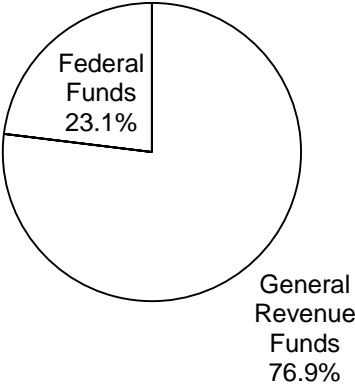


Section 1

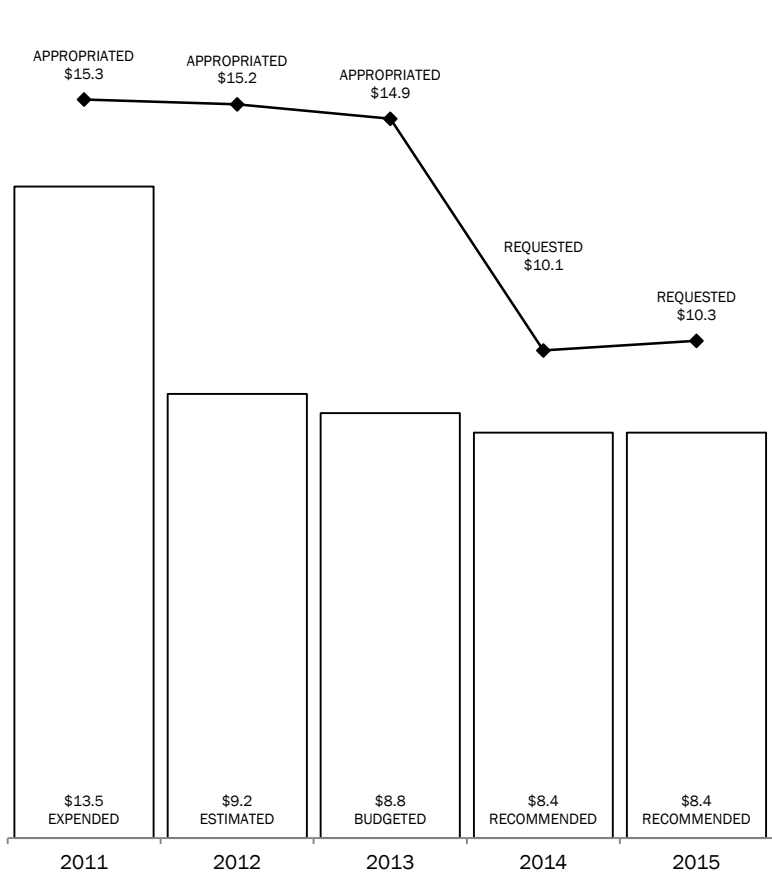
Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$12,905,430	\$12,905,430	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$12,905,430	\$12,905,430	\$0	0.0%
Federal Funds	\$5,167,545	\$3,867,245	(\$1,300,300)	(25.2%)
Other	\$0	\$0	\$0	0.0%
All Funds	\$18,072,975	\$16,772,675	(\$1,300,300)	(7.2%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING

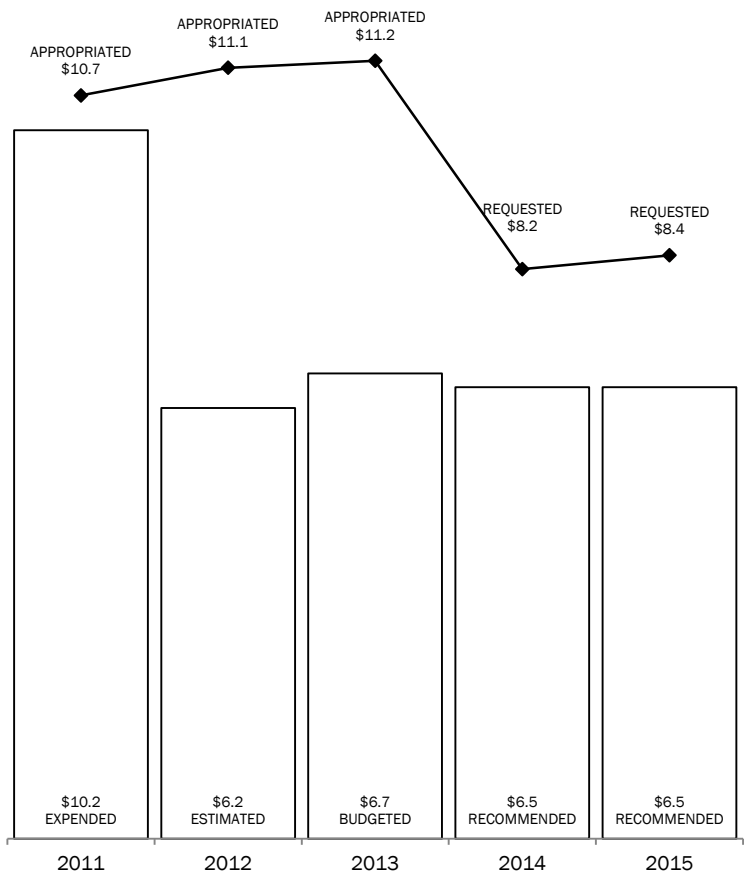


The bill pattern for this agency (2014-15 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2014-15 biennium.

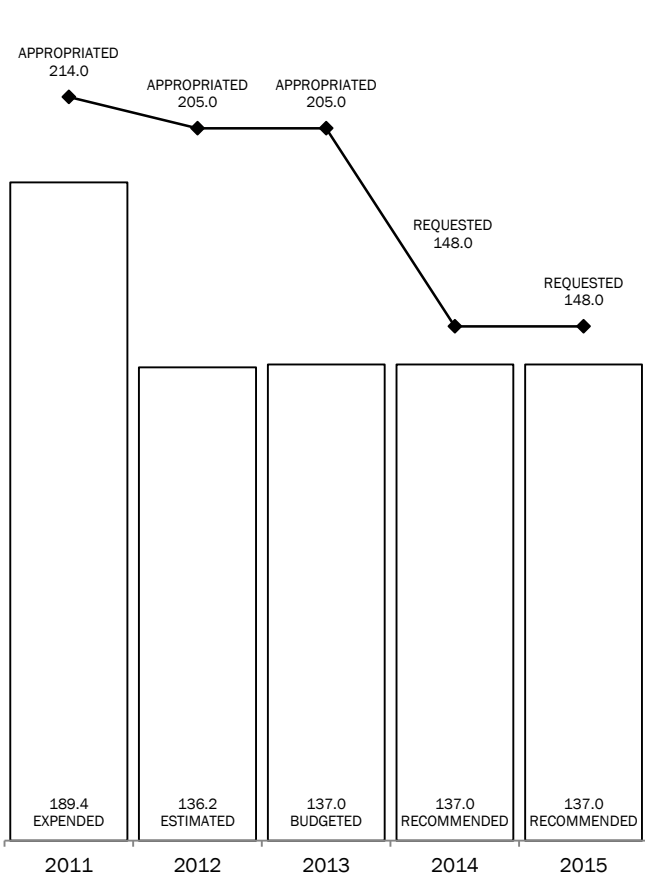
ALL FUNDS



GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Note: Estimated and Budgeted amounts for 2012 and 2013 fall below appropriated amounts due to agency lapsing \$4.8 million and \$4.6 million in General Revenue due to not meeting revenue requirement in Rider 10 of the agency's 2012-13 bill pattern.

Section 2

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

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					<i>All Funds recommendations represent 93 percent of 2012-13 funding levels due to anticipated loss of \$1.3 million in Federal Funds. Overall GR funding recommendations represent 100.0 percent of 2012-13 baseline levels. In preparing its Legislative Appropriations Request, TAHC has reallocated GR between its six strategies in 2014-15 from its previous allocation in 2012-13. The reallocation is the result of (1) the projected loss of \$1.3 million in Federal Funds and the agency trying to offset the impact to its core functions with General Revenue; (2) agency redirecting General Revenue between strategies to prioritize funding for agency core animal disease prevention, monitoring, and investigation functions. Recommendations have not altered the allocation between strategies from the agency's submission.</i>
FIELD OPERATIONS A.1.1	\$11,429,415	\$10,560,327	(\$869,088)	(7.6%)	Primary reason for the decrease in Field Operations is due to the projected loss of \$1.2 million in Federal Funds for animal disease, or 25 percent, in 2014-15. The agency has shifted methods-of-finance between strategies and included an additional \$281,977 in General Revenue into Field Operations, to partially offset the loss of federal funds for the agency's core function.
DIAGNOSTIC/EPIDEMIOLOGICAL SUPPORT A.1.2	\$2,309,697	\$1,895,948	(\$413,749)	(17.9%)	The decrease in All Funds for Diagnostic/Epidemiological Support is primarily due to projected decrease in Federal Funds of \$149,235 and a General Revenue reallocation to Field Operations of \$264,514.
PROMOTE COMPLIANCE A.1.3	\$843,433	\$812,818	(\$30,615)	(3.6%)	Decrease in agency's compliance strategy due to reallocation of funding between strategies. Strategy is funded solely from General Revenue. Funding in strategy provides for a general counsel, legal assistant, two compliance investigators, public information director, and a graphics designer.
Total, Goal A, PROTECT/ENHANCE TEXAS ANIMAL HEALTH	\$14,582,545	\$13,269,093	(\$1,313,452)	(9.0%)	
CENTRAL ADMINISTRATION B.1.1	\$2,115,320	\$2,031,842	(\$83,478)	(3.9%)	Recommendations include a decrease of nearly four percent for the agency's Central Administration Strategy. Central Administration includes funding for 10.0 FTEs and is entirely funded from General Revenue.

Section 2

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

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES B.1.2	\$811,264	\$958,620	\$147,356	18.2%	Recommendations reallocate General Revenue and 2.0 existing FTEs to the Information Resources Strategy. Two FTEs were previously allocated to Field Operations that the agency shifted to its Information Resources Strategy.
OTHER SUPPORT SERVICES B.1.3	\$563,846	\$513,120	(\$50,726)	(9.0%)	Decrease in Other Support Services due to agency reallocation.
Total, Goal B, INDIRECT ADMINISTRATION	\$3,490,430	\$3,503,582	\$13,152	0.4%	
Grand Total, All Strategies	\$18,072,975	\$16,772,675	(\$1,300,300)	(7.2%)	

Section 3

Texas Animal Health Commission Selected Fiscal and Policy Issues

1. **Cost Recovery for Animal Health Programs.** Prior to the 2012–13 biennium, animal health programs at TAHC were almost entirely funded from General Revenue. At the time the agency had two fees in place (poultry registration and certificates for veterinary health), but fee revenue only covered about four percent of agency appropriations. In its efforts to close the budget gap projected for the 2012–13 biennium, the 82nd Legislature pursued a strategy of making a greater portion of the agency's programs self supporting. The Legislature appropriated funds to the agency at 2010–11 spending levels, but made \$9.9 million and 57.5 FTEs contingent on the passage of legislation allowing the agency to assess additional fees (House Bill 1992, Eighty-second Legislature, Regular Session, 2011) and their receipt.

In July 2011, TAHC adopted revised fee proposals that, assuming a full 12 months of implementation, were projected to raise \$600,000 per year. In August 2012, these revenue projections were revised downwards to \$379,705 annually (see attachment for analysis of agency's current fee structure along with revenue estimates). The revised revenue estimate resulted in TAHC lapsing General Revenue of \$4,780,653 in 2012 and \$4,621,653 in 2013, reducing the agency General Revenue appropriations by 42 percent and total appropriations by 31 percent.

In the 2012–13 Biennium the Commission has not enacted fees for all animal health programs for which the agency incurs a cost. Nor has the commission voted to assess new fees for the transport of certain types of livestock. For example, revenue proposals discussed during the 82nd Session estimated that a \$2 per head interstate export fee, based only on cattle exports, could generate as much as \$3.7 million per biennium.

2. **Adequacy of 2014–15 Baseline Funding Levels.** While recommendations provide General Revenue funding at the agency's baseline request limit, General Revenue baseline funding is approximately 42 percent below the agency's 2010–11 spending levels and below the 2012–13 appropriated amount. The agency notes that it can operate in the short term at its baseline limit; but that this funding level would not allow TAHC to respond adequately in the event of a catastrophic animal disease outbreak. According to the agency, currently TAHC has no field staff west of San Angelo and little or no staff stationed along the border. According to the agency, an additional \$4 million above baseline funding levels (\$3.2 million for agency staffing and \$0.8 million for disease programs) would provide sufficient funding to adequately cover the entire state.

According to TAHC, \$3.2 million above baseline funding would add back 24 FTEs in its Field Operations and Emergency Management functions, allowing it to employ field staff west of San Angelo and staff coverage along the border:

- 10 livestock inspectors
- 3 fever tick inspectors
- 3 veterinarians (2 field and 1 emergency management)
- 3 emergency management staff (2 local planners and 1 state planner)
- 1 compliance investigator
- 2 regional office administrative technicians
- 2 Austin office staff for health certificates and interstate entry permit department

Section 3

Of this amount, the recommended highest priority for funding would be the livestock and fever tick inspectors along with the field veterinarians. The estimated cost for these additional field staff is approximately \$858,510 in fiscal year 2014 and \$900,633 in fiscal year 2015 (10 livestock and 3 fever tick inspectors at current average annual salary of \$43,376 and 3 veterinarians at current average annual salary of \$98,206).

Self Supporting/Non-self Supporting. The agency's request for additional funds is for General Revenue. Should additional appropriations be given, the Legislature also could fund the agency from Contingent Fee Revenue to the General Revenue Fund. Appropriations from General Revenue would require no legislative action. Additional appropriations made from contingent fee revenue could be awarded but would likely require additional fees or fee structure changes to be enacted by the Animal Health Commission in order to generate the necessary revenues. Additionally, it is worth noting that the statutory authority for the agency to recover costs for animal health programs (House Bill 1992, Eighty-second Legislature, Regular Session, 2011) contains a sunset provision which expires August 31, 2015. If a greater portion of the agency's animal health programs are to be made permanently self supporting, the sunset provision to the agency's fee authority will need to be removed.

Section 3

TAHC Fees - Prior to Enactment of HB 1992

current fee	Historical fee	Fee increase	yearly projected revenues	biennial projected revenues
Poultry Registration - Sellers (Annual Fee)				
\$35 - Less than 100 Fowl	\$25 - Less than 100 Fowl	\$10	\$37,705	\$75,410
\$125 - 100 to 499 Fowl	\$100 – 100 to 499 Fowl	\$25		
\$250 - 500 to 999 Fowl	\$200 – 500 to 999 Fowl	\$50		
\$400 - 1,000 to 2,499 Fowl	\$350 – 1,000 to 2,499 Fowl	\$50		
\$600 - 2,500 Fowl or more	\$500 – 2,500 Fowl or more	\$100		
Poultry Distributors or Transporters (Annual Fee)				
\$600 – Distribute or Transport	\$500 – Distribute or Transport	\$100		
\$800 - Sell, Distribute and/or Transport	\$700 – Sell, Distribute and/or Transport	\$100		
Health Certificate Fee				
\$7 - Cost per Certificate	\$5 – Cost per Certificate	\$2	\$150,000	\$300,000
Total			\$187,705	\$375,410

Newly Enacted Fees

revenue source	assessed	yearly projected revenues	biennial projected revenues
Chronic Wasting Disease Inspection Fee	\$100 - Per Hour for TAHC representative to perform herd verification	\$10,000	\$20,000
Herd Certification Fee (Multi-animal Fee)	\$25 - Less than 25 head	\$20,000	\$40,000
	\$50 - 25 to 100 head		
	\$100 - More than 100 head		
Laboratory Testing Fee	\$1 - Per sample	\$160,000	\$320,000
Poultry Registration	\$35 - \$800	\$2,000	\$4,000
Total (Newly Enacted Fees)		\$192,000	\$384,000
Total Yearly Projected Revenues		\$379,705	\$759,410

Section 3

Texas Animal Health Commission
FTE Highlights

Full-Time-Equivalent Positions	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
Cap	214.0	205.0	205.0	137.0	137.0
Actual/Budgeted	189.4	136.2	137.0	NA	NA
Note: The agency's 2012-13 FTE cap included 57.5 FTEs contingent on the agency generating fee revenues to cover the costs of animal health programs. Recommendations for 2014-15 do not make any FTEs contingent on revenue generation.					
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 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
•	<i>Percent change in the number of fever tick-infested premises from the 2007 level</i>	-40%	79%	-50%	-50%	-50%
•	<i>Number of livestock shipments inspected</i>	4,156	4,586	4,500	4,500	4,500
•	<i>Number of specimens processed through the State/Federal Cooperative Laboratory System</i>	2,776,567	1,727,012	2,000,000	2,000,000	2,000,000
•	<i>Number of compliance actions completed</i>	1,657	1,450	1,400	1,400	1,400

Section 4

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

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
---------------------------	----------------	--------------------	-----------------	--------------	--------------------------------	--------------------------------

NO RELATED RECOMMENDATIONS

Section 5

Texas Animal Health Commission Rider Highlights

6. (former) **Fee Revenue: Poultry Registration.** Recommendations remove appropriating rider for agency's poultry registration fees to remove duplication as the agency already has authority under Rider 9, Cost Recovery for Animal Health Programs.
7. **Allowance for Personally-Owned Horses.** Modifies rider at agency request to provide agency authority to change daily reimbursement rate for employees with personally owned horses from \$50 to \$75. Request was for authority only and modification requires no additional funds.
9. **Cost Recovery for Animal Health Programs.** Recommendations adjust the agency's cost recovery rider to fall within range of agency estimated revenues, and do not require the agency to recover any other direct and indirect costs with revenues. The agency estimates generating \$379,705 annually in revenues. The rider also appropriates any revenues above the amount identified in the Comptroller's Biennial Revenue Estimate.

Section 6

Texas Animal Health Commission
Items not Included in Recommendations - Senate

In Agency Priority Order

		2014-15 Biennial Total	
		GR & GR-Dedicated	All Funds
1. Agency Staffing for Programmatic Operations (24.0 FTEs)		\$ 3,196,320	\$ 3,196,320
Request would provide sufficient funding to operate at minimum service levels and provide adequate oversight coverage for the entire state.			
a) Livestock Inspectors (10 FTEs) - \$899,928			
b) Fever Tick Inspectors (3 FTEs) - \$269,979			
c) Veterinarians (3 FTEs) - \$589,236			
d) Emergency Management Staff (3 FTEs) - \$298,152			
e) Compliance Investigator (1 FTE) - \$104,520			
f) Regional Administration Techs. (2 FTEs) - \$150,277			
g) Austin Office Staff Health Certificates/Interstate Entry Permits (2 FTEs) - \$139,744			
h) Support Costs for Above FTEs (travel, fuel, supplies, and equipment) - \$744,484			
2. Programmatic Disease Needs		\$ 821,000	\$ 821,000
Agency request for additional funds for various animal disease programs such as bovine trichomoniasis, brucellosis, fever tick management, chronic wasting disease, and equine piroplasmosis.			
3. Executive Director Salary (Authority Only)		\$ -	\$ -
TAHC is requesting authority only to increase the annual salary cap for the executive director from \$120,000 per year to \$167,500.			
Total, Items Not Included in the Recommendations		\$ 4,017,320	\$ 4,017,320