees sufficient to recover the costs (both direct and indirect) of certain animal disease regulatory programs.

The bill pattern for this agency (2012-13 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2012-13 biennium.

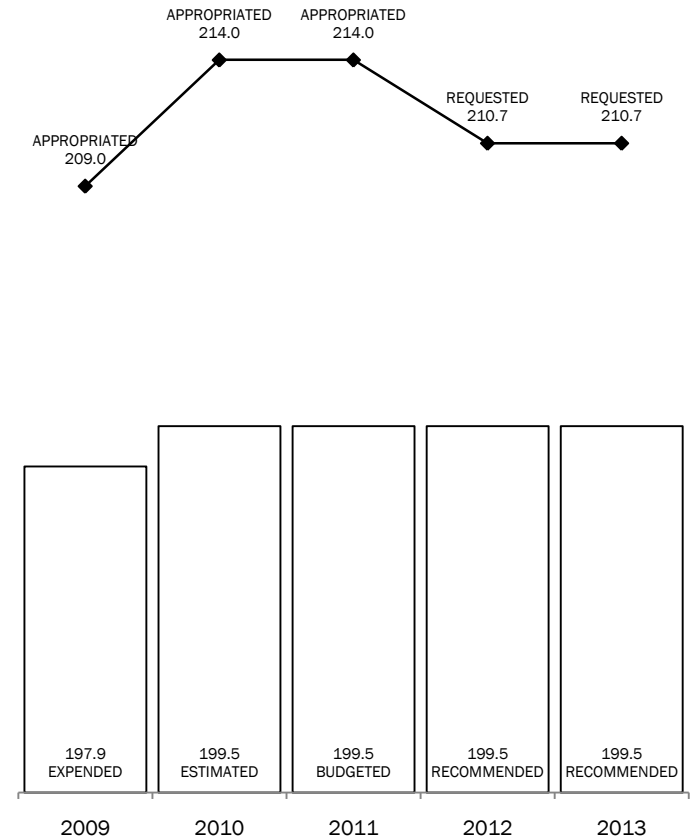
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



**Animal Health Commission
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
FIELD OPERATIONS A.1.1	\$21,803,945	\$19,679,121	(\$2,124,824)	(9.7%)	The introduced bill includes a decrease of \$615,709 in General Revenue mostly due to a reduction in mileage costs related to the acquisition of additional vehicles in 2010-11, the merger of area fields offices in Crockett and Hallettsville, and eliminating capital budget funding; and \$1,830,574 in Federal Funds due to agency estimate of declining trend in USDA cooperative agreement funding levels and one-time homeland security pass-through funds for TAMU in 2010-11. Consistent with the funding model for other regulatory agencies, recommendations make \$6.7 million in General Revenue funding and 48 FTEs for disease control programs contingent upon the Commission assessing and collecting fees from livestock producers equal to each program's direct and other indirect costs. (See Selected Fiscal and Policy Issue No. 1.)
DIAGNOSTIC/EPIDEMIOLOGICAL SUPPORT A.1.2	\$3,774,304	\$3,510,658	(\$263,646)	(7.0%)	The introduced bill includes a decrease of \$184,501 in General Revenue due primarily to changes in testing of brucellosis samples collected from cattle at livestock markets (i.e., first point testing samples) and decrease in federal funds of \$79,145 due to agency estimate of declining trend in USDA cooperative agreement funding levels. This strategy also contains \$490,000 in General Revenue funding and 4 FTEs contingent upon the Commission assessing and collecting fees from livestock producers equal to direct testing and other indirect costs. (See Selected Fiscal and Policy Issue No. 1.)
PROMOTE COMPLIANCE A.1.3	\$791,243	\$751,679	(\$39,564)	(5.0%)	Funding levels in the introduced bill apply a 5 percent reduction to this essential function. Except for the hiring freeze the agency imposed on all programs to meet the 5 percent reduction target in 2010-11, this program, which is 100 percent GR-funded, was exempted from the agency's 5 percent reduction plan.
Total, Goal A, PROTECT/ENHANCE TEXAS ANIMAL HEALTH	\$26,369,492	\$23,941,458	(\$2,428,034)	(9.2%)	
CENTRAL ADMINISTRATION B.1.1	\$2,088,718	\$1,984,286	(\$104,432)	(5.0%)	Funding levels in the introduced bill apply a 5 percent reduction to agency headquarters, which is 100 percent GR-funded.

**Animal Health Commission
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
INFORMATION RESOURCES B.1.2	\$754,595	\$732,526	(\$22,069)	(2.9%)	Funding levels in the introduced bill represent a reduction from 2010-11 appropriated amounts in excess of 10 percent (around 11.3 percent). This strategy is 100 percent GR-funded.
OTHER SUPPORT SERVICES B.1.3	\$727,373	\$714,491	(\$12,882)	(1.8%)	Funding levels in the introduced bill represent a reduction from 2010-11 base. This strategy is 100 percent GR-funded.
Total, Goal B, INDIRECT ADMINISTRATION	\$3,570,686	\$3,431,303	(\$139,383)	(3.9%)	
Grand Total, All Strategies	\$29,940,178	\$27,372,761	(\$2,567,417)	(8.6%)	

Animal Health Commission
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
					<i>Overall GR funding recommendation represents 90.0 percent of 2010-11 appropriated amounts. When reduced for those programs with funding contingent on revenue collections, GR funding recommendations represent 57.5 percent of 2010-11 appropriated amounts and 60.3 percent of the 2010-11 base.</i>
FIELD OPERATIONS A.1.1	\$13,547,763	\$12,932,054	(\$615,709)	(4.5%)	The introduced bill includes a decrease of \$615,709 in General Revenue mostly due to a reduction in mileage costs related to the acquisition of additional vehicles in 2010-11; the merger of area fields offices in Crockett and Hallettsville; zero-funding baseline request for replacement of lap tops and cameras and new GPS devices and vehicles for field staff; and 2010-11 capital budget purchases for fever tick treatment and control in South Texas. Consistent with the funding model for other regulatory agencies, recommendations make \$6.7 million in General Revenue funding and 48 FTEs for disease control program contingent upon the Commission assessing and collecting fees from livestock producers equal to each program's direct and other indirect costs. (See Selected Fiscal and Policy Issue No.1.)
DIAGNOSTIC/EPIDEMIOLOGICAL SUPPORT A.1.2	\$2,624,853	\$2,440,352	(\$184,501)	(7.0%)	The introduced bill includes a decrease of \$184,501 in General Revenue due primarily to changes in testing of brucellosis samples collected from cattle at livestock markets (i.e., first point testing samples). This strategy also contains \$490,000 in General Revenue funding and 4 FTEs contingent upon the Commission assessing and collecting fees from livestock producers to cover direct testing and other indirect costs. (See Selected Fiscal and Policy Issue No. 1.)
PROMOTE COMPLIANCE A.1.3	\$791,232	\$751,679	(\$39,553)	(5.0%)	Funding levels in the introduced bill apply a 5 percent reduction to this essential function. Except for the hiring freeze the agency imposed on all programs to meet the 5 percent reduction target in 2010-11, this strategy, which is 100 percent GR-funded, was exempted from the agency's 5 percent reduction plan.
Total, Goal A, PROTECT/ENHANCE TEXAS ANIMAL HEALTH	\$16,963,848	\$16,124,085	(\$839,763)	(5.0%)	
CENTRAL ADMINISTRATION B.1.1	\$2,088,718	\$1,984,286	(\$104,432)	(5.0%)	Funding levels in the introduced bill apply a 5 percent reduction to agency headquarters, which is 100 percent GR-funded.

Animal Health Commission
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
INFORMATION RESOURCES B.1.2	\$754,595	\$732,526	(\$22,069)	(2.9%)	Funding levels in the introduced bill represent a reduction from 2010-11 appropriated amounts in excess of 10 percent (around 11.3 percent). This strategy is 100 percent GR-funded.
OTHER SUPPORT SERVICES B.1.3	\$727,373	\$714,491	(\$12,882)	(1.8%)	Funding levels in the introduced bill represent a reduction from 2010-11 base. This strategy is 100 percent GR-funded.
Total, Goal B, INDIRECT ADMINISTRATION	\$3,570,686	\$3,431,303	(\$139,383)	(3.9%)	
Grand Total, All Strategies	\$20,534,534	\$19,555,388	(\$979,146)	(4.8%)	

Animal Health Commission
Summary of Recommendations - Senate, By Method of Finance -- FEDERAL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
FIELD OPERATIONS A.1.1	\$8,255,675	\$6,747,067	(\$1,508,608)	(18.3%)	The introduced bill reflects agency estimate of declining trend in USDA cooperative agreement funding levels and loss of one-time homeland security funds passed through to TAMU (\$209,000).
DIAGNOSTIC/EPIDEMIOLOGICAL SUPPORT A.1.2	\$1,149,451	\$1,070,306	(\$79,145)	(6.9%)	Agency anticipates the loss of USDA funds for state-federal laboratory tests done for other states (Arizona and New Mexico). Agency will attempt to offset this reduction by charging other states fees for service. (See Rider 8 in bill pattern.)
PROMOTE COMPLIANCE A.1.3	\$0	\$0	\$0	0.0%	
Total, Goal A, PROTECT/ENHANCE TEXAS ANIMAL HEALTH	\$9,405,126	\$7,817,373	(\$1,587,753)	(16.9%)	
CENTRAL ADMINISTRATION B.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES B.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES B.1.3	\$0	\$0	\$0	0.0%	
Total, Goal B, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$9,405,126	\$7,817,373	(\$1,587,753)	(16.9%)	

Section 3

Texas Animal Health Commission Selected Fiscal and Policy Issues

1. **Cost Recovery for Animal Disease Testing and Inspection Services.** Funding levels for the Animal Health Commission in the introduced bill reduce regular General Revenue spending by directing the agency to increase its collection of fees from the poultry, livestock and wildlife industries and related agricultural businesses (e.g., feedlot operators) that benefit directly from the animal disease testing, surveillance, eradication and inspection services that the Commission provides. The Commission currently has the authority to collect inspection fees, but at present only charges fees and generates revenues from the following sources.
 - Veterinary Health Certificate: \$5 fee; annual revenue = \$411,538; statutory authority - Agricultural Code, Sec. 161.0601;
 - Poultry registration: \$25-\$700 fee per poultry producer; annual revenue gain = \$36,751; statutory authority – Agricultural Code, Sec. 161.0411(d).

The revenue generated by these fees is considerably less than the Commission's cost of providing animal disease regulatory and surveillance services.

Consistent with the funding model in place for other state regulatory programs, funding recommendations make a total of \$7,179,619 (or \$8,220,572 including estimated other direct and indirect costs) in General Revenue appropriations to the Commission contingent upon the assessment and collection of fees sufficient to recover the direct and indirect costs of the following programs/activities: (1) Brucellosis – field inspection costs only, including first point testing costs were estimated to be \$4.6 million in 2010-11; (2) Brucellosis slaughter tests - testing costs to state-federal laboratories only were estimated to be approximately \$800,000 in 2010-11 (including General Revenue and federal USDA funds); (3) Tuberculosis – field inspection costs only, which were estimated to be \$817,000 in 2010-11; and finally (4) Two new programs initiated at industry's request in 2010-11 – the Equine Piroplasmiasis (which affects quarter and racing horses) and Trichomoniasis (which affects bulls) – combined, the Commission spent an estimated \$1.3 million on these two programs in 2010-11. (See Rider No. 9.)

LBB staff attorneys question the statutory authority of the Commission to collect fees for any service (not specifically authorized in statute elsewhere) other than inspections and suggest that a statutory change may be necessary for the Commission to charge a fee for any non-inspection services (e.g., a per capita fee for all livestock moving through livestock markets; license fees for livestock markets and feedlots). As a result, the appropriations limited to revenue collections rider includes language making cost recovery contingent on legislation. In order to provide the Commission with as many viable cost recovery options as possible and the ability to assess the impact on producers in terms of both economics and compliance, no specific fee structure is proposed. In lieu of a structure or schedule, funding recommendations establish a revenue target based on the estimated costs of selected disease eradication programs and activities.

Section 3

**Texas Animal Health Commission
FTE Highlights**

Full-Time-Equivalent Positions	Expended 2009	Estimated 2010	Budgeted 2011	Recommended 2012	Recommended 2013
Cap	209.0	214.0	214.0	199.5	199.5
Actual/Budgeted	197.9	199.5	199.5	NA	NA
<p>Note: Approximately 26% of the recommended cap (52.0 FTEs) are authorized contingent upon the Commission assessing and collecting fees sufficient to recover the cost of certain animal disease regulatory programs</p>					
Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000

Section 3

**Texas Animal Health Commission
Performance Measure Highlights**

	Expended 2009	Estimated 2010	Estimated 2011	Recommended 2012	Recommended 2013
<ul style="list-style-type: none"> Percent change in the number of fever tick-infested premises from the 2007 level 	n/a	(0.20)	(0.20)	(0.30)	(0.40)
<p><i>Measure Explanation: Recommended funding levels maintain fever-tick funding added by 80th Legislature included in baseline funding level, less one-time funding for fever tick equipment.</i></p>					
<ul style="list-style-type: none"> Number of livestock shipments inspected 	3,717	3,449	4,500	5,000	5,000
<p><i>Measure Explanation: LBB recommendations are not anticipated to impact this activity.</i></p>					
<ul style="list-style-type: none"> Number of Specimens Processed through the State/Federal Cooperative Laboratory System 	2,846,476	2,512,332	2,500,000	1,400,000	1,400,000
<p><i>Measure Explanation: Reflects recommendation to limit appropriations for bovine brucellosis slaughter tests to revenue collections. The laboratories analyze approximately 1.1 million bovine brucellosis tests per fiscal year. Rider 11 increases the performance measure target to reflect the brucellosis tests, contingent on revenue collections.</i></p>					
<ul style="list-style-type: none"> Number of Compliance Actions Completed 	2,012	1,722	407	407	407
<p><i>Measure Explanation: Recommended funding levels are not expected to impact compliance actions. The spike in compliance actions in fiscal years 2009 and 2010 is due to newly implemented entry requirements for cattle movements between New Mexico and Texas, combined with a high number of cattle movements between the two states. TAHC expects there to be fewer compliance actions, now that producers are accustomed to the new entry requirements.</i></p>					

Section 4

Texas Animal Health Commission (TAHC)
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
Strengthen the Regulation of Food-Related Industries to Improve Food Safety in Texas	65					
1. Amend statute to include disease management of farm raised aquatic animals in the responsibilities of TAHC. Include a contingency rider to authorize the agency to collect and expend fee revenue to administer the program.		(\$730,000)	730,000	GR		Amend statute and adopt contingency rider.

Section 5

Texas Animal Health Commission Rider Highlights

2. **(former) Capital Budget.** The Introduced Bill includes no funding for capital budget items. Agency baseline request included \$690,232 in capital budget items; none of which are recommended for funding.
8. **(former) Fee Revenue: Premises Registration.** This is a voluntary as opposed to compulsory program, and, as a result, no revenue was generated. Recommend deletion of rider.
8. **(new) Laboratory Testing Fees Applied to Out-of-State Clients.** Appropriates any fees the Commission may collect from other states for laboratory tests to the Commission. No fees are anticipated to be received in 2012-13 Biennium. However, this provides Commission with appropriation authority in the event funds are received.
9. **(new) Contingency Appropriation: Cost Recovery for Animal Health Programs.** New rider making appropriations for certain animal disease programs and activities contingent on the Commission assessing and collecting sufficient revenue to recover both direct and indirect costs. (See Selected Fiscal and Policy Issue No. 1.)
10. **(former) Contingency for Capital Budget Items.** The agency's capital budget rider is eliminated in the introduced bill. Any earned federal funds in the excess of the target established in Article IX, Sec. 6.22 are appropriated to the agency for expenditure on all items, including capital budget items. If the biennial cost of the capital budget item to be acquired (with excess earned federal funds) exceeds \$100,000, the agency would need prior approval from the Governor and the Legislative Budget Board.

Section 6

**Animal Health Commission
Items not Included in Recommendations**

	2012-13 Biennial Total	
	GR & GR-Dedicated	All Funds
1. Cost Recovery for Certain Animal Health Programs - In lieu of cost recovery options included in the introduced bill (see TAHC, Rider 9), the agency proposes the revenue enhancements/cost savings (including 57.5 FTEs) listed below. Overall, the agency cost recovery plan totals \$12.2 million for the biennium, which exceeds the revenue target in the introduced bill by approximately \$3.3 million. (Agency also requests authority to expend actual receipts, should they exceed appropriated amounts.)	\$ -	\$ -
a) Laboratory Testing Fees - \$731,500 per fiscal year/ \$1,463,000 for the 2012-13 Biennium (Agency requests authority to expend actual receipts)	\$ -	\$ -
b) Inspection Fees - \$232,725 per fiscal year / \$465,450 for the 2012-13 Biennium (Agency requests authority to expend actual receipts)	\$ -	\$ -
c) Equitably derived fee revenue from all species/commodity groups - \$5,093,131 per fiscal year / \$10,186,262 for the 2012-13 Biennium	\$ -	\$ -
2. Reallocation of first-point Brucellosis testing funds for livestock markets to TAHC brucellosis field activities (\$2.0 million in General Revenue for the 2012-13 Biennium)	\$ -	\$ -
3. Increase Agency FTE cap from 199.5 (the level in introduced bill) to 205.0 FTEs	\$ -	\$ -
4. Capital Budget Authority - provide the following capital budget authority, with no increase in appropriation levels:	\$ -	\$ -
a) Technology Refresh - \$150,000 per fiscal year / \$300,000 for the 2012-13 Biennium	\$ -	\$ -
b) Fleet Vehicles - \$150,000 per fiscal year / \$300,000 for the 2012-13 Biennium	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ -	\$ -