Section 1

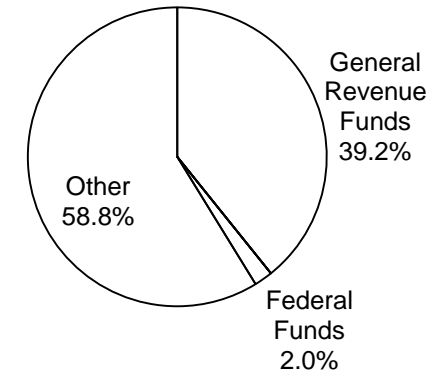**Texas Veterinary Medical Diagnostic Laboratory**
Summary of Recommendations - Senate

Dr. Tammy Beckham, Director   John Wielmaker, LBB Analyst
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RECOMMENDED FUNDING
BY METHOD OF FINANCING

Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	$13,148,707	$12,491,272	$11,670,239	($821,033)	(6.6%)
GR Dedicated Funds	$0	$0	$0	$0	0.0%
Total GR-Related Funds	*$13,148,707*	*$12,491,272*	*$11,670,239*	*($821,033)*	*(6.6%)*
Federal Funds	$600,000	$594,001	$594,000	($1)	(0.0%)
Other	$18,170,000	$19,772,647	$17,487,990	($2,284,657)	(11.6%)
All Funds	**$31,918,707**	**$32,857,920**	**$29,752,229**	**($3,105,691)**	**(9.5%)**

General
Revenue
Funds
39.2%

Other
58.8%

Federal
Funds
2.0%

	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
FTEs	149.0	155.0	155.0	6.0	3.9%

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.
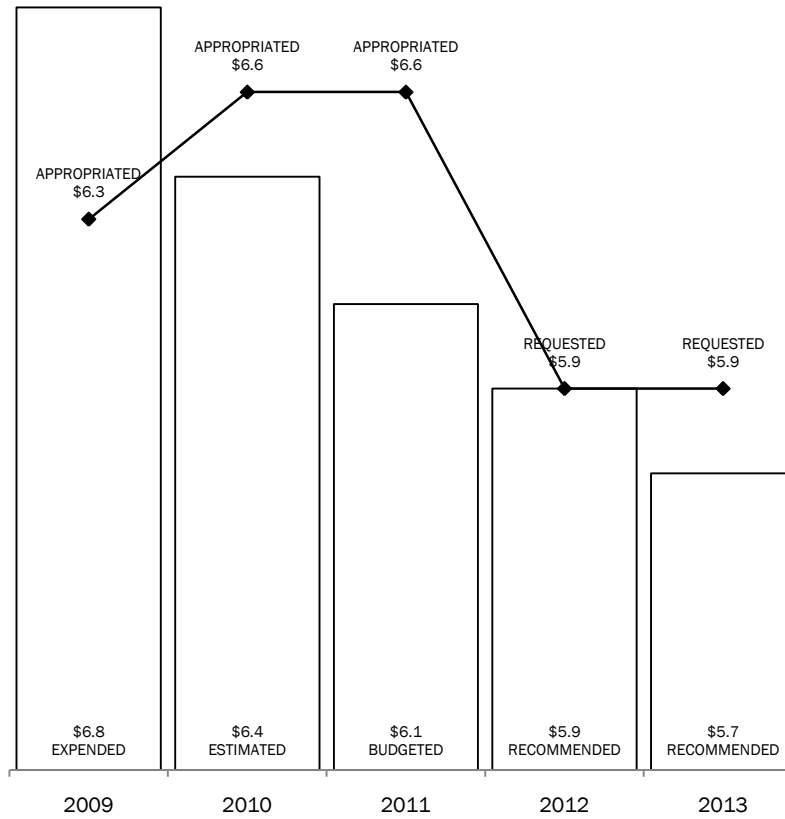
Agency 557   2/7/2011

2012-2013 BIENNIUM
IN MILLIONS

TOTAL= $29.8 MILLION

ALL FUNDS

APPROPRIATED
$18.8

APPROPRIATED
$16.0

APPROPRIATED
$16.0

REQUESTED
$14.9

REQUESTED
$14.9

$15.6 EXPENDED	$16.1 ESTIMATED	$16.8 BUDGETED	$15.0 RECOMMENDED	$14.8 RECOMMENDED
2009	2010	2011	2012	2013
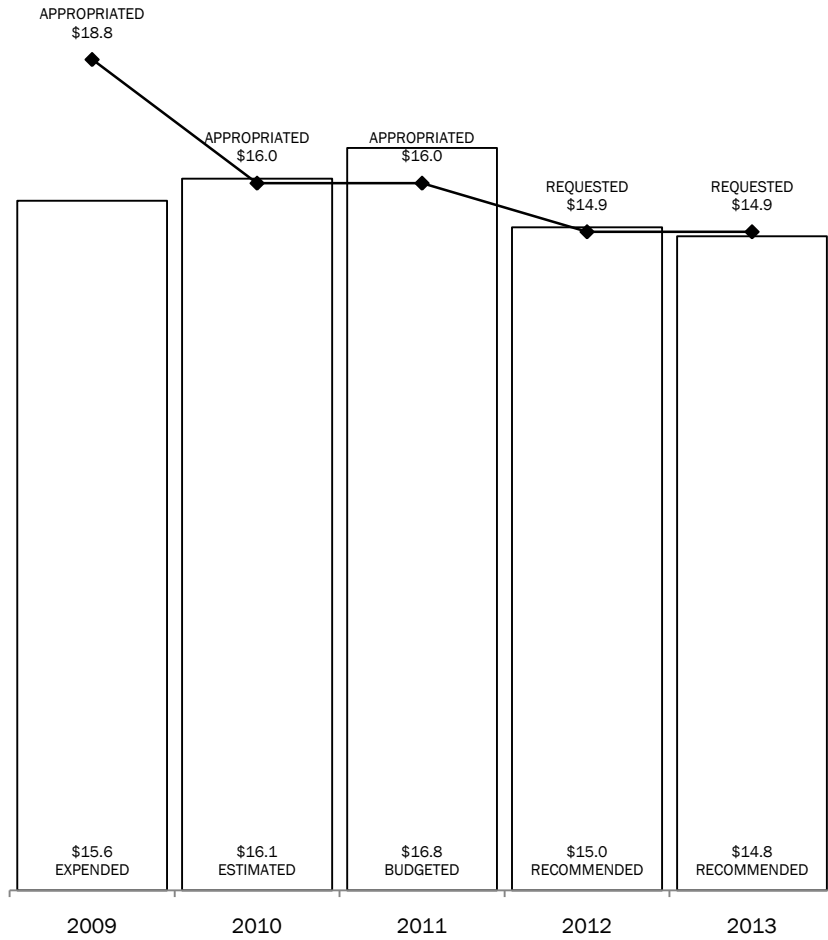
GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS

APPROPRIATED
$6.3

APPROPRIATED
$6.6

APPROPRIATED
$6.6

REQUESTED
$5.9

REQUESTED
$5.9

$6.8 EXPENDED	$6.4 ESTIMATED	$6.1 BUDGETED	$5.9 RECOMMENDED	$5.7 RECOMMENDED
2009	2010	2011	2012	2013

FULL-TIME-EQUIVALENT POSITIONS

APPROPRIATED
165.0

APPROPRIATED
149.0

APPROPRIATED
149.0

REQUESTED
155.0

REQUESTED
155.0

158.2 EXPENDED	157.6 ESTIMATED	155.0 BUDGETED	155.0 RECOMMENDED	155.0 RECOMMENDED
2009	2010	2011	2012	2013
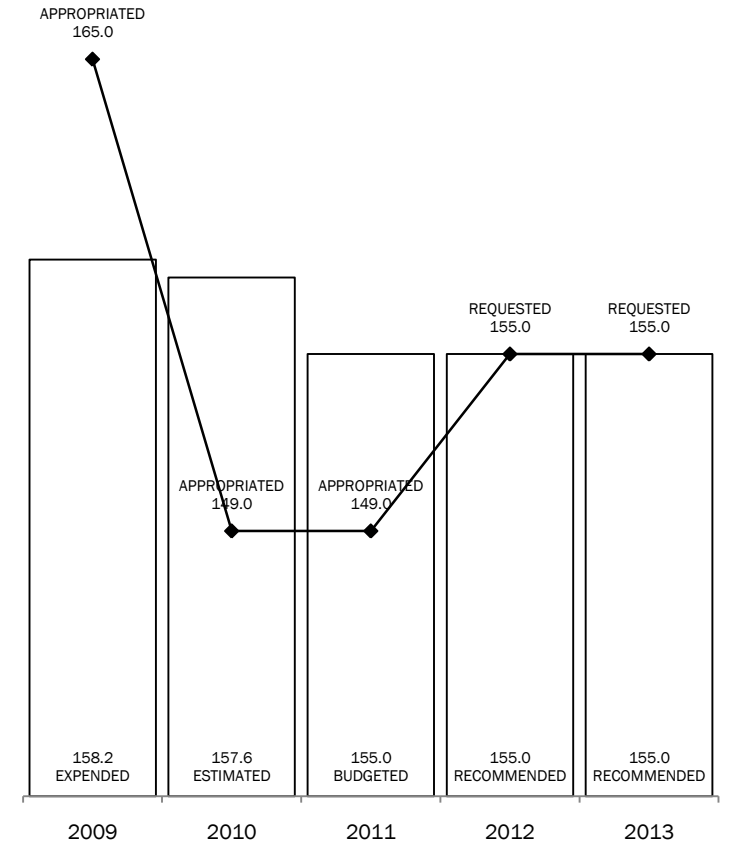
Section 2

Texas Veterinary Medical Diagnostic Laboratory
Summary of Recommendations, Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
DIAGNOSTIC SERVICES A.1.1	$21,993,092	$20,982,408	($1,010,684)	(4.6%)	
DRUG TESTING SERVICE A.2.1	$1,339,872	$1,316,822	($23,050)	(1.7%)	
BIO SAFETY LAB A.3.1	$0	$0	$0	0.0%	
Total, Goal A, DIAGNOSTIC AND DRUG TESTING	**$23,332,964**	**$22,299,230**	**($1,033,734)**	**(4.4%)**	
STAFF GROUP INSURANCE B.1.1	$1,163,248	$1,130,206	($33,042)	(2.8%)	
WORKERS' COMP INSURANCE B.1.2	$13,080	$9,472	($3,608)	(27.6%)	
UNEMPLOYMENT INSURANCE B.1.3	$4,664	$4,736	$72	1.5%	
OASI B.1.4	$717,562	$721,374	$3,812	0.5%	
OPTIONAL RETIREMENT PROGRAM B.1.5	$18,831	$17,230	($1,601)	(8.5%)	
Total, Goal B, STAFF BENEFITS	**$1,917,385**	**$1,883,018**	**($34,367)**	**(1.8%)**	
INDIRECT ADMINISTRATION C.1.1	$2,648,007	$2,568,035	($79,972)	(3.0%)	
INFRASTRUCTURE SUPPORT IN BRAZOS CO C.1.2	$2,066,875	$2,664,303	$597,428	28.9%	
INFRASTRUCT SUPP OUTSIDE BRAZOS CO C.1.3	$2,892,689	$337,644	($2,555,045)	(88.3%)	
Total, Goal C, INDIRECT ADMINISTRATION	**$7,607,571**	**$5,569,982**	**($2,037,589)**	**(26.8%)**	
Grand Total, All Strategies	**$32,857,920**	**$29,752,230**	**($3,105,690)**	**(9.5%)**	General Revenue funding was reduced 6.6 percent (or $0.8 million) and agency requested a reduction of 11.6 percent (or $2.3 million) in estimated Other Funds (see Other Funds section).

Texas Veterinary Medical Diagnostic Laboratory
Summary of Recommendations, Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
DIAGNOSTIC SERVICES A.1.1	$10,992,906	$9,893,614	($1,099,292)	(10.0%)	General Revenue funding was reduced 10 percent.
DRUG TESTING SERVICE A.2.1	$0	$0	$0	0.0%	
BIO SAFETY LAB A.3.1	$0	$0	$0	0.0%	
Total, Goal A, DIAGNOSTIC AND DRUG TESTING	**$10,992,906**	**$9,893,614**	**($1,099,292)**	**(10.0%)**	
STAFF GROUP INSURANCE B.1.1	$0	$0	$0	0.0%	
WORKERS' COMP INSURANCE B.1.2	$6,473	$4,688	($1,785)	(27.6%)	Agency requested amount.
UNEMPLOYMENT INSURANCE B.1.3	$0	$0	$0	0.0%	
OASI B.1.4	$0	$0	$0	0.0%	
OPTIONAL RETIREMENT PROGRAM B.1.5	$11,326	$4,412	($6,914)	(61.0%)	Agency requested amount.
Total, Goal B, STAFF BENEFITS	**$17,799**	**$9,100**	**($8,699)**	**(48.9%)**	
INDIRECT ADMINISTRATION C.1.1	$619,031	$557,127	($61,904)	(10.0%)	General Revenue funding was reduced 10 percent.
INFRASTRUCTURE SUPPORT IN BRAZOS CO C.1.2	$717,802	$1,092,307	$374,505	52.2%	General Revenue funding was adjusted to match the A&M infrastructure rate.
INFRASTRUCT SUPP OUTSIDE BRAZOS CO C.1.3	$143,734	$118,092	($25,642)	(17.8%)	Agency requested amount.
Total, Goal C, INDIRECT ADMINISTRATION	**$1,480,567**	**$1,767,526**	**$286,959**	**19.4%**	
Grand Total, All Strategies	**$12,491,272**	**$11,670,240**	**($821,032)**	**(6.6%)**	

Texas Veterinary Medical Diagnostic Laboratory
Summary of Recommendations, Senate, By Method of Finance -- FEDERAL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
DIAGNOSTIC SERVICES A.1.1	$537,698	$538,576	$878	0.2%	
DRUG TESTING SERVICE A.2.1	$0	$0	$0	0.0%	
BIO SAFETY LAB A.3.1	$0	$0	$0	0.0%	
Total, Goal A, DIAGNOSTIC AND DRUG TESTING	**$537,698**	**$538,576**	**$878**	**0.2%**	
STAFF GROUP INSURANCE B.1.1	$24,723	$24,020	($703)	(2.8%)	
WORKERS' COMP INSURANCE B.1.2	$312	$226	($86)	(27.6%)	
UNEMPLOYMENT INSURANCE B.1.3	$219	$222	$3	1.4%	
OASI B.1.4	$30,629	$30,792	$163	0.5%	
OPTIONAL RETIREMENT PROGRAM B.1.5	$420	$164	($256)	(61.0%)	
Total, Goal B, STAFF BENEFITS	**$56,303**	**$55,424**	**($879)**	**(1.6%)**	
INDIRECT ADMINISTRATION C.1.1	$0	$0	$0	0.0%	
INFRASTRUCTURE SUPPORT IN BRAZOS CO C.1.2	$0	$0	$0	0.0%	
INFRASTRUCT SUPP OUTSIDE BRAZOS CO C.1.3	$0	$0	$0	0.0%	
Total, Goal C, INDIRECT ADMINISTRATION	**$0**	**$0**	**$0**	**0.0%**	
Grand Total, All Strategies	**$594,001**	**$594,000**	**($1)**	**(0.0%)**	

Texas Veterinary Medical Diagnostic Laboratory
Summary of Recommendations, Senate, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
DIAGNOSTIC SERVICES A.1.1	$10,462,488	$10,550,218	$87,730	0.8%	Other Funds are composed of 2 estimated revenue sources: Drug Testing
DRUG TESTING SERVICE A.2.1	$1,339,872	$1,316,822	($23,050)	(1.7%)	Laboratory Fee Revenue (Fund 763) and Veterinary Medical Diagnostic
BIO SAFETY LAB A.3.1	$0	$0	$0	0.0%	Laboratory Fee Revenue (Fund 764).
Total, Goal A, DIAGNOSTIC AND DRUG TESTING	**$11,802,360**	**$11,867,040**	**$64,680**	**0.5%**	
					Agency projects a 3.2 percent (or $0.2 million) increase in Drug Testing
STAFF GROUP INSURANCE B.1.1	$1,138,525	$1,106,186	($32,339)	(2.8%)	Laboratory Fee Revenue, and a 16.4 percent decrease (or $2.4 million) in
WORKERS' COMP INSURANCE B.1.2	$6,295	$4,558	($1,737)	(27.6%)	Veterinary Medical Diagnostic Laboratory Fee Revenue.
UNEMPLOYMENT INSURANCE B.1.3	$4,445	$4,514	$69	1.6%	
OASI B.1.4	$686,933	$690,582	$3,649	0.5%	The $2.4 million decrease in VMDL Fee Revenue resulted from the expenditure of
OPTIONAL RETIREMENT PROGRAM B.1.5	$7,085	$12,654	$5,569	78.6%	previous years' Unexpended Balances in construction-related projects. The
Total, Goal B, STAFF BENEFITS	**$1,843,283**	**$1,818,494**	**($24,789)**	**(1.3%)**	expenditure of these balances significantly reduced the amount carried forward
					into the 2012-13 biennium. As such, the agency is not estimating a significant
INDIRECT ADMINISTRATION C.1.1	$2,028,976	$2,010,908	($18,068)	(0.9%)	decrease in the volume of its fee-generating diagnostic services.
INFRASTRUCTURE SUPPORT IN BRAZOS CO C.1.2	$1,349,073	$1,571,996	$222,923	16.5%	
INFRASTRUCT SUPP OUTSIDE BRAZOS CO C.1.3	$2,748,955	$219,552	($2,529,403)	(92.0%)	
Total, Goal C, INDIRECT ADMINISTRATION	**$6,127,004**	**$3,802,456**	**($2,324,548)**	**(37.9%)**	
Grand Total, All Strategies	**$19,772,647**	**$17,487,990**	**($2,284,657)**	**(11.6%)**	

Section 3

<div align="center">

Texas Veterinary Medical Diagnostic Laboratory
Selected Fiscal and Policy Issues

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1. The A&M System is asking to revise Section 51 of the Special Provisions Relating Only To State Agencies of Higher Education to provide a funding formula to support the core operations of the seven Texas A&M System Agencies. The request is to calculate the percentage General Revenue budget change for each of the seven agencies based on the percentage General Revenue budget change for the Operations and Instruction formula for the General Academic Institutions.

2. The General Revenue Fund reduction amounts recommended herein are taken primarily from the following programmatic, administrative and infrastructure support strategies:

   - Strategy A.1.1 Provide Diagnostic Service and Disease Surveillance - **$1,099,292**

   - Strategy D.1.1 Indirect Administration   - **$61,904**

   Like other higher education entities, the agency is funded on a "lump sum" basis. That is, unless otherwise provided, the amounts allocated in strategy line items are informational. As such, the effect of the above reductions would depend entirely on the agency's decision how to allocate funds in the 2012-13 biennium.

3. The agency has operated with a historical FTE level of 154.0 – 159.0 FTEs. For example, the agency reported an FTE level of 159.0 in fiscal year 2010. Recommendations include raising the FTE cap from 149.0 to 155.0.

4. Almost 60 percent of the agency's total funding is fee revenue (Other Funds), which is composed of 2 estimated revenue sources: Drug Testing Laboratory Fee Revenue (Fund 763) and Veterinary Medical Diagnostic Laboratory Fee Revenue (Fund 764). The VMDL Fee Revenue is estimated by the agency to decrease by about $2.4 million. This reduction in revenue resulted from the expenditure of previous years' Unexpended Balances in construction-related projects. The expenditure of these balances significantly reduced the amount carried forward into the 2012-13 biennium. As such, the decrease is not attributable to a significant decrease in the volume of the agency's fee-generating diagnostic services.

SECTION 3, Senate	Statutory Authority	Mission/Functions	2012-13 Rec. Biennial Amounts All Funds	2012-13 Rec. Biennial Amounts GR/GR-D	2012-13 Rec. Biennial Amounts Fed Funds	FTEs
Texas Forest Service (TFS)	Education Code, Title III, Chapter 88	Provides incident management teams and emergency response as well as wildfire prevention, detection, and suppression services. The Texas Wildfire Protection Plan is the agency's wildfire response model. Administers the Rural Volunteer Fire Department Assistance Program, which gives grants to local fire departments for equipment and training.	$ 75,353,602	$ 66,890,030	$ 7,429,568	378.2
Texas Veterinary Medical Diagnostic Laboratory (TVMDL)	Education Code, Title III, Chapter 88	Provides fee-based veterinary medical diagnostic services which contributes to an animal and zoonotic disease surveillance system. Responds to potential high consequence and/or emerging disease events. Develops new diagnostic testing technologies.	$ 29,752,229	$ 11,670,239	$ 594,000	155.0
Texas AgriLife Extension Service	Education Code, Title III, Chapter 88	Provides training and educational programs, including 4-H, through extension agents serving every county in Texas and supported by federal, state, and county funds. Provides wildlife and insect management services including feral hog abatement and boll weivel eradication.	$ 128,354,683	$ 84,555,825	$ 25,302,708	1,023.1
Texas AgriLife Research	Education Code, Title III, Chapter 88	Conducts research in the agricultural, environmental, and life sciences. Goals include enhancing the competitiveness of agricultural industries and natrual resource conservation. Research highlights: bioenergy, irrigation efficiency, and the use of distiller's grain in feedlots. Administers the honey bee regulation and feed and fertilizer programs.	$ 129,485,998	$ 101,341,910	$ 15,933,582	985.9
Texas Transportation Institute (TTI)	Education Code, Title III, Chapter 88	Conducts transportation releated research and develops technology. Between 50 and 60 percent of research expenditures are contracted from the Texas Department of Transportation.	$ 99,233,495	$ 1,282,500	$ 18,757,193	428.7
Texas Engineering Extension Service (TEEX)	Education Code, Title III, Chapter 88	Provides training, technical assistance, and emergency response to enhance public safety, security, and economic growth. Operates the Brayden Fire Training Field and the Emergency Operations Training Center. Texas Task Force 1 is deployed for emergency response and search and rescue operations.	$ 161,945,873	$ 12,585,997	$ 48,387,894	608.1
Texas Engineering Experiment Station (TEES)	Education Code, Title III, Chapter 88	Conducts engineering and technology research with a focus on interdisciplinary research based on statewide priorities. Research highlights: energey independeice, efficiency, and conservation, alternative energy, and national security.	$ 266,563,444	$ 27,105,300	$ 153,857,672	840.7
Total, All TAMU System Agencies:			$ 890,689,324	$ 305,431,801	$ 270,262,617	4,419.7

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session

NO RELATED RECOMMENDATIONS

Section 6

Texas Veterinary Medical Diagnostic Laboratory
Items not Included in Senate Recommendations

	2012-13 Biennial Total	
	GR & GR-Dedicated	All Funds
1. Restore agency's 10 percent reductions. Not included in this amount are the agency's requested reductions totaling $34,342 in General Revenue Fund 001.	$ 1,161,196	$ 1,161,196
Total, Items Not Included in the Recommendations	**$ 1,161,196**	**$ 1,161,196**