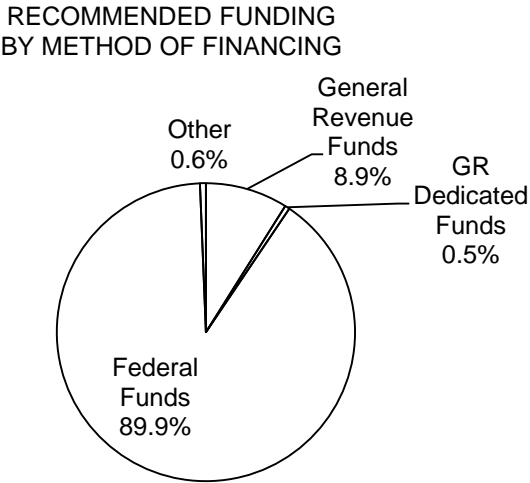


Section 1

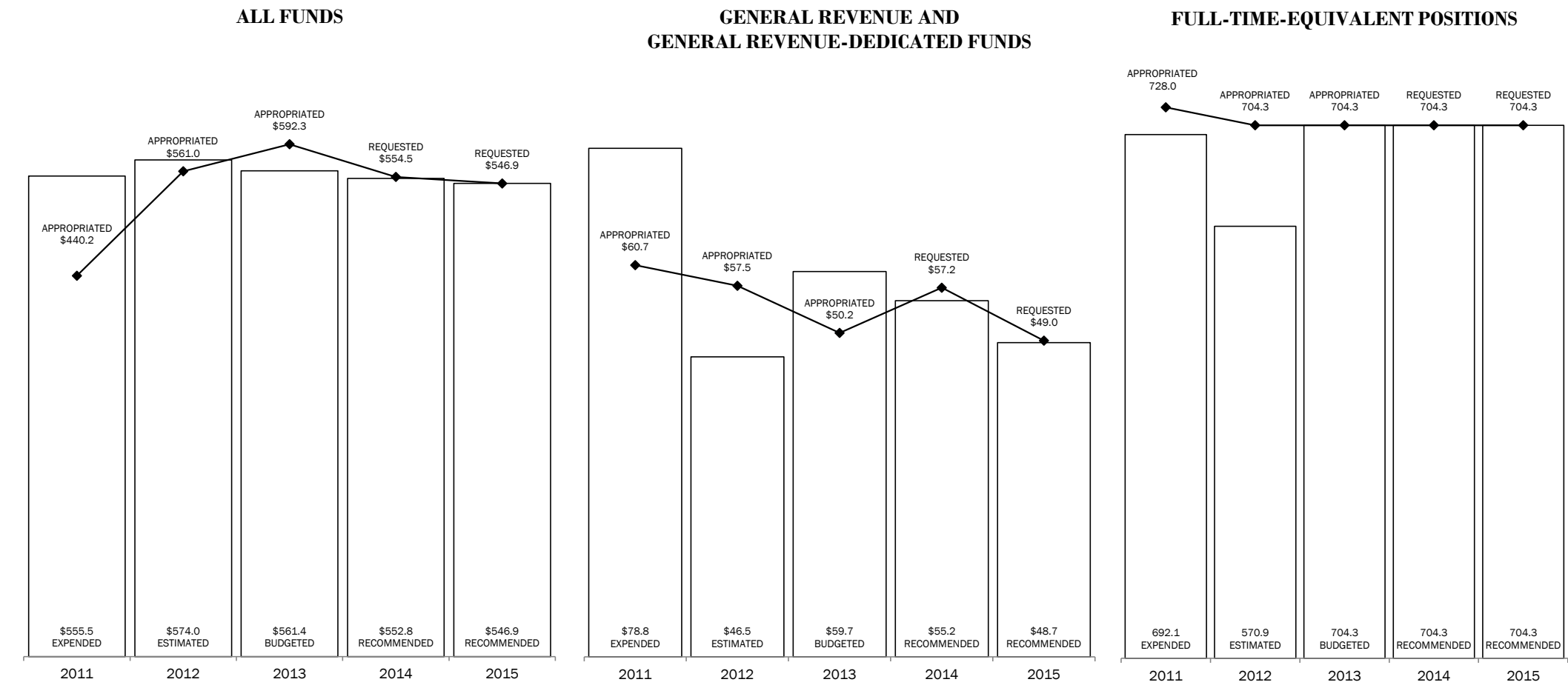
Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$98,730,599	\$98,230,587	(\$500,012)	(0.5%)
GR Dedicated Funds	\$7,407,100	\$5,707,098	(\$1,700,002)	(23.0%)
Total GR-Related Funds	\$106,137,699	\$103,937,685	(\$2,200,014)	(2.1%)
Federal Funds	\$1,022,641,823	\$988,795,171	(\$33,846,652)	(3.3%)
Other	\$6,558,617	\$7,058,617	\$500,000	7.6%
All Funds	\$1,135,338,139	\$1,099,791,473	(\$35,546,666)	(3.1%)

	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	704.3	704.3	0.0	0.0%



The bill pattern for this agency (2014-15 Recommended) represents an estimated 99.8% of the agency's estimated total available funds for the 2014-15 biennium.

TOTAL= \$1,099.7 MILLION



Note: Expended amounts exceed appropriated amounts in fiscal year 2011 by \$115.3 million in All Funds primarily due to the transfer of the Texas Department of Rural Affairs (\$89.4 million in All Funds). Expended amounts in 2011 also include an increase in General Revenue and General Revenue-Dedicated funds of \$16.1 million due to the agency utilizing unexpended balance authority for multiple programs from fiscal years 2010 into 2011. Budgeted amounts for General Revenue and General Revenue-Dedicated funds in 2013 include \$10.7 million in unexpended balances brought forward from 2012 into 2013. FTE totals also incorporate the transfer of the Texas Department of Rural Affairs to TDA.

Section 2

Department of Agriculture
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
<i>All Funds recommendations for the Texas Department of Agriculture (TDA) represent 97 percent of 2012-13 funding levels, a decrease primarily due to the receipt of one-time Federal Funds for the State Small Business Credit Initiative in 2012. Recommendations for General Revenue represent 97.9 percent of 2012-13 levels and include (1) \$500,000 in a method-of-finance change related to the Texas Wine Marketing Assistance Program; and (2) \$1.7 million reduction in General Revenue-Dedicated GO TEXAN Partner Program Account No. 5051 to be within estimated revenues. Additionally, the agency underwent a reorganization in the 2012-13 biennium, and TDA has reallocated GR between its 16 strategies. Recommendations have not altered the allocation between strategies from the agency's submission.</i>					
ECONOMIC DEVELOPMENT A.1.1	\$59,185,466	\$13,637,631	(\$45,547,835)	(77.0%)	Primary reason for decrease in TDA's Economic Development Strategy is \$46.6 million in one-time Federal Funds awarded to the state in fiscal year 2012 through the Federal Government's one-time State Small Business Credit Initiatives Program.
REGULATE PESTICIDE USE A.1.2	\$10,364,084	\$11,579,763	\$1,215,679	11.7%	Primary reason for biennial change is agency reallocation between strategies. Recommendations provide for 93.0 FTEs which equal 2012-13 levels and allow for pesticide applicator inspections, certification of pesticide applicators, and the monitoring of distribution channels for pesticide products.
INTEGRATED PEST MANAGEMENT A.1.3	\$26,441,100	\$23,257,119	(\$3,183,981)	(12.0%)	Primary reason for biennial change is agency reallocation between strategies, recommendations provide for 38.9 FTEs and continue \$7.5 million annual appropriation for Boll Weevil Eradication (See Rider 20).
CERTIFY PRODUCE A.1.4	\$313,957	\$360,463	\$46,506	14.8%	Recommendations continue to provide for 1.5 FTEs for the certification of fruits, vegetables, and peanuts to enhance marketability.

Section 2

Department of Agriculture
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
AGRICULTURAL PRODUCTION DEVELOPMENT A.1.5	\$8,608,944	\$8,623,122	\$14,178	0.2%	Recommendations provide funding for 39.2 FTEs or staffing equal to 2012-13 levels. Recommendations provide for oversight of the state's 10 commodity boards, administration of livestock export facilities, and administration of grants such as \$900,000 for feral hog abatement (See Rider 19).
Total, Goal A, MARKETS & PUBLIC HEALTH	\$104,913,551	\$57,458,098	(\$47,455,453)	(45.2%)	
SURVEILLANCE/BIOSECURITY EFFORTS B.1.1	\$5,925,192	\$5,268,930	(\$656,262)	(11.1%)	Primary reason for biennial change is agency reallocation between strategies. Recommendations provide for 69.8 FTES and the inspection, enforcement, and regulation of plant industries and the control of plant pests and diseases.
VERIFY SEED QUALITY B.1.2	\$2,813,616	\$4,683,244	\$1,869,628	66.4%	Primary reason for biennial change is partial lapse of funds in 2012-13 due to agency not reaching revenue threshold for program, as well as reallocation between strategies. Recommendations provide for 18.4 FTEs to inspect and collect seed samples from retailers, wholesalers, and distributors to submit seeds to one of three TDA seed laboratories for testing.
AGRICULTURAL COMMODITY REGULATION B.1.3	\$1,865,734	\$2,105,790	\$240,056	12.9%	Primary reason for biennial change is agency reallocation between strategies. Recommendations provide for 20.0 FTEs to monitor egg quality and perform inspections of the state's grain warehouses.
STRUCTURAL PEST CONTROL B.1.4	\$3,478,462	\$3,656,162	\$177,700	5.1%	Recommendations provide 39.9 FTEs to license and regulate individuals and businesses engaged in structural pest control.
Total, Goal B, ENFORCE STANDARDS	\$14,083,004	\$15,714,126	\$1,631,122	11.6%	
INSPECT MEASURING DEVICES C.1.1	\$10,728,634	\$10,070,802	(\$657,832)	(6.1%)	Primary reason for biennial decrease is agency reallocation between strategies. Recommendations provide 103.4 FTEs to inspect weighing and measuring devices at grocery stores, grain warehouses, livestock scales, and liquid measuring devices as well as inspections of motor fuels for fuel quality and ethanol content.
Total, Goal C, ENSURE PROPER MEASUREMENT	\$10,728,634	\$10,070,802	(\$657,832)	(6.1%)	

Section 2

Department of Agriculture
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
SUPPORT NUTRITION PROGRAMS D.1.1	\$67,410,410	\$61,678,383	(\$5,732,027)	(8.5%)	The decrease in All Funds is primarily due to projected decrease of \$5.6 million in Federal Funds.
NUTRITION ASSISTANCE D.2.1	\$796,668,093	\$820,143,928	\$23,475,835	2.9%	Recommendations include an additional \$26.0 million in Federal Funds due to agency projected increase in number of individuals qualifying for assistance.
Total, Goal D, FOOD AND NUTRITION	\$864,078,503	\$881,822,311	\$17,743,808	2.1%	
RESEARCH AND DEVELOPMENT E.1.1	\$1,673,006	\$1,620,851	(\$52,155)	(3.1%)	Primary reason for biennial decrease is agency reallocation between strategies. Recommendations allow for grant funds for food and fibers research as well as research for zebra chip disease (See Rider 24).
Total, Goal E, FOOD AND FIBERS RESEARCH	\$1,673,006	\$1,620,851	(\$52,155)	(3.1%)	
RURAL COMMUNITY AND ECO DEVELOPMENT F.1.1	\$129,507,629	\$122,216,406	(\$7,291,223)	(5.6%)	Decrease in All Funds due to projected decrease of \$7.3 million in Federal Funds for Community Development Block Grants. Agency notes Texas' share of CDBG grants has decreased by 30 percent from 2003 to 2012.
RURAL HEALTH F.1.2	\$9,898,970	\$10,091,355	\$192,385	1.9%	Biennial increase primarily due to agency reallocation between strategies as well as agency projecting an additional \$83,774 in Federal Funds for the Small Rural Hospital Improvement Grant Program.
RURAL ADMINISTRATION AND RESEARCH F.1.3	\$454,842	\$797,524	\$342,682	75.3%	Recommendations increase funds due to agency reallocation between strategies which funds strategy at fiscal year 2013 budgeted amounts.
Total, Goal F, RURAL AFFAIRS	\$139,861,441	\$133,105,285	(\$6,756,156)	(4.8%)	
Grand Total, All Strategies	\$1,135,338,139	\$1,099,791,473	(\$35,546,666)	(3.1%)	

Section 3

Texas Department of Agriculture Selected Fiscal and Policy Issues

1. **GO TEXAN Partner Program Account No. 5051.** Recommendations for General Revenue-Dedicated Account No. 5051 provide \$1.1 million in fiscal year 2014 to Strategy A.1.1, Economic Development, representing a \$1.7 million decrease from 2012–13 levels. The fiscal year 2013 ending balance for GO TEXAN Partner Program Account No. 5051 is estimated to be \$1.6 million, and recommendations reflect agency anticipated spending from the account while sizing appropriations to be within estimated revenues.
2. **Method-of-Finance Change for Texas Wine Marketing Assistance Program.** Recommendations provide for a method-of-finance change for the Texas Wine Marketing Assistance Program interchanging \$250,000 per year from General Revenue to an Interagency Contract with the Texas Alcoholic Beverage Commission (TABC). TABC is required to transfer \$250,000 per year in fee revenue deposited to the General Revenue Fund assessed under Sec. 5.56, Alcoholic Beverage Code to TDA for wine marketing assistance. Recommendations add a new rider to TDA's bill pattern (see Rider 34) noting the appropriation as an Interagency Contract.
3. **Cost Recovery for Marketing and Regulatory Programs.** Recommendations continue cost recovery practices for TDA's marketing and regulatory programs. Prior to the 2012–13 biennium, the agency's marketing and regulatory programs were largely non-self-supporting. In its efforts to close the budget gap projected for the 2012–13 biennium, the Eighty-second Legislature pursued a strategy of making the appropriations for marketing and regulatory programs subject to collected fee revenues. TDA implemented new fees and cost recovery options for its marketing and regulatory programs, but the agency also reduced FTEs in certain programs to levels that could be supported within available revenues.

Recommendations for the 2014–15 biennium make \$41.1 million in General Revenue Funds for the agency's marketing and regulatory programs contingent on TDA generating revenue to cover the appropriations. At recommended funding levels 41.8 percent of TDA's General Revenue Fund budget is contingent on revenue collections.

Recommendations have modified three of the agency's riders (see Rider Highlights) to adjust FTEs by program identified in the marketing and regulatory riders to current program levels. In most instances the number of FTEs by program has been reduced from program amounts shown in the 2012–13 General Appropriations Act. Recommendations also adjust General Revenue program funding amounts to levels identified in the agency's baseline request.

Section 3

4. **Non-disaster Related Functions of Texas Department of Rural Affairs.** Senate Bill 2, Eighty-second Legislature, First Called Session, 2011, transferred the non-disaster related functions of the Texas Department of Rural Affairs to the Texas Department of Agriculture in fiscal year 2012. The transfer of TDRA resulted in an increase in the 2012–13 biennium to TDA of \$9.8 million in General Revenue and General Revenue-Dedicated Funding and \$140.0 million in All Funds plus an additional 56.7 FTEs. Recommendations for the 2014–15 biennium include funding of \$10.3 million in General Revenue and General Revenue-Dedicated Funding or \$133.1 million in All Funds and continues 56.7 FTEs for rural affairs issues.

TDA distributes the rural communities portion of the Community Development Block Grant (CDBG) Funds from the US Department of Housing and Urban Development. Additionally, the agency now oversees distribution of grants for Rural Health Programs. Recommendations fund grants for community and economic development along with health programs in rural areas at amounts requested by TDA in its baseline request. The primary reason for the decrease in All Funds between 2012–13 and 2014–15 is due to the projected \$7.3 million decrease in Federal Funds for Community Development Block Grants.

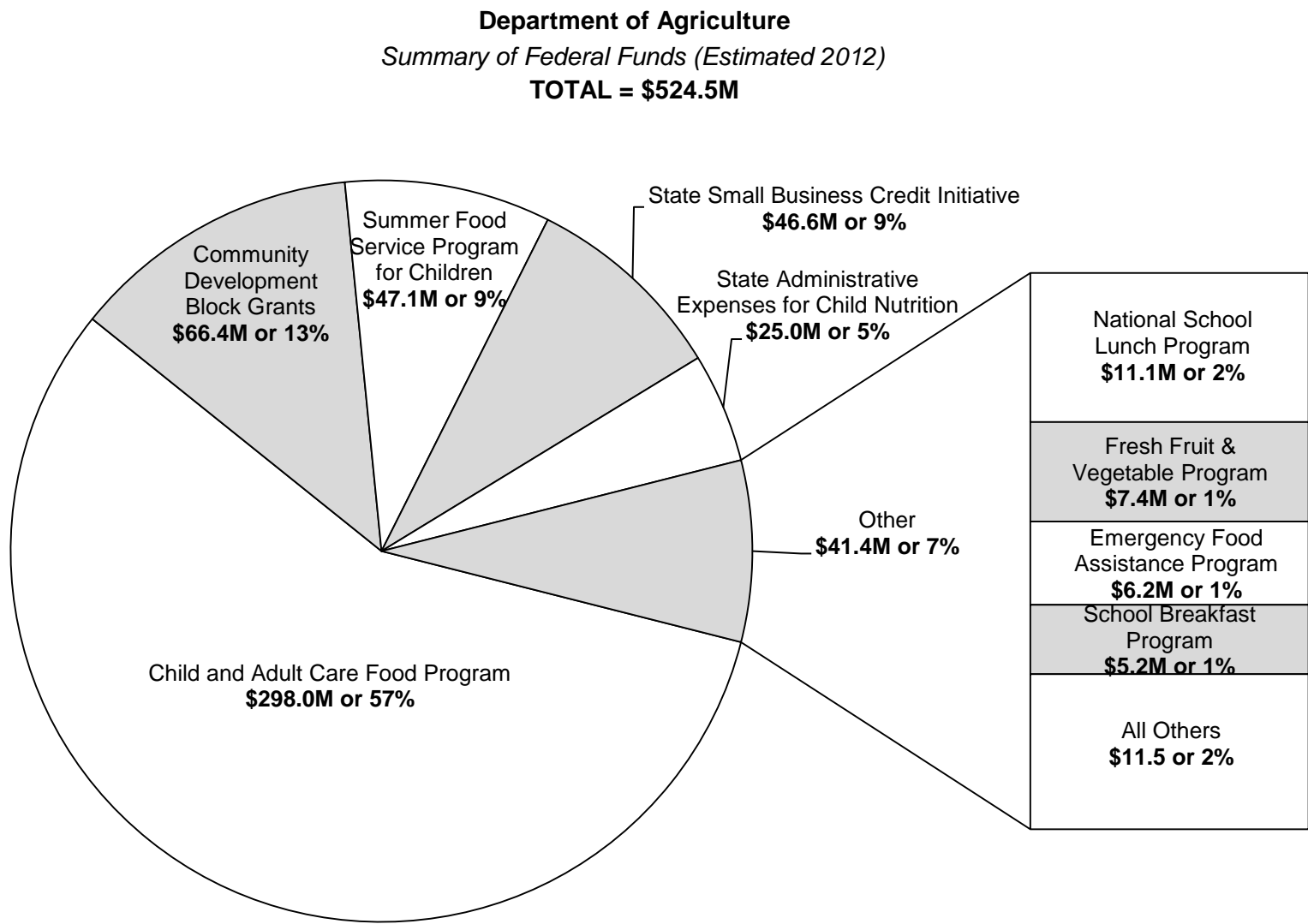
5. **Jobs for Texas Program.** The State Small Business Credit Initiative (SSBCI) program was created by the Small Business Job Act of 2010 which provided \$1.5 billion in one-time Federal Funds to strengthen state programs that support lending to small businesses and small manufacturers. In June 2011, the Governor designated the Texas Department of Agriculture as the state agency to accept, implement, and oversee the State Small Business Credit Initiative. The State of Texas received its share of \$46.6 million in one-time program funds in fiscal year 2012. TDA has named the program Jobs for Texas or J4T and contracted with two venture capital firms to evaluate potential small business applicants and manage the disbursement of funds.

According to the agency, the program is open to small businesses that demonstrate the capacity to attract private investment and create future economic development opportunities. Eligible applicants may include companies that are high growth and in early phases of development; or a business that is commercializing a technology, product, process, or service that reflects a strong potential to raise private capital, in addition to Jobs for Texas Funds. To be considered for venture capital investment under the Jobs for Texas Program a business must:

1. Be based in Texas;
2. Employ 500 or fewer employees; and
3. Engage primarily in non-retail industries that are involved in commercializing technologies, products, processes, or services.

As previously noted, the source funds for J4T were one-time and then received and distributed in fiscal year 2012. Awarding J4T funds can lead to a partial equity position in the business receiving the funds that can generate interest earnings or investment proceeds. The agency is requesting a contingency rider (Rider No. 701 in their LAR) that would appropriate interest earnings and investment proceeds contingent on the passage of legislation that would create a General Revenue-Dedicated Account to accept the proceeds from the J4T Program. TDA would then use the account's earnings to award new venture capital projects through the program. Recommendations do not include the agency requested contingency rider; instead, it is assumed that if legislation is passed by the 83rd Legislature, a rider would be added at the appropriate time in the budget cycle.

Section 3



Section 3

Texas Department of Agriculture
FTE Highlights

Full-Time-Equivalent Positions	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
Cap	728.0	704.3	704.3	704.3	704.3
Actual/Budgeted	692.1	570.9	704.3	NA	NA
Schedule of Exempt Positions (Cap)					
Commissioner of Agriculture, Group 5	\$137,500	\$137,500	\$137,500	\$137,500	\$137,500

Note: Adjusted FTE cap for 2011 includes 62.0 FTEs from the Texas Department of Rural Affairs.

Section 4

Texas Department of Agriculture (TDA)
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Use Public-Private Parterships to Increase the Number of Grocery Stores in Low-Income Areas	41					
1. Amend statute to authorize a public-private partnership between TDA and a community development financial insitution to establish a revolving loan fund for grocery store in underserved areas and include a contingency rider to appropriate \$10.1 million to TDA to administer the program.		(\$10,125,153)		GR		Amend Statute Adopt Contingency Rider
2. Include a contingency rider requiring TDA and the community development financial institution to provide a biannual report on the progress of the program.						Adopt Contingency Rider

Section 5

Texas Department of Agriculture Rider Highlights

2. **Capital Budget.** Recommendations modify rider to include DIR estimates of 2014–15 costs for Data Center Services (DCS). Sec. 2054.376, Government Code, exempts TDA from DCS participation but the agency contracts with DIR for print and mail services for \$128,140 for the 2014–15 biennium.
11. (former) **Appropriations Limited to Revenue Collections: Prescribed Burn Manager Certification.** Recommendations delete rider to avoid duplication. The Prescribed Burn Manager Certification Program is included in amounts in Rider 18, Regulatory.
12. (former) **Agricultural Sustainability Programs.** Recommendations delete rider as activities are covered in agency's general statutory authority.
13. **Food and Nutrition Programs.** Recommendations update program amounts in General Revenue and Federal Funds to agency estimates for nutrition assistance and child nutrition programs.
15. **Appropriation: Surplus Agricultural Product Grant Program.** Recommendations update rider to actual program amounts.
19. (former) **Fleet Planning and Optimization Pilot Program.** Recommendations delete rider as agency has completed a fleet planning and optimization pilot program study. The agency published a report on the program in March 2012.
17. **Appropriation Marketing.** Recommendations update rider amounts to recommended funding levels and FTE program levels. Recommendations also continue cost recovery requirements for direct and indirect costs for its marketing programs.
18. **Appropriation Limited to Revenue Collections: Regulatory.** Recommendations update regulatory program amounts specified in the rider to 2014–15 program funding levels and FTE counts. Rider continues cost recovery requirement for agency regulatory programs. Funding is contingent on TDA generating revenues sufficient to cover the direct and indirect costs of these programs.
19. **Appropriation: Feral Hog Abatement Program.** Recommendations update rider to 2014–15 funding level for feral hog abatement program.
21. **Additional Appropriation Authority: Selected Regulatory Programs.** Recommendations update regulatory program amounts specified in the rider to 2014–15 program funding levels and FTE counts. Rider continues cost recovery requirement for agency regulatory programs. Funding is contingent on TDA generating revenues sufficient to cover the direct and indirect costs of these programs.
36. (former) **Reimbursement of Advisory Committee Members.** Recommendations delete rider as the advisory committee listed in the rider no longer exists.

Section 5

34. (new) **Texas Wine Marketing Assistance Program.** Recommendations add a new rider indicating that the statutory transfer of funds from TABC to TDA for wine marketing be treated as an Interagency Contract between the agencies, with a corresponding method-of-finance change at TDA.

Section 6

Texas Department of Agriculture
Items not Included in Recommendations - Senate

In Agency Priority Order

	2014-15 Biennial Total	
	GR & GR-Dedicated	All Funds
Rider Requests:		
2. Modify Capital Budget Rider to increase Capital Budget Authority from \$0.4 million to \$2.8 million for the biennium. New projects include additional capital budget authority for: a) Acquisition of Information Resource Technologies - Computer Equipment and Software - \$817,058; b) Transportation Items - Fleet Vehicles - \$1,120,000; and c) Acquisition of Capital Equipment Items - Chromatographs, provers, octane analyzers, washers - \$434,700.	\$ -	\$ -
34. Add contingency rider appropriating receipt of interest and equity earnings from Jobs for Texas Program. The agency estimates returns from program investments could be \$20.4 million during the 2014-15 Biennium but notes that returns are subject to investment performance.	\$ -	\$ -
33. Modify Colonia Set-Aside Program Allocation rider to change the yearly allocation reserved for financial assistance to units of general local government located in economically distressed areas from \$2 million to 34 percent of the total yearly allocation of the Colonia Set-Aside. The agency notes that the overall federal funding for the Community Development Block Grant Program continues to be reduced affecting all other programs which are funded as a percentage of the entire CDBG allocation. According to TDA, changing the Colonia Set-Aside allocation to 34 percent would fund the program consistent to other programs.	\$ -	\$ -
12. Delete rider for Texas Capital Fund relating to Community Development Block Grant program. Agency is requesting deletion because the federally funded CDBG Program was transferred from the Department of Rural Affairs to TDA.	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ -	\$ -