

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

Page VI-12

Dr. Andy Schwartz, Executive Director and State Veterinarian

Thomas Brown, LBB Analyst

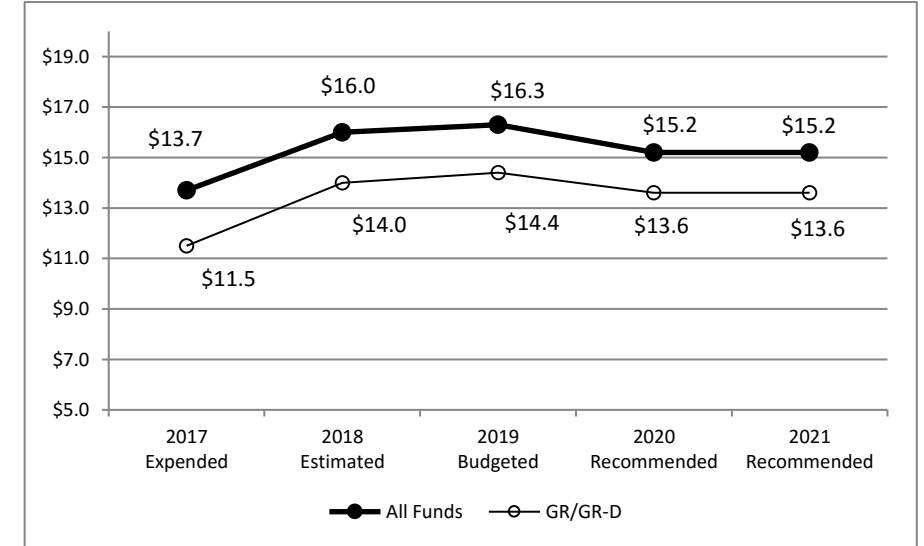
Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$28,337,317	\$27,113,003	(\$1,224,314)	(4.3%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$28,337,317</i>	<i>\$27,113,003</i>	<i>(\$1,224,314)</i>	<i>(4.3%)</i>
Federal Funds	\$4,035,190	\$3,306,324	(\$728,866)	(18.1%)
Other	\$2,000	\$0	(\$2,000)	(100.0%)
All Funds	\$32,374,507	\$30,419,327	(\$1,955,180)	(6.0%)

	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	220.2	220.2	0.0	0.0%

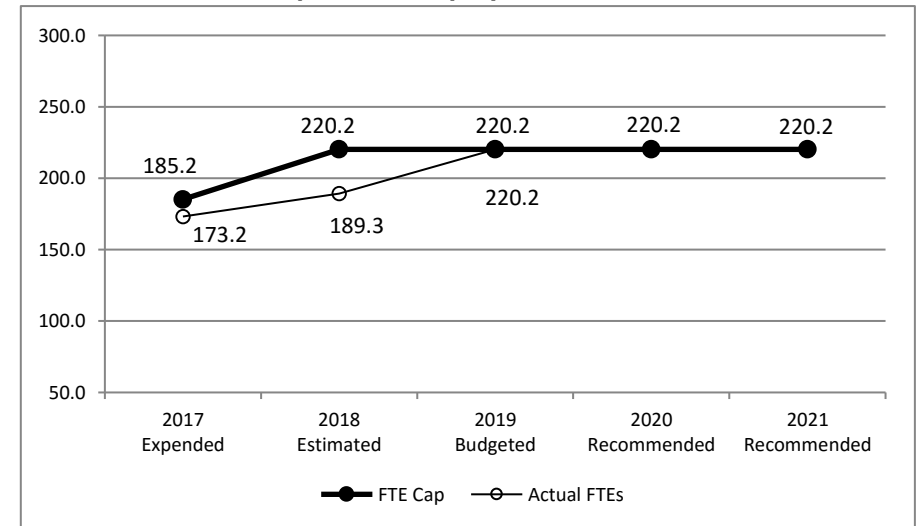
Agency Budget and Policy Issues and/or Highlights

- The Texas Animal Health Commission (TAHC) is under Strategic Fiscal Review (SFR) for the Eighty-sixth Legislative Session.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

**Animal Health Commission
Strategic Fiscal Review Program Summary - Senate**

Animal Health Commission

Purpose: To protect and embrace the health of Texas animal populations by preventing, controlling, and eliminating animal diseases; monitoring and diagnosing animal illness; responding to emergency situations involving animals; and promoting productivity and marketability while minimizing risks to humans.

Mission Centrality/Authority		
	Centrality	
Authority		55%
		15%
		27%

					2018-19 Base Funding	2020-21 Recommendations	Percent Change from Base	GR-Related Percentage of Rec. Total	2020-21 Agency Total Request
Total Budget	100%	Budget, Ordered by Mission Centrality and Authority	Strategy	Agency Ranking	\$32,374,507	\$30,419,327	-6%	89%	\$32,792,442
		<i>Other Support Services</i>	2.1.3 Other Support Services	14	\$520,098	\$521,538	0%	100%	\$521,538
	98%	<i>Information Resources</i>	2.1.2 Information Resources	13	\$1,897,777	\$2,273,307	20%	100%	\$2,773,307
	91%	<i>Central Administration</i>	2.1.1 Central Administration	12	\$2,362,395	\$2,573,756	9%	100%	\$2,612,730
	82%	Field Operations Administration	1.1.1 Field Operations	7	\$8,292,295	\$6,826,108	-18%	100%	\$7,574,908
	60%	Legal & Compliance	1.1.3 Promote Compliance	5	\$682,096	\$685,842	1%	100%	\$685,842
	58%	Diagnostic Administration	1.1.2 Diagnostic/epidemiological Support	11	\$1,137,646	\$1,139,762	0%	100%	\$1,159,763
	54%	Sheep/Goat Health	1.1.1 Field Operations 1.1.2 Diagnostic/epidemiological Support						
	54%		2.1.1 Central Administration	9	\$199,824	\$222,000	11%	78%	\$222,000
	53%	Emergency Management	Various	6	\$939,767	\$649,354	-31%	98%	\$649,354
	51%	Animal Disease Traceability	Various	1	\$1,882,103	\$1,795,000	-5%	57%	\$1,795,000
	45%	Cervid Health	Various	10	\$416,582	\$431,000	3%	100%	\$431,000
	44%	Equine Health	Various	8	\$627,443	\$662,000	6%	83%	\$662,000
	42%	Swine Health	Various	4	\$564,353	\$572,972	2%	35%	\$602,000
	40%	Avian Health	Various	3	\$462,769	\$460,000	-1%	30%	\$460,000
	38%	Cattle Health	Various	2	\$12,389,359	\$11,606,688	-6%	86%	\$12,643,000

Note: Indirect administration program names are italicized, and not included in the Mission Centrality / Authority Matrix.

Animal Health Commission
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A	Detail in SFR Appendix 5
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A and SFR Appendices, when applicable):								
A)	Decrease in one-time funding from General Revenue Funds for cattle fever-tick control efforts	(\$1.2)	\$0.0	\$0.0	\$0.0	(\$1.2)	A.1.1, A.1.2, B.1.1, & B.1.2	Appendices 5b, 5d, 5k, 5l, & 5m
OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A and SFR appendices, when applicable):								
B)	Decrease in Federal Funds anticipated to no longer be available	\$0.0	\$0.0	(\$0.7)	\$0.0	(\$0.7)	All Strategies	All Appendices
C)	Decrease in Appropriated Receipts due to anticipated collection reduction	\$0.0	\$0.0	\$0.0	(\$0.0)	(\$0.0)	A.1.1 & A.1.3	Appendices 5g & 5e
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$1.2)	\$0.0	(\$0.7)	(\$0.0)	(\$2.0)	As Listed	As Listed
SIGNIFICANT & OTHER Funding Increases		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed	As Listed
SIGNIFICANT & OTHER Funding Decreases		(\$1.2)	\$0.0	(\$0.7)	(\$0.0)	(\$2.0)	As Listed	As Listed

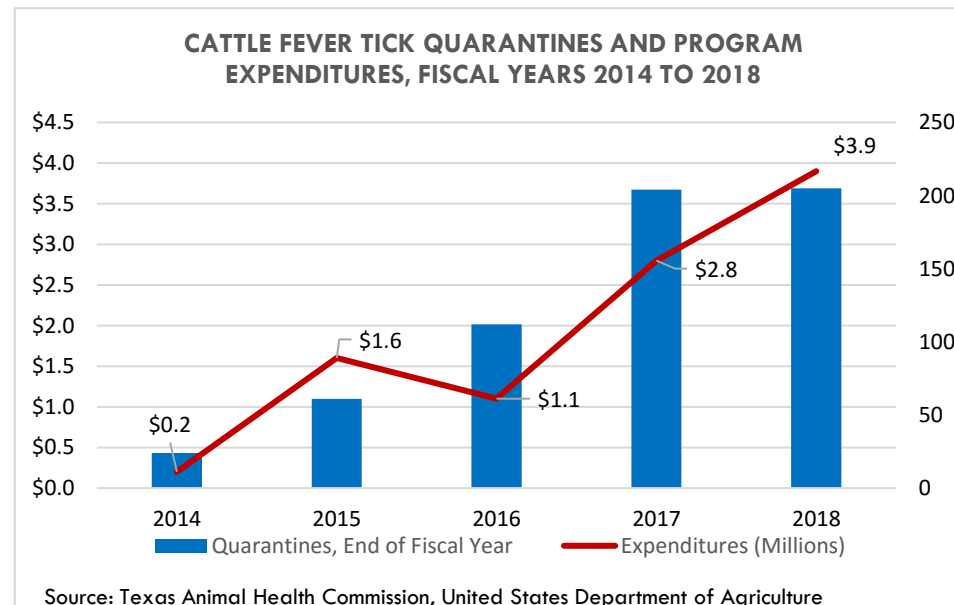
NOTE: Totals may not sum due to rounding.

Animal Health Commission Selected Fiscal and Policy Issues - Senate

1. **Strategic Fiscal Review.** The agency is undergoing a Strategic Fiscal Review (SFR) in fiscal year 2019, the findings of which informed budget recommendations for the Eighty-sixth Legislative session. Significant observations and considerations include:
 - The Texas Animal Health Commission (TAHC) is one of a group of state agencies that have programs providing animal health-related services. The Department of State Health Services, Texas Parks and Wildlife Department, and Texas Veterinary Medical Diagnostic Laboratory also provide animal health-related services.
 - A limited amount of fees is collected by the agency for the work it does to support the livestock and poultry industries in the state. TAHC currently collects fee revenue from issuing certificates of veterinary inspection, registering certain fowl sellers, distributors, and transporters, and inspections of farmed and captive cervids. Texas Agriculture Code, §161.060, authorizes TAHC to assess fees for inspections conducted by the agency, but the majority of the inspections done by the agency are not supported by fee revenue (see Item 3 below).
 - The agency consists of 14 programs for the 2020-21 biennium, which align with the types of animals the agency works with instead of specific diseases. For the 2018-19 biennium, the agency had 25 programs, which aligned with diseases under the agency’s purview and with the various cooperative agreements they have with the United States Department of Agriculture. TAHC has experienced difficulties accounting for expenditures in Strategy A.1.1, Field Operations, for specific disease control activities (e.g. chronic wasting disease, equine infectious anemia, etc.) in previous biennia. The SFR analysis and funding recommendations for the 2020-21 biennium align funding and resources among the agency’s 14 programs.
 - TAHC has not been collecting the total amount of Earned Federal Funds available for indirect costs from its federal partners (see Item 8 below).

2. **Cattle Fever Tick Mitigation.** The Eighty-fifth Legislature, Regular Session, 2017 appropriated \$9.2 million in General Revenue Funds, an increase of \$7.2 million, and \$0.1 million in Federal Funds in the 2018-19 biennium for fever tick prevention and eradication efforts at the agency. Recommendations provide \$8.0 million in All Funds in the 2020-21 biennium for cattle fever tick activities, which includes a reduction of \$1.2 million compared to 2018-19 spending levels due to one-time expenditures related to capital equipment, vehicles, and information resource technologies. Recommendations do not include the agency’s requested increase of \$0.7 million in General Revenue Funds to increase inspector salaries (see Items Not Included in Recommendations - Senate, Item 2).

At the end of fiscal year 2018, there were 205 quarantines in nine affected counties, an increase of over 750.0 percent from fiscal year 2014. The figure shows the increase in the number of quarantines and program costs over the last five 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 in recent years have allowed the agency to purchase additional equipment, such as trucks and laptops, and fill related positions. According to TAHC staff, this has resulted in the total number of quarantines to remain steady from fiscal year 2017 to 2018.



3. **SFR Analysis – Fee Revenue.** Texas Agriculture Code, §161.060, authorizes the Texas Animal Health Commission (TAHC) to assess fees for any inspection made by the agency. Currently, TAHC assesses fees to recover costs of providing inspections to the farmed and captive cervid industry, issuing certificates of veterinary inspection, and registering certain fowl sellers, distributors, and transporters. Rider 8, Contingency Appropriation: Cost Recovery for Animal Health Programs, identifies \$0.5 million in General Revenue Funds appropriated to the agency in each fiscal year that is contingent on the agency collecting sufficient revenue. Recommendations maintain this rider and contingency requirement for the 2020-21 biennium.

The Eighty-second Legislature, Regular Session, 2011, expanded TAHC’s fee authority to collect fees for a service for which the agency incurred a cost, and to bring TAHC’s budget in line with similar regulatory agencies across the state. The Eighty-second Legislature also made 57.5 full-time equivalent (FTE) positions and \$9.9 million (out of \$22.3 million) in appropriations contingent on collecting additional fee revenues. Despite expanding the agency’s fee authority, actual fee revenue collections for the 2012–13 biennium totaled \$0.5 million, which resulted in a reduction of \$9.4 million in General Revenue Funds and 57.5 FTE positions in the 2012–13 biennium due to lapsed (unused) appropriation authority.

TAHC’s expanded fee authority expired on September 1, 2015, and was not reauthorized by the Eighty-fifth Legislature. The figure to the right shows the fees assessed by TAHC, projected revenue collections for the 2018-19 biennium, and estimated collections for the 2020-21 biennium.

TAHC has expressed concerns about the negative impact of cost recovery mechanisms on animal disease surveillance programs. TAHC has not approved fee proposals in the past, and the agency continues to provide services without assessing fees that it has current authority to collect which are reflected in the figure below.

**Texas Animal Health Commission
Fee Revenue Projections, 2018-21**

Fee	2018-19	2020-21	Difference
Health Certificates	\$964,334	\$924,000	\$40,334
Chronic Wasting Disease Inspection	\$18,850	\$16,000	\$2,850
Fowl Registration Fees	\$105,595	\$100,000	\$5,595
Total	\$1,088,779	\$1,040,000	\$48,779

Source: Texas Animal Health Commission

Statutorily Authorized Fees Not Collected by Texas Animal Health Commission

Fee	Current Statutory Authority	Authorized Amount
Brucellosis Control	Agriculture Code, §163.003	Determined by Commission
Waste Food Feeder Inspections	Agriculture Code, §165.026(c)	Up to \$25/year
Feedlot Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Slaughter Plant Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Livestock Market Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Equine Infectious Anemia Inspections	Agriculture Code, §161.060(a)	Determined by Commission
M-Branded Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Live Bird Market Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Feral Swine Holding Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Feral Swine Hunting Preserve Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Equine Piropalmsosis Inspection	Agriculture Code, §161.060(a)	Determined by Commission
Tick inspections	Agriculture Code, §161.060(a)	Determined by Commission
Livestock Shipment Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Slaughter Plan Inspections	Agriculture Code, §161.060(a)	Determined by Commission
Dairy Calf Health and Inspection Report	Agriculture Code, §161.060(a)	Determined by Commission

NOTE: The Commission is authorized to collect fees for the inspection of foreign cattle by rule, but does not due to conflicts with federal law.

Source: Legislative Budget Board

Currently, registration and inspection service fees charged to the industry account for \$1.0 million of TAHC's \$30.4 million biennial budget, or just 3.0 percent. Nearly 90 percent of these fees comes from the health certificate fee. An informal review of the approach of other Western states to funding their state animal health function indicates that the majority of them -- at least 12 of 16 -- collect a number of inspection and other service fees from the industry to support a sizable share of their regulatory costs. In several of these states, fee revenue supports appropriations at a rate of 50 percent or higher. For example, the Wyoming Livestock Board's budget is 63 percent covered by revenue generated from its brand recording and inspection activities. For larger state like California, 32 percent of its Animal Health and Livestock Identification divisions' budgets are supported with industry fees.

For TAHC, the option of increasing its fee generation to 10 percent of its budget would reduce the draw on General Revenue Fund by \$2.0 million per biennium, and cost recovery similar to California would reduce Fund costs by approximately \$8.6 million biennially. However, enactment of House Bill 1290, Eighty-fifth Legislature, Regular Session, 2017, requires the agency to couple any increase in license fees with an equal or greater decrease in costs to the industry served.

4. **SFR Analysis – 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 for export, livestock shows, and private sales). Recommendations provide \$2.2 million in All Funds (\$1.7 in General Revenue and \$0.4 million in Federal Funds), an increase of \$4,043 or 0.2 percent, in Strategy A.1.2, Diagnostic/Epidemiological Support in the 2020-21 biennium for epidemiological services and continued services at the State-Federal Laboratory.

The lab performs cattle and swine disease testing for private livestock markets and small, private slaughterhouses. It also provides disease testing and identification for the United States Department of Agriculture (USDA) and all livestock brucellosis confirmation testing for the Texas Veterinary Medical Diagnostic Laboratory (TVMDL). Its clients consist mostly of TAHC veterinarians and inspectors as well as certain in-state private veterinarians who request screening tests for movement qualification of livestock. Out-of-state clients are less than 0.5 percent of the Austin lab's business and are usually veterinarians who are dual-licensed in Texas and an adjacent state (such as New Mexico, Oklahoma, or Louisiana) and are testing Texas-residing livestock or out-of-state USDA Federal Veterinary Medical Officers seeking brucellosis screening. The lab has limited capacity for expanding its use among out-of-state or dual-licensed veterinarians due to its lack of authority to assess and collect fees and its limited test menu. It is not a full-service diagnostic lab like TVMDL. The agency does report having had some discussions with USDA regarding the lab supporting other national testing programs related to other livestock disease outbreaks.

TAHC's authorization to collect fees for lab services, as established by Texas Agriculture Code, Section 161.060(b), expired at the end of fiscal year 2015. TAHC does not have any clear authority to collect fees for lab services and the agency estimates that it has foregone approximately \$150,000 in fee revenue each fiscal year from 2016-18 as a result.

Appropriations of Federal Funds for TAHC have recently decreased, from \$4.5 million in the 2016-17 biennium to \$3.7 million in the 2018-19 biennium. The agency is requesting \$3.3 million in Federal Funds appropriation authority for the 2020-21 biennium. The decreases are primarily related to lower award amounts from USDA and Hurricane Harvey recovery funds. The lab received Federal Funds revenue of \$668,169 during the 2016-17 biennium, mostly through an umbrella federal cooperative agreement for testing related to cattle health. As part of the agreement, USDA supported brucellosis testing of cattle at two large slaughter plants in Texas. Because of USDA's decision to reduce national surveillance of brucellosis, it has its withdrawn support for collecting samples at one of the plants and will end it for the other by April 1, 2019. This will significantly reduce the number of tests run by the lab.

TVMDL and TAHC have verbally agreed not to compete and to coordinate as members of the National Animal Health Laboratory Network to provide support to nationally targeted surveillance for key, high-consequence endemic, emerging, and foreign livestock diseases, assuring sufficient laboratory competencies, capacities, and resiliencies. Rider 3, Laboratory Testing, in the TAHC bill pattern establishes the Legislature's intent that TVMDL perform laboratory testing for animal diseases to the extent of its capabilities, unless the TAHC lab can perform the testing for TAHC programs more cost effectively. Recommendations modify the

rider to require TAHC to report annually regarding tests performed at the lab and cost effectiveness of performing those tests at the lab rather than at the TVMDL. The Eighty-fifth Legislature, Regular Session, 2017, also required TAHC to use funds appropriated to enter into an interagency memorandum of understanding with TVMDL to reduce duplication and ensure that all testing occurs in Texas to the extent possible. TAHC reports that both agencies are currently working on the memorandum.

5. **Chronic Wasting Disease.** Recommendations include continued funding for Cervid Health program activities at 2018-19 expenditure levels, but do not include the agency's requested increase of \$0.7 million in General Revenue Funds to increase inspector salaries (see Items Not Included in the Recommendations - Senate, Item 2).

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 November 1, 2018, 160 deer have tested positive for CWD in Texas, including 103 white-tailed deer in captive deer breeding facilities and 21 free-ranging mule deer. 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 TPWD to develop a revision of deer breeder permitting rules and movement restrictions that took effect in August 2016.

6. **Vehicle Replacement.** Recommendations provide \$0.3 million in General Revenue Funds, an overall decrease of \$1.0 million in All Funds from 2018-19 biennial expenditure levels, for vehicle replacement in the 2020-21 biennium. The Animal Health Commission maintains a fleet of 111 vehicles and purchases primarily light duty trucks. Staff use the vehicles 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 standard replacement schedule for LBB staff recommendations replaces vehicles that are 10 years of age and have mileage exceeding 150,000.

7. **Acquisition of Information Resource Technologies (IT) – Software and Hardware.** Recommendations include \$1.0 million in All Funds to continue 2018-19 expenditure levels for personal computing, security, and other software licenses. The agency expended \$0.2 million in General Revenue Funds in excess of the amounts listed in Rider 2, Capital Budget, in the 2018-19 biennium on software and hardware needed for daily operations. The \$0.2 million in expenditures came from appropriations in Strategy A.1.1, Field Operations, in the 2018-19 biennium. Recommendations reallocate these funds to Strategy B.1.2, Information Resources, but do not include additional funding for software and hardware in the 2020-21 biennium.

Recommendations do not continue the funding as a capital budget project in Rider 2, Capital Budget, in the agency's bill pattern for the 2020-21 biennium because these funds provide continued services for daily operations and are not being used to make a capital purchase. In addition, recommendations do not include \$0.4 million requested in General Revenue Funds for the Agency Modernization – IT Business Initiative project (see Items Not Included in Recommendations - Senate, Item 1). Recommendations include a new rider requiring the agency to provide an annual report assessing its current information technology status as well as efforts to improve its information technology capabilities (see Rider Highlights - Senate #8). The new rider is included in recommendations to provide the legislature with additional detail regarding the agency's information technology needs and to encourage the agency to evaluate their needs.

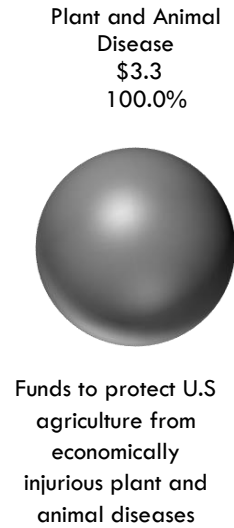
8. **Earned Federal Funds.** Recommendations adjust the Texas Animal Health Commission's (TAHC) target for collected Earned Federal Funds (EFF) from \$284,406 in fiscal year 2018 and \$286,971 in fiscal year 2019 to \$339,000 each fiscal year of the 2020-21 biennium, to align with the average actual collections from fiscal years 2008 to 2018. This recommendation does not affect General Revenue appropriations.

Agencies that receive EFF have a target in Article IX, §13.11, Definition, Reporting, and Audit of Earned Federal Funds, of the General Appropriations Act (GAA) for reimbursements to collect. Such agencies are appropriated General Revenue in an amount equal to the target contingent on collection of EFF revenues; revenues collected in excess of this target are appropriated to the agency, subject to notification requirements. EFF collections for the agency are primarily from the United States Department Agriculture based on a negotiated indirect cost rate for animal disease control cooperative agreements. The agency has not been collecting all the EFF allowable according to the negotiated indirect cost rate and has instead been collecting the target amount listed in Article IX, §13.11. The adjusted target included in recommendations would support agency efforts to collect all amounts available.

Animal Health Commission - Senate

Summary of Federal Funds (2020 - 21)

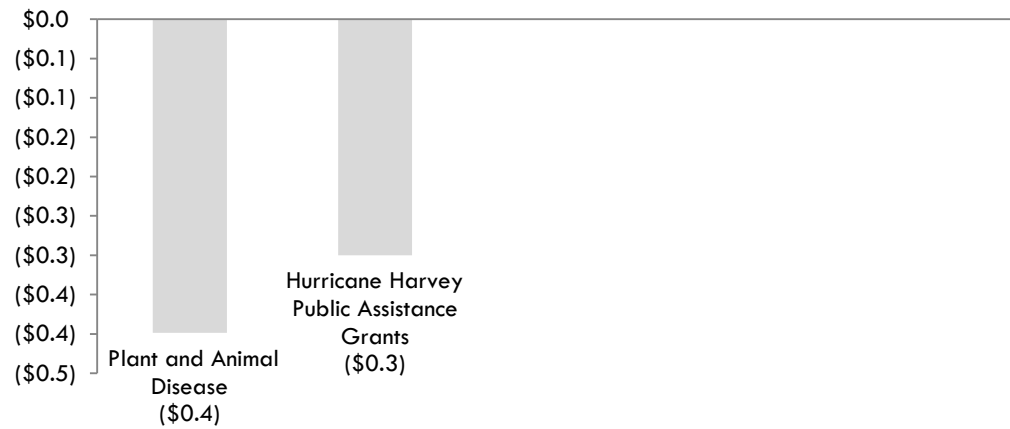
Total \$3.3M



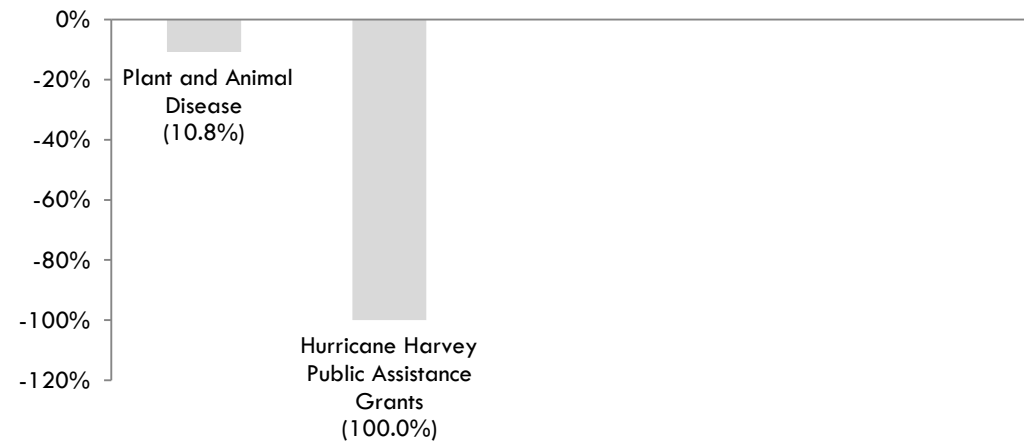
Selected Federal Fiscal and Policy Issues
Plant and Animal Disease grant reflects final stages of eradication programs, where maintaining level funding is contingent on monitoring new outbreaks. Current FFY 2019 funding levels show an anticipated 25% program reduction.
Hurricane Harvey Public Assistance Grants reduction reflects a onetime grant reimbursement of state expenditures for animal sheltering, safety, and needs assessment.

Programs with Federal Funding Changes from 2018 - 19

**Program Change-by Amount
(In Millions)**



Program Change-by Percentage



Animal Health Commission - Senate Contracting Highlights

As of 8/31/2018, the Animal Health Commission had 14 active procurement contracts valued at \$8.4 million.

Summary of Contracts Awarded in Fiscal Years 2017-2018 and Reported to LBB Contracts Database¹

(Dollar values rounded to the nearest tenth of a million)

	Number	Total Value	Average Value	% of total
Procurement Contracts	16	\$ 2.3	\$ 0.1	100%

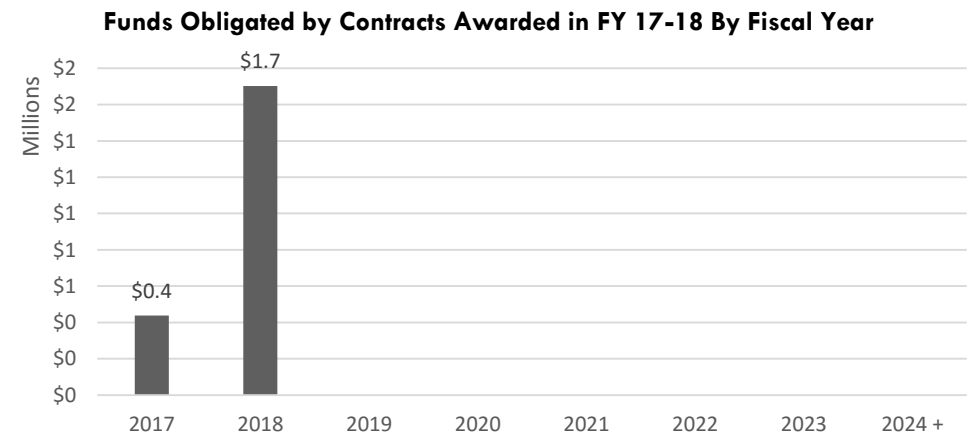
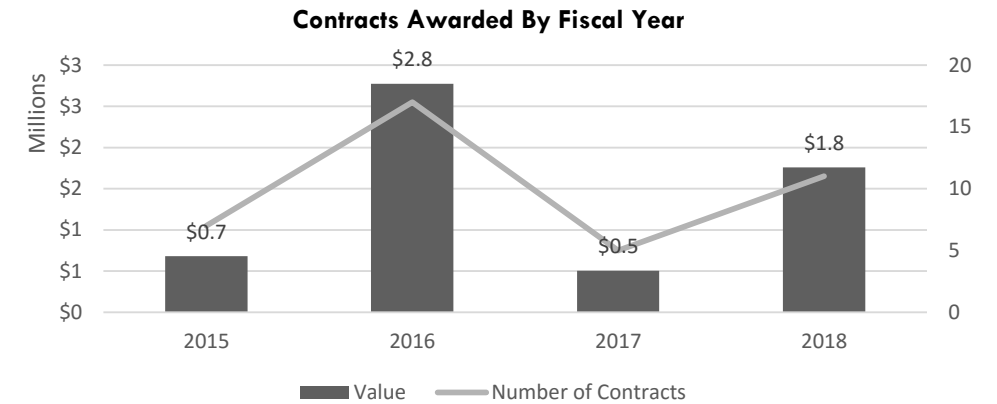
Award Method

Competitive Contracts	16	\$ 2.3	\$ 0.1	100.0%
Non-Competitive/Sole Source	0	\$ -	-	0.0%

Procurement Category

Information Technology	3	\$ 0.2	\$ 0.1	8.1%
Goods	12	\$ 2.0	\$ 0.2	87.7%
Construction	1	\$ 0.1	\$ 0.1	4.2%

Revenue Generating Contracts	0	\$ -	-	-
-------------------------------------	---	------	---	---



¹These figures reflect the total value of reported contracts awarded in FY 17-18 and reported to the LBB contracts database. Values can include planned expenditures for subsequent years and represent the amounts contracted which may include funds from sources other than appropriated or General Revenue Funds.

Animal Health Commission - Senate

Contracting Highlights

(Dollar values rounded to the nearest tenth of a million)

Largest Active Contracts from Previous Fiscal Years	Award Method	Total Value	% Change*	Award Date	Length	Renewals	Vendor
1 Central Office Building Lease	Competitive	\$ 2.6	-	02/01/94	25 years	0	Montwalk Holdings Ltd
2 State/Federal Laboratory Building Lease	Competitive	\$ 1.9	-	04/01/14	10 years	0	Kfg Cameron Center Llc
3 Region 3 Office Building Lease	Competitive	\$ 1.1	-	04/01/98	21 years	0	Walnut Hill Business Center Llc
4 Region 8 Office Building Lease	Competitive	\$ 0.7	-	03/01/16	10 years	0	Merlin Mann Investments Llc
5 Region 1 Office Building Lease	Competitive	\$ 0.5	-	01/01/01	17 years	0	Wild Pony Holdings Lp
Largest Competitive Contracts Awarded in FY 17-18							
1 Chevrolet Silverado 1500, 4x4 (33)	Competitive	\$ 1.0	-	01/12/18	-	-	Lake Country Chevrolet Inc
2 Chevrolet Silverado 1500 (6)	Competitive	\$ 0.2	-	09/21/16	-	-	Caldwell Country Ford Llc
3 Design and Manufacturing of Work Barge	Competitive	\$ 0.1	-	07/23/18	4 months	-	Lifetyme Boats Inc
4 Truck Accessories (33)	Competitive	\$ 0.1	-	04/26/18	4 months	-	Truck Upfitters Inc
5 Spray Box (3)	Competitive	\$ 0.1	-	09/26/17	7 months	-	Tietjen Inc

**Animal Health Commission
Rider Highlights - Senate**

Modification of Existing Riders

2. **Capital Budget.** Recommendations include removal of projects within the Acquisition of Information Resource Technologies – Software and Hardware category because these expenses are for normal daily operations and various changes to the capital budget to align with funding decisions (see Selected Fiscal and Policy Issues – Senate, #7).
3. **Laboratory Testing.** Recommendations modify the rider to require the agency to provide an annual report of tests performed at the State-Federal Laboratory and the cost effectiveness of performing those tests at the State-Federal Laboratory rather than at the Texas Veterinary Medical Diagnostic Laboratory (see Selected Fiscal and Policy Issues – Senate, #3).
5. **Testing and Immunization of Employees.** Recommendations modify the rider to include a strategy reference, estimated costs each fiscal year, and estimated number of employees affected.
6. **Allowance for Personally-Owned Horses.** Recommendations modify the rider to include a strategy reference and estimated costs each fiscal year.
7. **Contingency Appropriation: Cost Recovery for Animal Health Programs.** Recommendations modify the rider to provide updated fiscal year references (see Selected Fiscal and Policy Issues – Senate, #2).

New Riders

8. **Information Technology, Reporting Requirement.** Recommendations include a new rider to require the agency to provide an annual report on efforts to improve information technology capabilities. The report would include details of current information technology utilized by the agency and recommendations for improvement (see Selected Fiscal and Policy Issues – Senate, #7).

Deleted Riders

6. **Contingency to Increase the Full-Time Equivalents (FTE) Cap for Federally Funded Programs.** Recommendations delete the rider related to increasing the agency's FTE cap for federally funded animal health programs because it is duplicative of Article IX, §6.10, Limitation on State Employment Levels.

**Animal Health Commission
Items Not Included in Recommendations - Senate**

	2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Agency Modernization - IT Business Initiative: General Revenue Funds to consolidate existing database systems in a web-based application (see Selected Fiscal and Policy Issues - Senate, #7).	\$400,000	\$400,000	0.0	Yes	Yes	\$262,000
2)	Inspector Salary Increases: General Revenue Funds for a \$3,600 annual salary increase for 104.0 current livestock inspector FTEs (see Selected Fiscal and Policy Issues - Senate, #2 & 5).	\$748,800	\$748,800	0.0	No	No	\$748,800

TOTAL Items Not Included in Recommendations	\$1,148,800	\$1,148,800	0.0			\$1,010,800
--	--------------------	--------------------	------------	--	--	--------------------

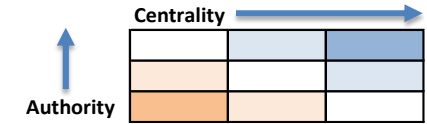
**Animal Health Commission
Strategic Fiscal Review Appendices - Senate**

SFR Table of Contents		
SFR Appendix	Appendix Title	Page
1	SFR Program Listing – Services and Administration	15
2	SFR Program Listing – Fiscal	17
3	SFR Mission Centrality/Authority	18
4	SFR Constitutional, General Revenue-Dedicated and Funds Outside the Treasury	*
5	SFR Program Summaries	19
6	SFR Program and Strategy Crosswalk	51

* Appendix is not included - no significant information to report

Animal Health Commission
Strategic Fiscal Review Appendix 1 Program Listing -- Services and Administration - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

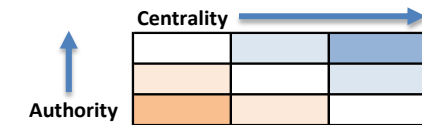
Mission Centrality/Authority



Agency Submission		LBB Staff Review and Analysis								
Agency Ranking	Program Name	Year Implemented	State Authority	Federal Authority	Authority	Mission Centrality	State Service	Service Area	Significant Audit and/or Report Findings	Contracts for Outsourced Services
1	Animal Disease Traceability	1942	Statute	Rules	Moderate	Strong	Natural Resources Management & Regulation, State Government Administration & Support	Statewide	No	N/A
2	Cattle Health	1893	Statute	Other, Public Law	Strong	Strong	Natural Resources Management & Regulation, State Government Administration & Support	Statewide	No	No
3	Avian Health	1925	Statute	Other, Public Law	Strong	Strong	Natural Resources Management & Regulation, State Government Administration & Support	Statewide	No	N/A
4	Swine Health	1911	Statute	Other, Public Law	Strong	Strong	Natural Resources Management & Regulation, State Government Administration & Support	Statewide	No	N/A
5	Legal & Compliance	1935	Statute	No Federal Requirement	Moderate	Moderate	Natural Resources Management & Regulation	Statewide	No	No
6	Emergency Management	2002	Statute	No Federal Requirement	Moderate	Strong	Natural Resources Management & Regulation, State Government Administration & Support	Statewide	No	N/A
7	Field Operations Administration	1893	Statute	No Federal Requirement	Weak	Moderate	Natural Resources Management & Regulation	Statewide	No	No
8	Equine Health	1911	Statute	Other, Public Law	Strong	Strong	Natural Resources Management & Regulation, State Government Administration & Support	Statewide	No	N/A
9	Sheep/Goat Health	1911	Statute	Other, Public Law	Moderate	Strong	Natural Resources Management & Regulation, State Government Administration & Support	Statewide	No	N/A

Animal Health Commission
Strategic Fiscal Review Appendix 1 Program Listing -- Services and Administration - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority



Agency Submission		LBB Staff Review and Analysis								
Agency Ranking	Program Name	Year Implemented	State Authority	Federal Authority	Authority	Mission Centrality	State Service	Service Area	Significant Audit and/or Report Findings	Contracts for Outsourced Services
10	Cervid Health	2001	Statute	Rules	Strong	Strong	Natural Resources Management & Regulation, State Government Administration & Support	Statewide	No	N/A
11	Diagnostic Administration	1939	Statute	Other, Public Law	Moderate	Strong	Natural Resources Management & Regulation	Statewide	No	No
Indirect Administration Programs										
12	Central Administration	1893	Statute	No Federal Requirement	N/A	N/A	State Government Administration & Support	Statewide	No	No
13	Information Resources	1985	Statute	No Federal Requirement	N/A	N/A	State Government Administration & Support	Statewide	No	No
14	Other Support Services	1973	Statute	No Federal Requirement	N/A	N/A	State Government Administration & Support	Statewide	No	No

Note: *Significant Audit and/or Report Findings.* Qualified indicates that there may be issues relating to agency operations that have not been documented in formal audits, reviews or reports, or LBB Staff cannot verify whether recommendations have been implemented.

Animal Health Commission
Strategic Fiscal Review Appendix 2: Program Listing -- Fiscal - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Agency Submission				LBB Staff Review and Analysis							
Agency Ranking	Program Name	2014-15 Expended	2016-17 Expended	2018-19 Est / Budg	2019 FTEs Budg	2020-21 Recommended	2021 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?
1	Animal Disease Traceability	\$ 1,644,263	\$ 1,874,513	\$ 1,882,103	0.0	\$ 1,795,000	0.0	-4.6%	0.0	Yes	N/A
2	Cattle Health	\$ 5,458,150	\$ 7,657,531	\$ 12,389,359	0.0	\$ 11,606,688	0.0	-6.3%	0.0	No	N/A
3	Avian Health	\$ 487,201	\$ 503,956	\$ 462,769	0.0	\$ 460,000	0.0	-0.6%	0.0	Yes	N/A
4	Swine Health	\$ 744,209	\$ 582,696	\$ 564,353	0.0	\$ 572,972	0.0	1.5%	0.0	No	N/A
5	Legal & Compliance	\$ 665,905	\$ 690,841	\$ 682,096	4.0	\$ 685,842	4.0	0.5%	0.0	No	N/A
6	Emergency Management	\$ 1,037,916	\$ 1,212,090	\$ 939,767	3.0	\$ 649,354	3.0	-30.9%	0.0	No	N/A
7	Field Operations Administration	\$ 7,177,282	\$ 8,286,998	\$ 8,292,295	167.7	\$ 6,826,108	167.7	-17.7%	0.0	Yes	N/A
8	Equine Health	\$ 570,866	\$ 530,647	\$ 627,443	0.0	\$ 662,000	0.0	5.5%	0.0	No	N/A
9	Sheep/Goat Health	\$ 203,485	\$ 228,769	\$ 199,824	0.0	\$ 222,000	0.0	11.1%	0.0	No	N/A
10	Cervid Health	\$ 433,513	\$ 816,751	\$ 416,582	0.0	\$ 431,000	0.0	3.5%	0.0	Yes	N/A
11	Diagnostic Administration	\$ 1,246,900	\$ 1,080,328	\$ 1,137,646	14.5	\$ 1,139,762	14.5	0.2%	0.0	No	N/A
Indirect Administration Programs											
12	Central Administration	\$ 1,506,295	\$ 1,897,112	\$ 2,362,395	15.0	\$ 2,573,756	15.0	8.9%	0.0	No	N/A
13	Information Resources	\$ 865,720	\$ 1,649,764	\$ 1,897,777	12.0	\$ 2,273,307	12.0	19.8%	0.0	No	N/A
14	Other Support Services	\$ 477,785	\$ 389,434	\$ 520,098	4.0	\$ 521,538	4.0	0.3%	0.0	No	N/A
Total		\$ 22,519,490	\$ 27,401,430	\$ 32,374,507	220.2	\$ 30,419,327	220.2	-6.0%	0.0		

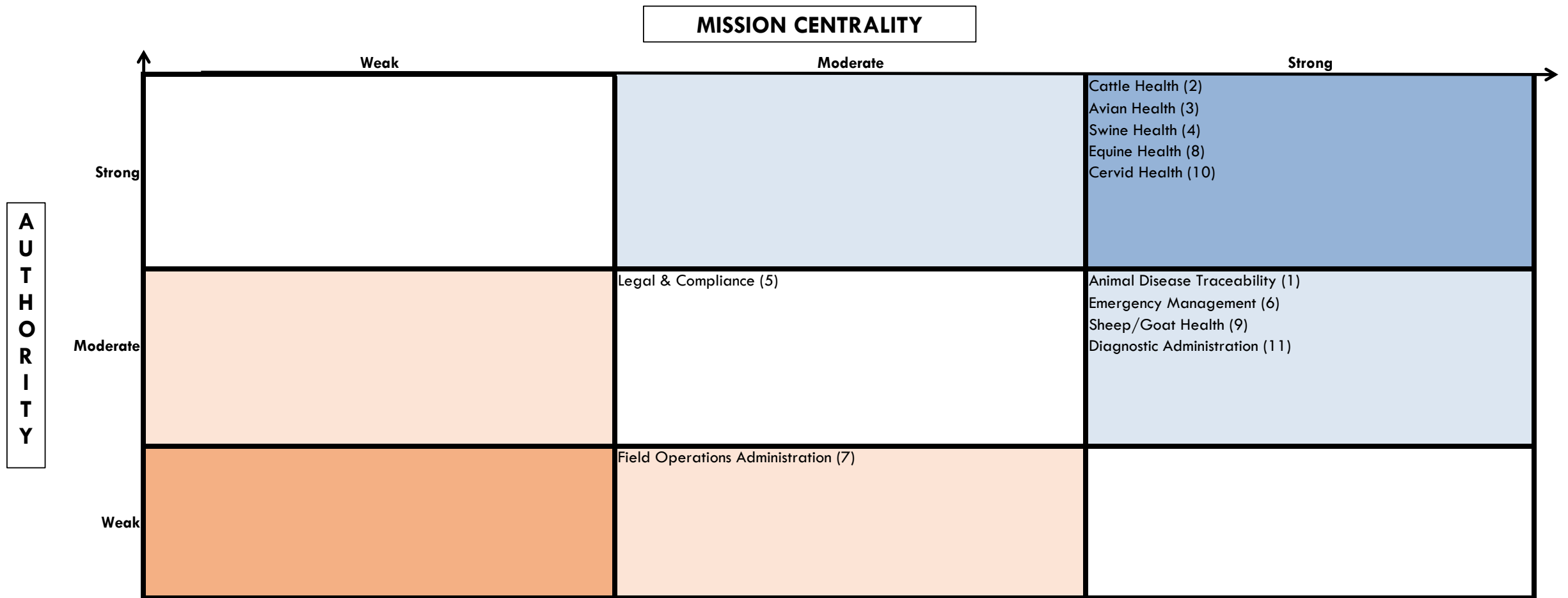
	2018-19 Est/Budg	2020-21 Recommended
Inside the Treasury	\$ 32,374,507	\$ 30,419,327
Outside the Treasury	\$ -	\$ -
Total	\$ 32,374,507	\$ 30,419,327

Notes: FTEs in the Field Operations Administration program include all FTEs for animal health programs and the Animal Disease Traceability program. The FTEs are generalist inspectors and perform functions for multiple programs on a daily basis.

Revenue Supported includes registration fees for certain fowl sellers, distributors, and transporters, inspections of farmed and captive cervids, issuing certificates of veterinary inspection.

Animal Health Commission
Strategic Fiscal Review Appendix 3: Assessment of Mission Centrality and Authority - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.



Notes: Agency program rankings included after the program name. The matrix does not include Indirect Administration programs.

Animal Health Commission
Strategic Fiscal Review Appendix 5a: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Animal Disease Traceability

Agency Ranking

1 out of 14

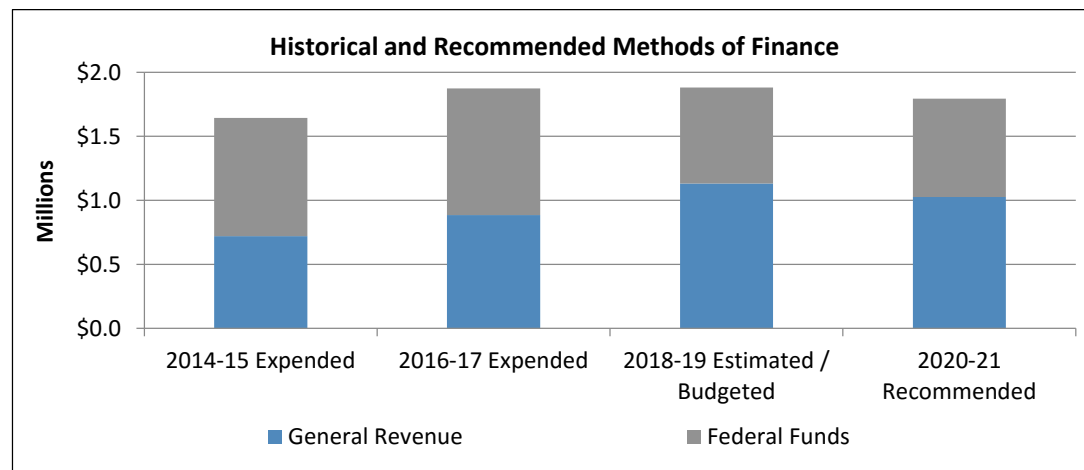
To implement and accelerate the process of premises registration for advancement of animal disease traceability.

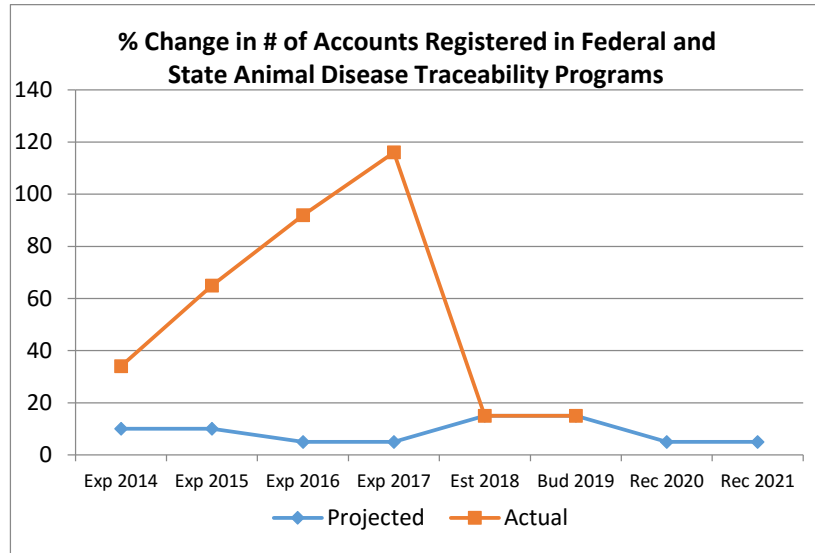
Legal Authority: Agriculture Code, Sec. 161.056; Federal Authority is found in the Federal Register, Vol. 78, No. 6, Department of Agriculture, Animal and Plant Health Inspection Service, 9 CFR Parts 71, 77, 78, 86, et al.

Year Implemented	1942	Performance and/or		Revenue Supported	Yes
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation, State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 1,634,921	\$ 1,650,000	91.9%
Operating Costs	\$ 247,182	\$ 145,000	8.1%
Total	\$ 1,882,103	\$ 1,795,000	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,795,000	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 1,795,000	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations include \$1.8 million in All Funds for the Animal Disease Traceability program. This is a decrease of \$87,103 from the 2018-19 biennial expenditure levels for the program related to an agency requested reallocation of funding to the Information Resources program.
- 2 FTEs related to the Animal Disease Traceability program are in the Field Operations Administration program. The FTEs are generalist inspectors and perform functions for multiple programs on a daily basis.
- 3 A nationwide effort is underway to improve animal disease traceability of higher risk livestock through increased registration of locations and facilities where agricultural animals are stored. The effort was initiated by USDA in 2013 for interstate movement requirements for livestock. The Texas livestock industry and TAHC are participating in this development process and it has resulted in agency performance exceeding the target for the percentage increase in participation in animal disease traceability programs.

Recommended Statutory Changes for Program Improvement

- 1 Amend Agriculture Code, §161.056, which authorizes the Animal Health Commission to implement an animal disease traceability program. Changing statute to require, not just authorize, animal identification of the livestock under the commission's purview (cattle and bison, sheep and goats, and swine) would improve the effectiveness of the program.

Challenges and Enhancement Opportunities

- 1 The number of premises registered each year has been increasing at a slower rate because the number of unregistered premises is decreasing. Once a premises is registered with the Texas Animal Health Commission (TAHC) or the United States Department of Agriculture it is permanently registered unless the premises owner requests to be removed.
- 2 New cases of bovine tuberculosis (TB) have been detected in the cattle populations in the dairy industry. Dairy calf ranches and the overall dairy industry have been growing in the state and because of the herd sizes and movement between single-owner dairy complexes, TB has been increasingly difficult to detect, trace, and eliminate.
- 3 TAHC has experienced difficulties retaining livestock and poultry inspectors (vacancy rate of 13.0 percent in fiscal year 2018). The agency is requesting additional General Revenue Funds in the 2020-21 biennium to increase salaries for all inspectors in increase retention rates.

Alternative Funding Options

1 TAHC has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. Examples of relevant inspections performed by TAHC where a fee is not collected include:

- Dairy Calf Health and Inspection Report
- Livestock Market Inspections
- Slaughter Plant Inspections

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, fee revenue could be used to replace General Revenue appropriations.

2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5b: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Cattle Health

Agency Ranking

2 out of 14

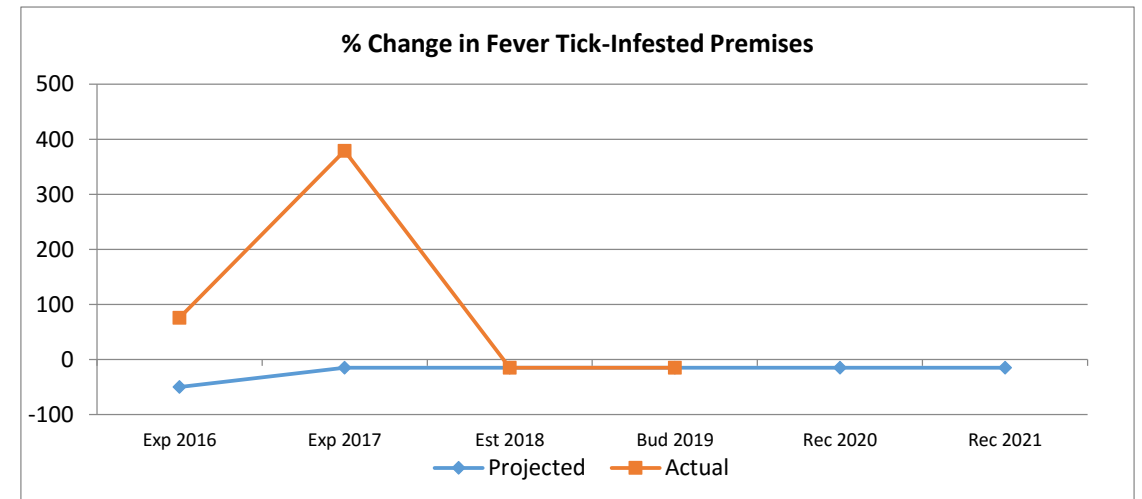
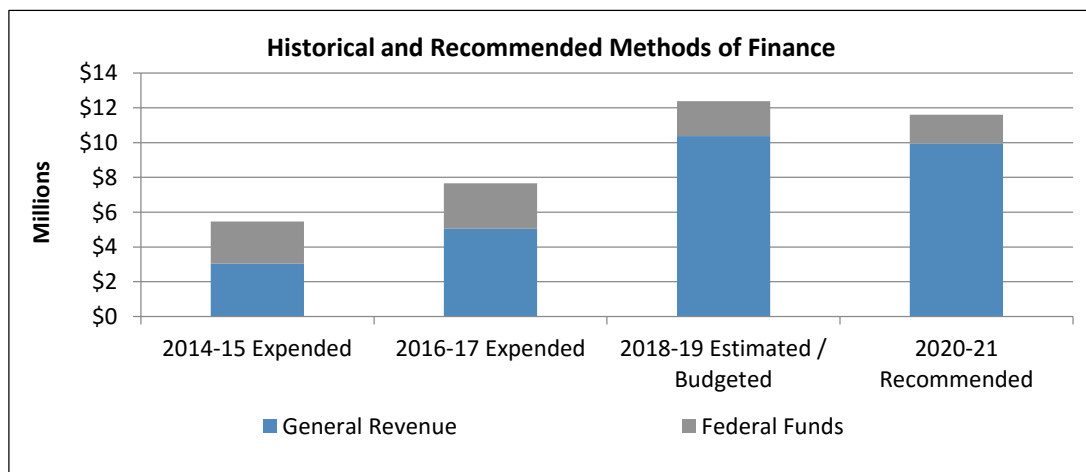
Rapidly detect and survey for foreign and emerging disease trends and threats affecting cattle. Respond to disease outbreaks; provide timely and accurate information; develop disease control / eradication plans; advise on management of disease trends, potential threats and mitigation strategies.

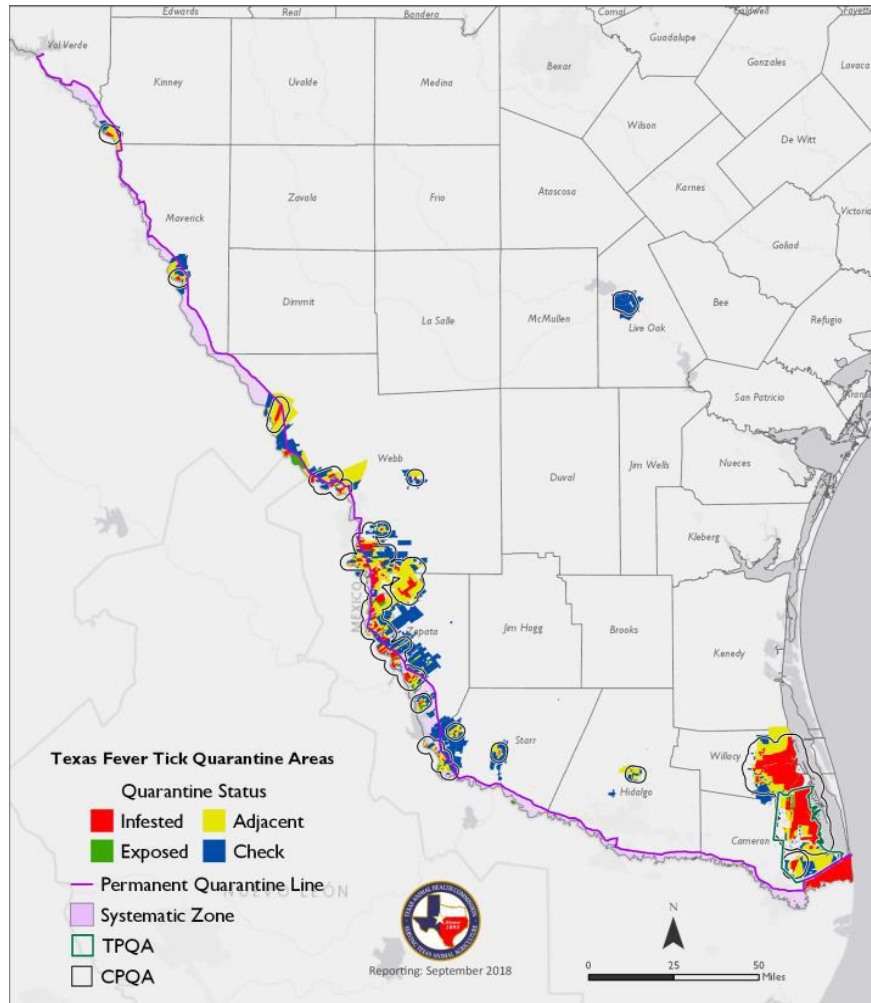
Legal Authority: Agriculture Code Sec. 161.041, Ch. 162, Ch. 163, Ch. 167;CFDA 10.025 USDA Plant & Animal Disease, Pest Control, and Animal Care; Animal Welfare Act, as amended, 7 U.S.C 2131-2155; Farm Security and Rural Investment Act of 2002, Public Law 107-171, E U.S.C 10401-10418; Plant Protection Act, Public Law 106-224, 7 U.S.C 7701-7772

Year Implemented	1893	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation, State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 9,097,920	\$ 9,525,554	82.1%
Operating Costs	\$ 2,179,310	\$ 2,081,134	17.9%
Capital Costs	\$ 1,112,129	\$ -	0.0%
Total	\$ 12,389,359	\$ 11,606,688	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 11,606,688	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 11,606,688	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations include \$11.6 million in All Funds for the Cattle Health program. This is a decrease of \$1.0 million from the 2018-19 biennial expenditure levels for the program related to one-time cattle fever-tick equipment expenditures partially offset by increased personnel costs for continued fever-tick control and eradication activities.
- 2 FTEs related to the Cattle Health program are in the Field Operations Administration program. The FTEs are generalist inspectors and perform functions for multiple programs on a daily basis.
- 3 The cattle fever tick is a significant threat to the cattle industry and can result in the death of up to 90.0 percent of exposed cattle. Cattle fever ticks transmit the Babesia bovis parasite, which causes a disease commonly known as bovine piroplasmiasis or cattle fever. Animals not susceptible to cattle fever, such as horses, deer, and nilgai antelope, can carry cattle fever ticks. In 1893, fever tick outbreaks in Texas led to the creation of the Livestock Sanitary Commission, the precursor to TAHC. Texas is the largest producer of cattle in the US (valued at \$14.7 billion in 2017), and the United States Department of Agriculture (USDA) – National Agricultural Statistics Service reported the inventory of all cattle in Texas to be 12.5 million head, or 13.0 percent of the national total as of January 1, 2018.

TAHC and USDA – Animal and Plant Health Inspection Service maintain a Permanent Quarantine Zone along the Rio Grande River in South Texas to separate areas endemic with fever ticks from the rest of the United States. The Permanent Quarantine Zone consists of over a half million acres in eight South Texas counties: Cameron, Hidalgo, Kinney, Maverick, Starr, Webb, Val Verde, and Zapata. Inspectors regularly inspect livestock in the quarantine zone, and animals must receive a movement document from the agency before being shipped outside the area. In addition, TAHC has established temporary quarantine zones (Control Purpose Quarantine Area (CPQA) and Temporary Preventative Quarantine Area (TPQA)) outside of the permanent zone primarily in South Texas. Inspectors also perform surveillance at sale barns and receiving pens to prevent the spread of ticks. The figures show a map of the Texas fever tick quarantine areas as of September 2018.

Challenges and Enhancement Opportunities

- 1 For all programs related to animal health inspection, the agency has experienced difficulties retaining fully trained and qualified inspectors. Inspectors often leave the agency for other positions with higher compensation levels when economic conditions improve.
- 2 Texas Animal Health Commission (TAHC) and United States Department of Agriculture (USDA) personnel routinely assist US Border Patrol agents with the capture of livestock and horses that entered the country from Mexico which are often diagnosed as diseased or carrying cattle fever ticks. The Texas-Mexico border is approximately 1,248 miles in length and poses a significant challenge to TAHC and USDA animal health programs.
- 3 New cases of bovine tuberculosis (TB) have been detected in the cattle populations in the dairy industry. Dairy calf ranches and the overall dairy industry have been growing in the state and because of the herd sizes and movement between single-owner dairy complexes, TB has been increasingly difficult to detect, trace, and eliminate.

- 4 Federal funding for brucellosis surveillance and eradication has been declining due to decreased instances of the disease. Slaughter plants and veterinarians at livestock markets have been paid to collect samples using Federal Funds in the past for testing at the State-Federal Laboratory in Austin. Decreases in Federal Funds for this purpose will make it difficult to maintain brucellosis surveillance and eradication efforts in the program.
- 5 TAHC has experienced difficulties retaining livestock and poultry inspectors. The agency is requesting additional General Revenue Funds in the 2020-21 biennium to increase salaries for all inspectors in increase retention rates.

Alternative Funding Options

- 1 TAHC has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. Examples of relevant inspections performed by TAHC where a fee is not collected include:
 - Dairy Calf Health and Inspection Report
 - Livestock Market Inspections
 - Slaughter Plant Inspections
- TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, fee revenue could be used to replace General Revenue appropriations.
- 2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5c: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Avian Health

Agency Ranking

3 out of 14

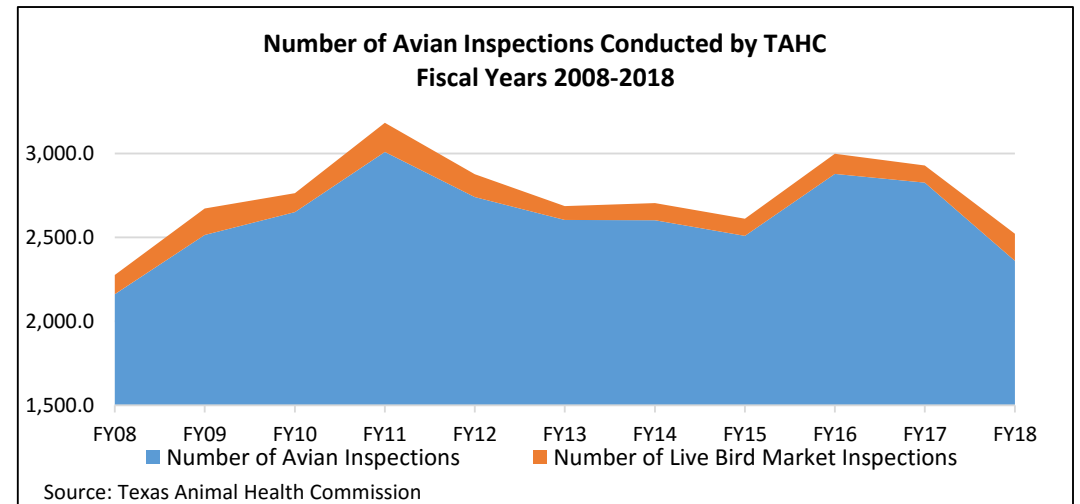
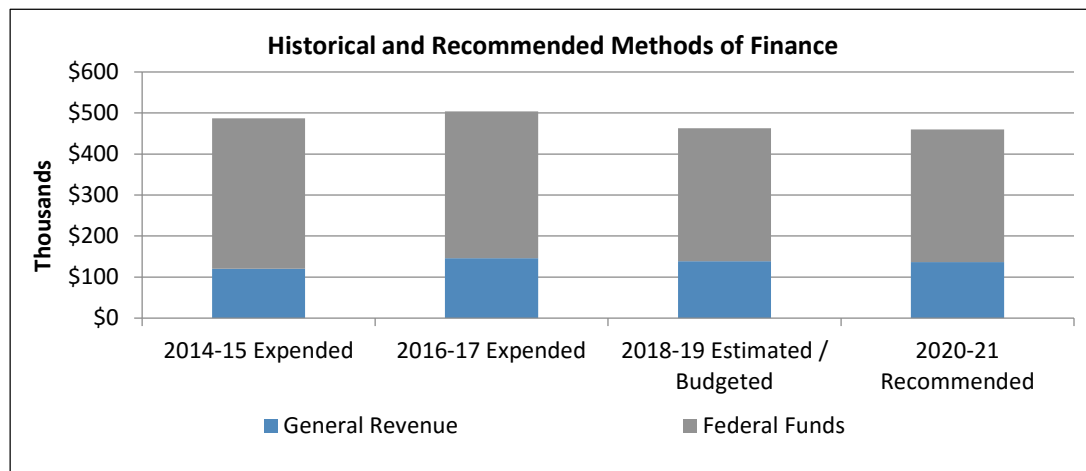
Monitor for and respond to outbreaks of infectious diseases through surveillance, testing, diagnosis, promotion of biosecurity, and identification of poultry populations at greatest risk of infection. Develop disease control / eradication plans. Manage poultry registration program.

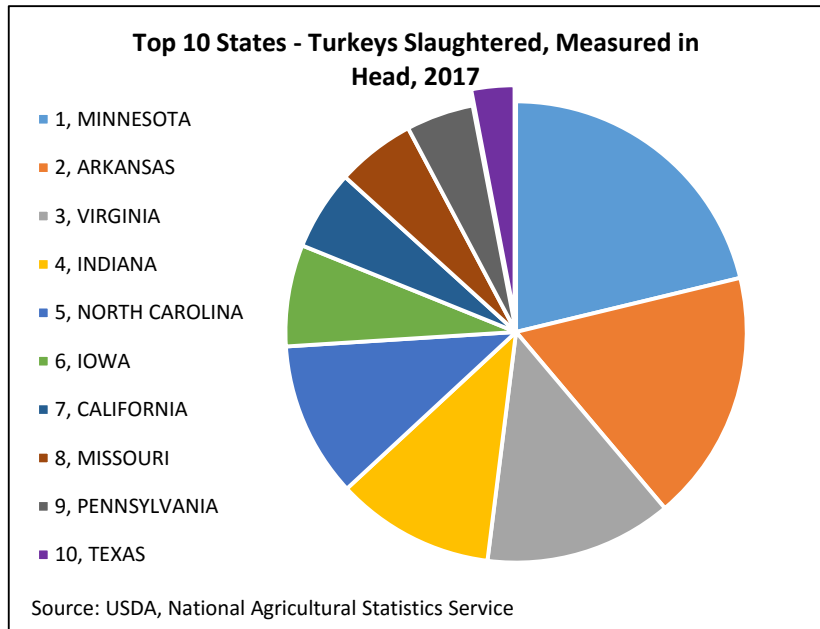
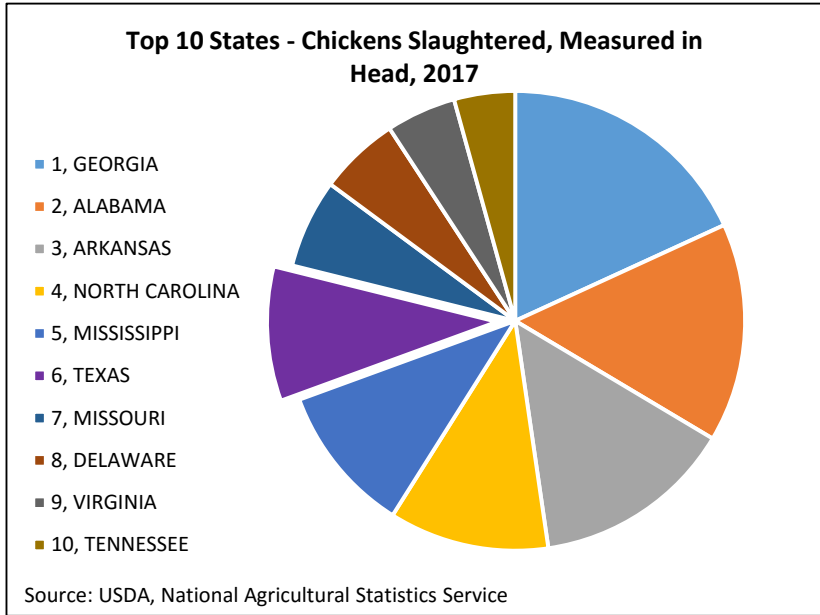
Legal Authority: Agriculture Code, Sec. 161.041 and 161.0411;CFDA 10.025 USDA Plant & Animal Disease, Pest Control, and Animal Care; Animal Welfare Act, as amended, 7 U.S.C 2131-2155; Farm Security and Rural Investment Act of 2002, Public Law 107-171, E U.S.C 10401-10418; Plant Protection Act, Public Law 106-224, 7 U.S.C 7701-7772

Year Implemented	1925	Performance and/or		Revenue Supported	Yes
Authority	Strong	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation, State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 391,761	\$ 388,000	84.3%
Operating Costs	\$ 71,008	\$ 72,000	15.7%
Total	\$ 462,769	\$ 460,000	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 460,000	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 460,000	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations provide \$0.4 million in All Funds for the Avian Health program, a decrease of \$2,769.
- 2 FTEs related to the Avian Health program are in the Field Operations Administration program. The FTEs are generalist inspectors and perform functions for multiple programs on a daily basis.

Challenges and Enhancement Opportunities

- 1 For all programs related to animal health inspection, the agency has experienced difficulties retaining fully trained and qualified inspectors. Inspectors often leave the agency for other positions with higher compensation levels when economic conditions improve.
- 2 Protecting avian livestock health is primarily challenged by diseases carried by migratory fowl and backyard flocks which are in close proximity to commercial poultry producers.

Alternative Funding Options

- 1 Texas Animal Health Commission (TAHC) has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. An example of relevant inspections performed by TAHC where a fee is not collected include:

-Live Bird Market Inspections

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, fee revenue could be used to replace General Revenue appropriations.

- 2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5d: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Swine Health

Agency Ranking

4 out of 14

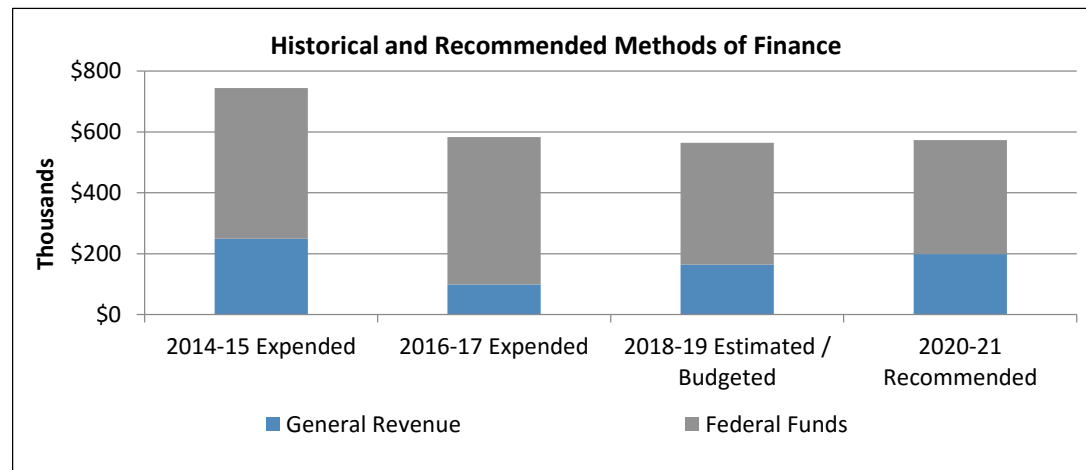
Rapidly detect and survey for foreign and emerging disease trends and threats affecting swine. Respond to disease outbreaks; provide timely and accurate information; develop disease control / eradication plans; advise on management of disease trends, potential threats and mitigation strategies.

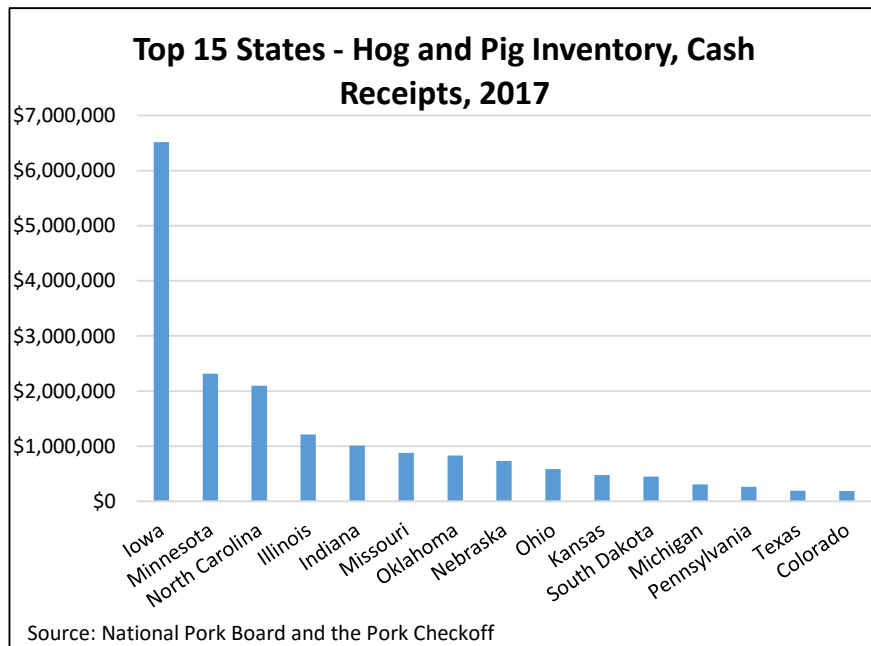
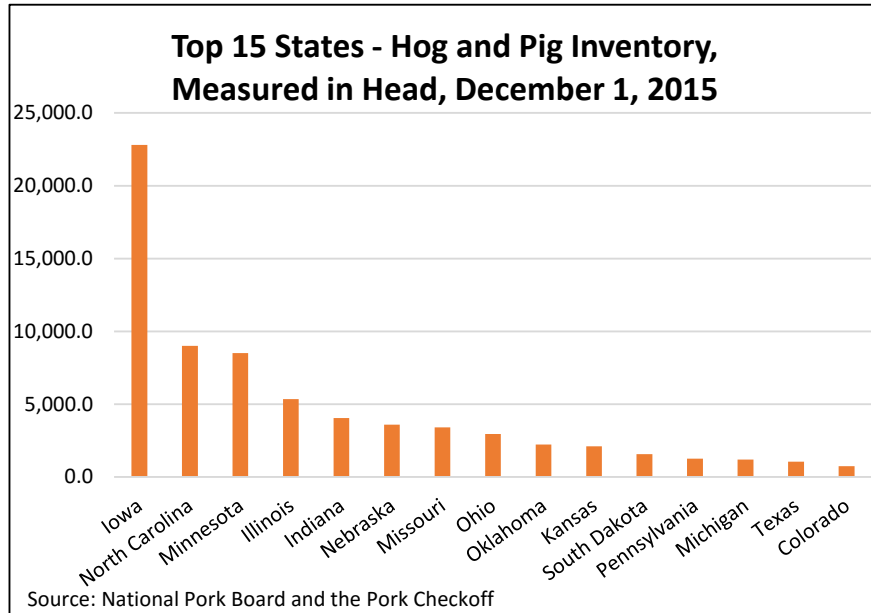
Legal Authority: Agriculture Code 161.041, Ch. 165;CFDA 10.025 USDA Plant & Animal Disease, Pest Control, and Animal Care; Animal Welfare Act, as amended, 7 U.S.C 2131-2155; Farm Security and Rural Investment Act of 2002, Public Law 107-171, E U.S.C 10401-10418; Plant Protection Act, Public Law 106-224, 7 U.S.C 7701-7772

Year Implemented	1911	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation, State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 469,948	\$ 476,000	83.1%
Operating Costs	\$ 94,405	\$ 96,972	16.9%
Total	\$ 564,353	\$ 572,972	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 572,972	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 572,972	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations include \$0.6 million in All Funds for the Swine Health program, an increase of \$8,619. Recommendations also reflect a decrease of \$29,028 in General Revenue related to onetime cattle fever-tick equipment expenditures reallocated to the Swine Health program.
- 2 FTEs related to the Swine Health program are in the Field Operations Administration program. The FTEs are generalist inspectors and perform functions for multiple programs on a daily basis.

Challenges and Enhancement Opportunities

- 1 For all programs related to animal health inspection, the agency has experienced difficulties retaining fully trained and qualified inspectors. Inspectors often leave the agency for other positions with higher compensation levels when economic conditions improve.
- 2 Protecting the health of swine livestock, valued at \$239.4 million by USDA in 2017, is challenged by the presence of feral swine throughout the state. Feral swine can carry diseases (e.g. swine brucellosis, pseudorabies) that pose threats to domestic swine, cattle, humans, and other species. These diseases can be spread easily when domestic and feral swine intermingle.

Alternative Funding Options

- 1 Texas Animal Health Commission (TAHC) has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. Examples of relevant inspections performed by TAHC where a fee is not collected include:
 - Feral Swine Hunting Preserve Inspections
 - Livestock Market Inspections
 - Slaughter Plant Inspections

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, fee revenue could be used to replace General Revenue appropriations.
- 2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5e: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority		
	Centrality	Authority
	X	
Authority		

Program: Legal & Compliance

Agency Ranking 5 out of 14

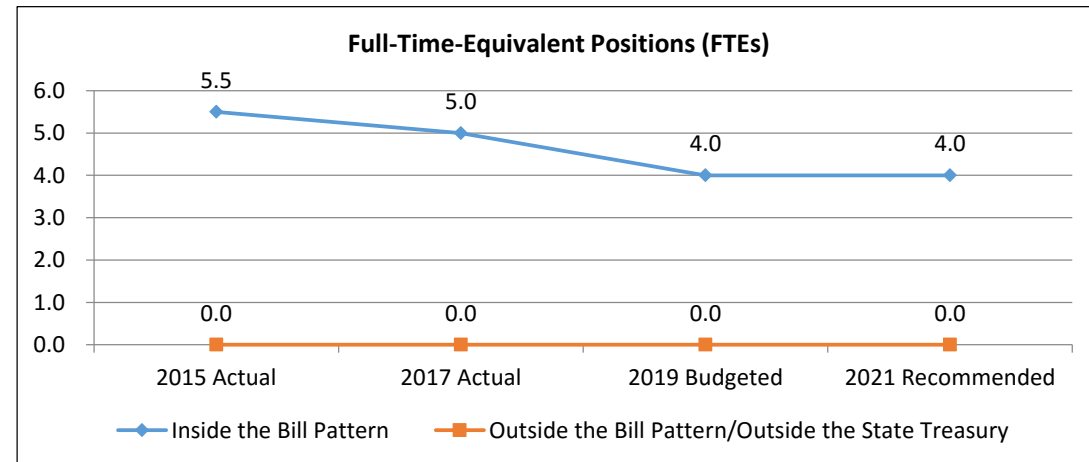
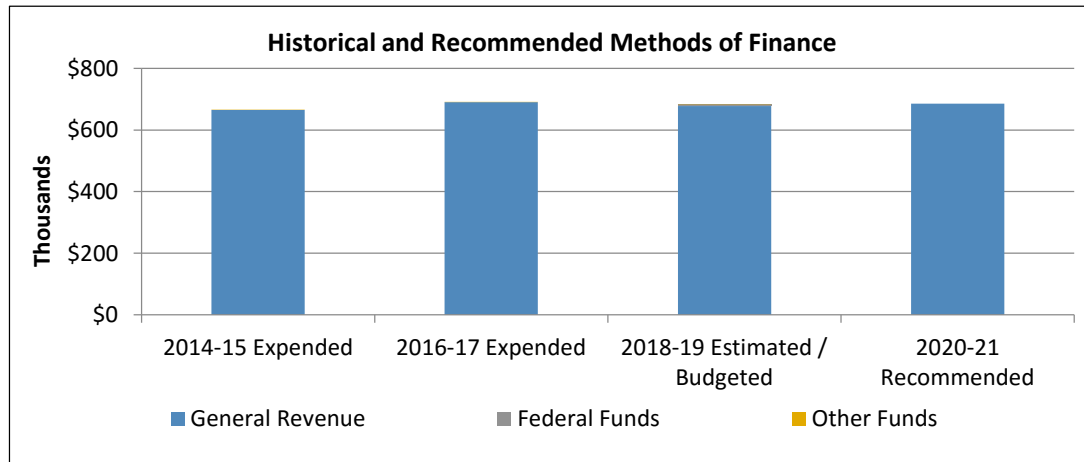
Provides legal counsel and representation in all aspects of internal operations, state and federal programs, personnel matters, contracts, and rulemaking. Enforces intrastate / interstate regulations. Regulates veterinarians authorized to perform functions involved in the agency's programs.

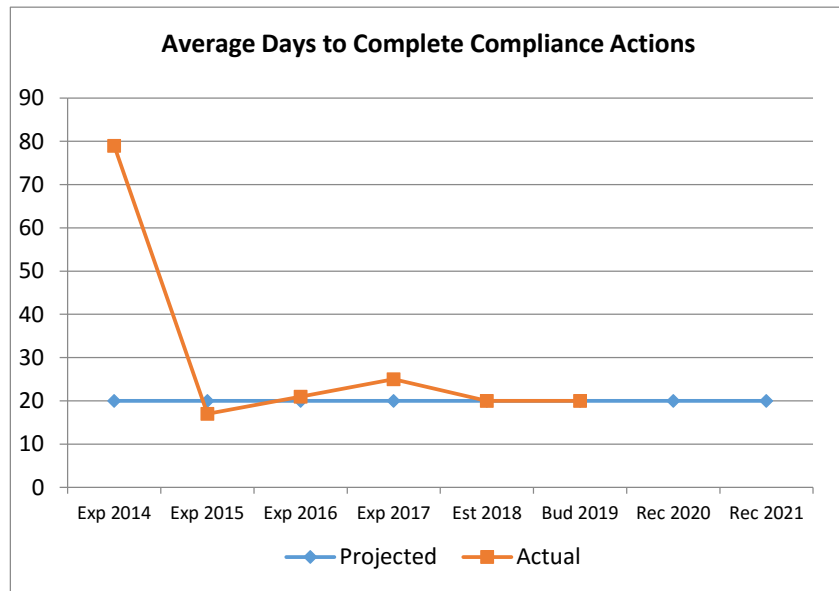
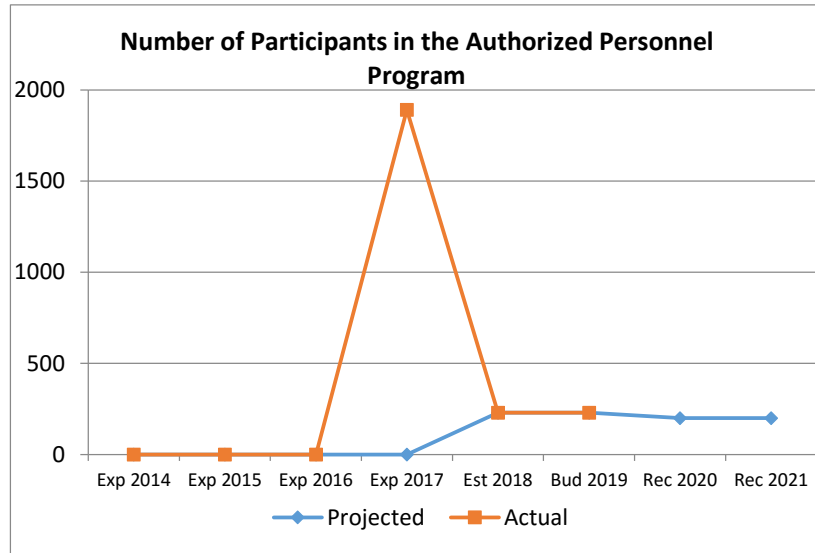
Legal Authority: Agriculture Code, Chapter 161

Year Implemented	1935	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 623,586	\$ 623,394	90.9%
Operating Costs	\$ 58,511	\$ 62,448	9.1%
Total	\$ 682,097	\$ 685,842	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 685,842	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 685,842	100.0%





Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations provide \$0.7 million in General Revenue Funds for the Legal & Compliance program, an increase of \$3,745. The agency received Federal Funds related to Hurricane Harvey and Appropriated Receipts due to open record requests in the 2018-19 biennium that are not anticipated to be available in the 2020-21 biennium.

Challenges and Enhancement Opportunities

1 Responding to emerging disease threats and ensuring compliance with interstate/intrastate regulations is a substantial challenge for the Legal & Compliance program. Program staff resources are devoted to rulemaking and certification of veterinarians.

Alternative Funding Options

1 Texas Animal Health Commission (TAHC) has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. Examples of inspections done by TAHC were a fee is not collected include:

- Dairy Calf Health and Inspection Report
- Livestock Market Inspections
- Slaughter Plant Inspections

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, fee revenue could be used to replace General Revenue appropriations.

2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5f: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Emergency Management

Agency Ranking 6 out of 14

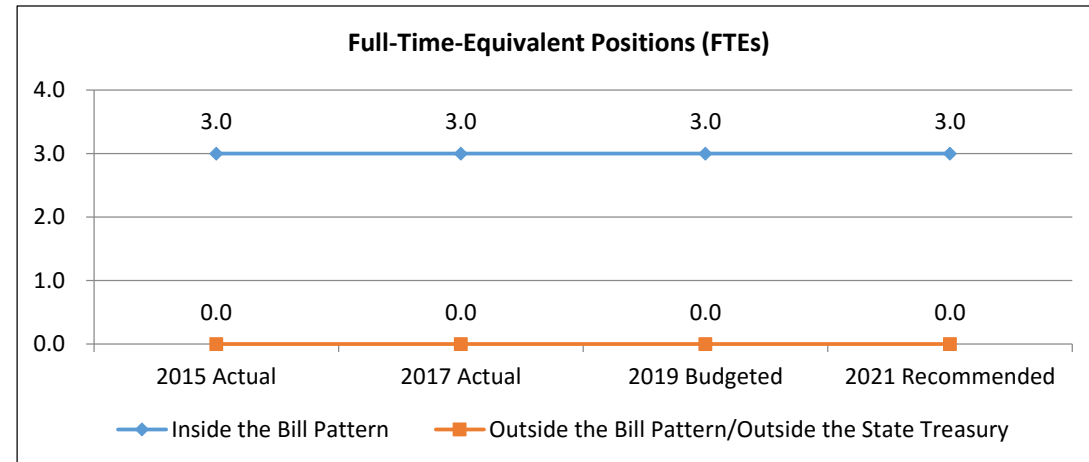
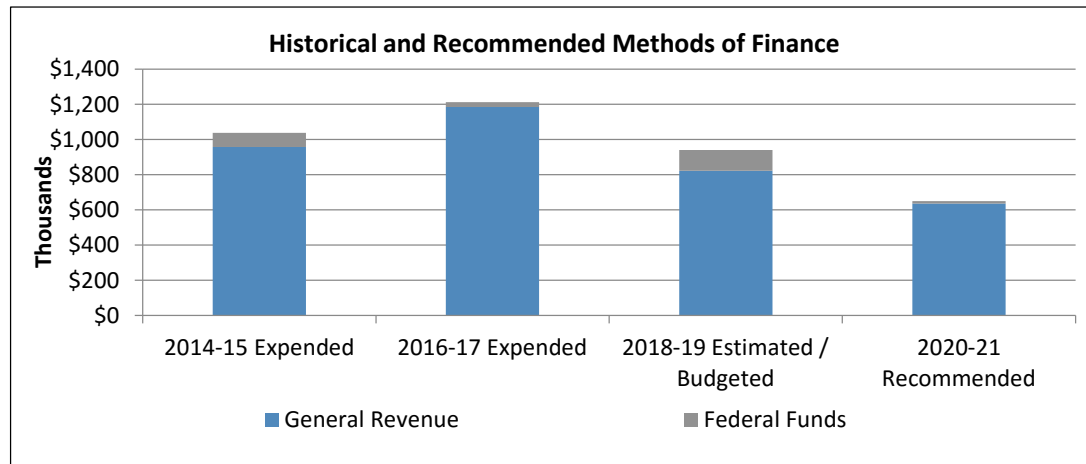
Assisting in planning, coordination, evaluation, transportation, sheltering and care of large and small animals in natural and disease disasters.

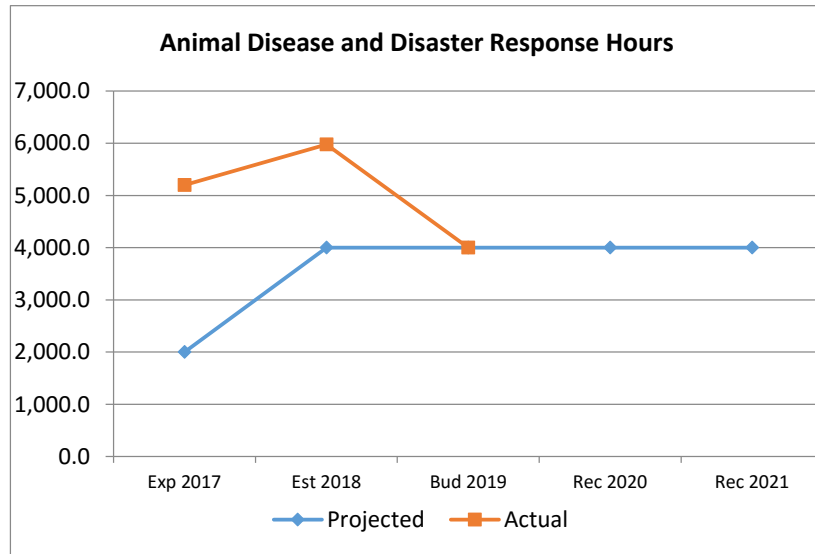
Legal Authority: Agriculture Code, Sec. 161.0416

Year Implemented	2002	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation, State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 704,120	\$ 479,800	73.9%
Operating Costs	\$ 227,260	\$ 169,554	26.1%
Capital Costs	\$ 6,887	\$ -	0.0%
Grants	\$ 1,500	\$ -	0.0%
Total	\$ 939,767	\$ 649,354	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 649,354	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 649,354	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations include \$0.7 million in All Funds for the Emergency Management program, a decrease of \$0.3 million related to decreases in General Revenue Funds and Federal Funds for Hurricane Harvey response.
- 2 FTEs in the Emergency Management program are dedicated to planning activities for the care of animals in the event of natural, man-made, and disease disasters. In the event of a disaster, FTEs from other programs would be allocated for the agency's response effort.

Recommended Statutory Changes for Program Improvement

- 1 Amend Government Code, §418.043, and Agriculture Code, §161.0416, to clarify the Texas Animal Health Commission's role in planning and responding to disasters related to companion animals. The agency's statutory authority directly relates to livestock and poultry.

Alternative Funding Options

- 1 Texas Animal Health Commission (TAHC) has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provided to the livestock and poultry industries.

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. These enhanced capabilities would benefit the agency when responding to emergency situations, but would not be directly related to emergency management.

- 2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5g: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
Authority		X	

Program: Field Operations Administration

Agency Ranking

7 out of 14

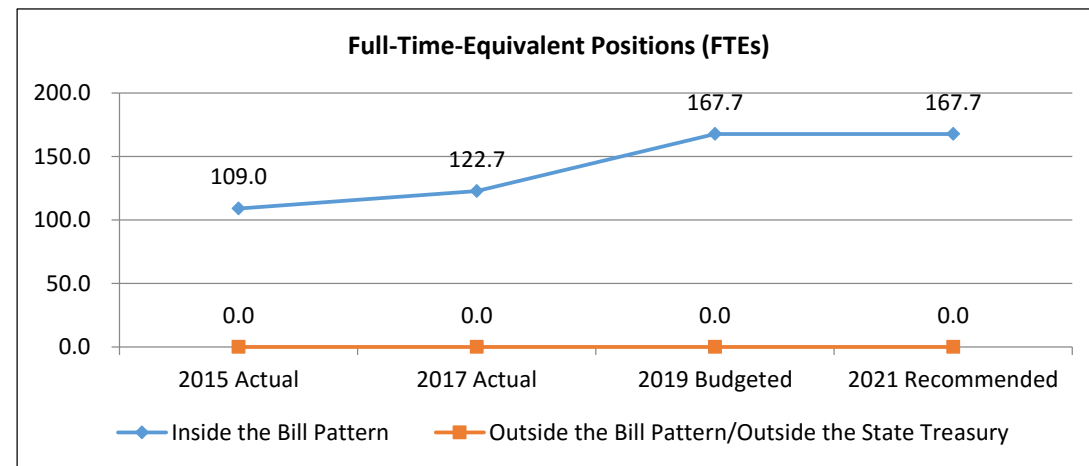
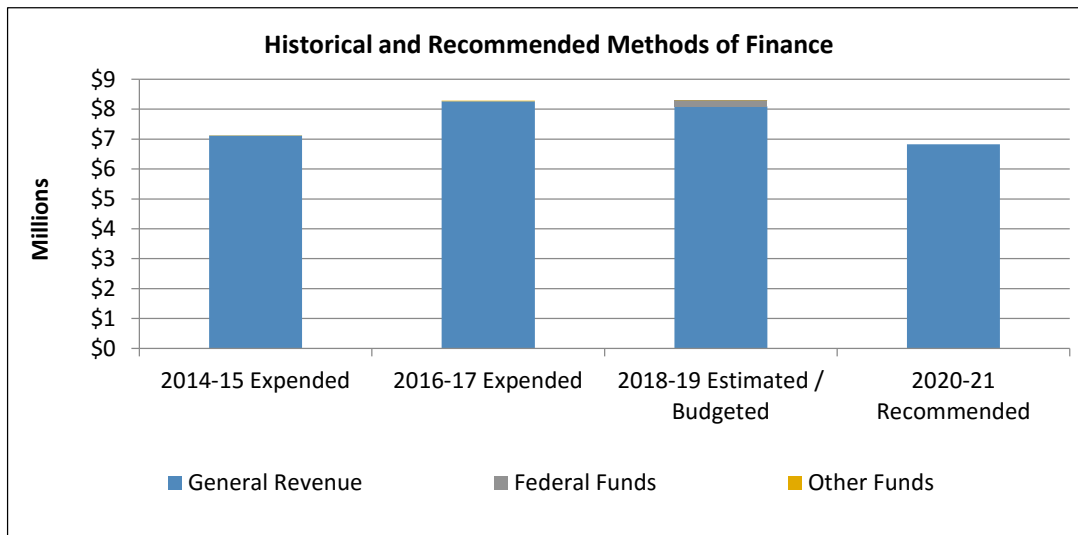
Perform the administrative aspect of providing local services to livestock and poultry producers of Texas. Functions not tied to a specific species or emergency.

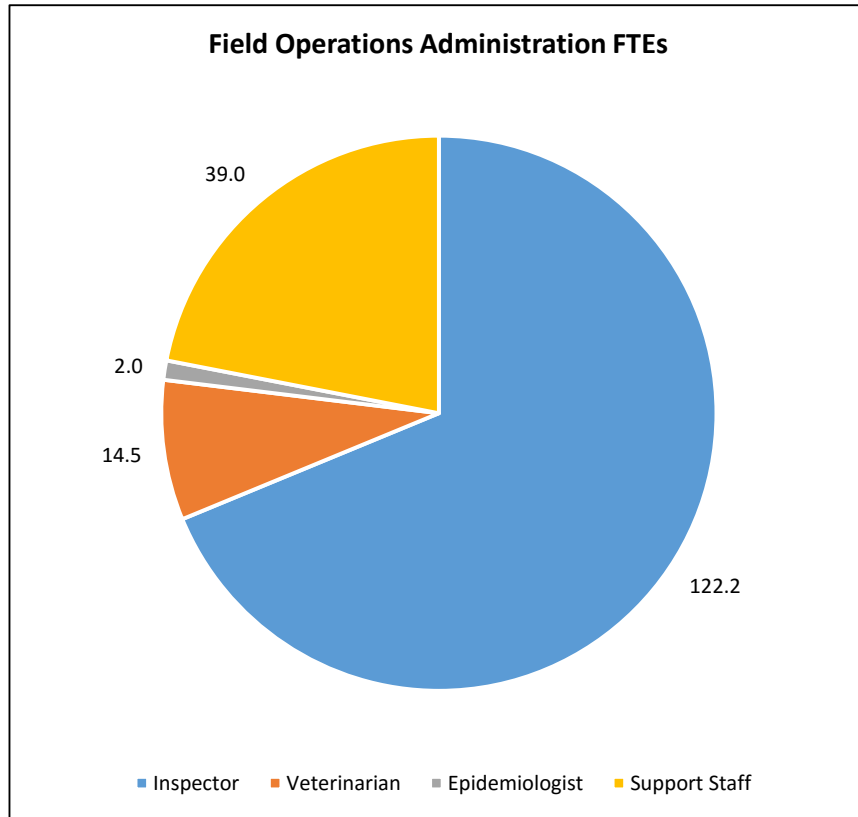
Legal Authority: Agriculture Code, Chapter 161

Year Implemented	1893	Performance and/or		Revenue Supported	Yes
Authority	Weak	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 4,527,789	\$ 4,034,917	59.1%
Operating Costs	\$ 3,431,895	\$ 2,491,191	36.5%
Capital Costs	\$ 332,611	\$ 300,000	4.4%
Total	\$ 8,292,295	\$ 6,826,108	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 6,826,108	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 6,826,108	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations include \$6.8 million in General Revenue Funds for the Field Operations Administration program, a decrease of \$1.5 million in All Funds. The decrease is primarily related to a reallocation of resources to the Information Resources program to reflect actual expenditures on information resource technologies.
- 2 FTEs in the Field Operations Administration program include all animal health program inspectors and animal disease traceability staff. These FTEs are allocated during the biennium.

Challenges and Enhancement Opportunities

- 1 Texas Animal Health Commission (TAHC) has experienced difficulties retaining livestock and poultry inspectors. The agency is requesting additional General Revenue Funds in the 2020-21 biennium to increase salaries for all inspectors in increase retention rates.

Alternative Funding Options

- 1 TAHC has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. Examples of relevant inspections performed by TAHC where a fee is not collected include:

- Dairy Calf Health and Inspection Report
- Livestock Market Inspections
- Slaughter Plant Inspections
- Feedlot Inspections
- Piro Inspections
- Tick Inspections
- Livestock Shipment Inspections
- Slaughter Plan Inspections

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, fee revenue could be used to replace General Revenue appropriations.

- 2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5h: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Equine Health

Agency Ranking

8 out of 14

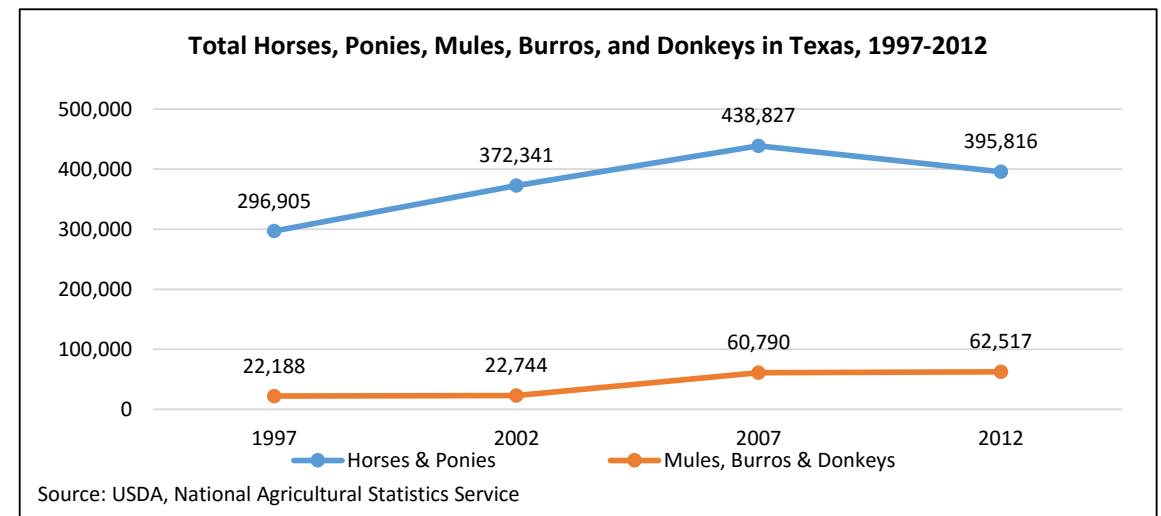
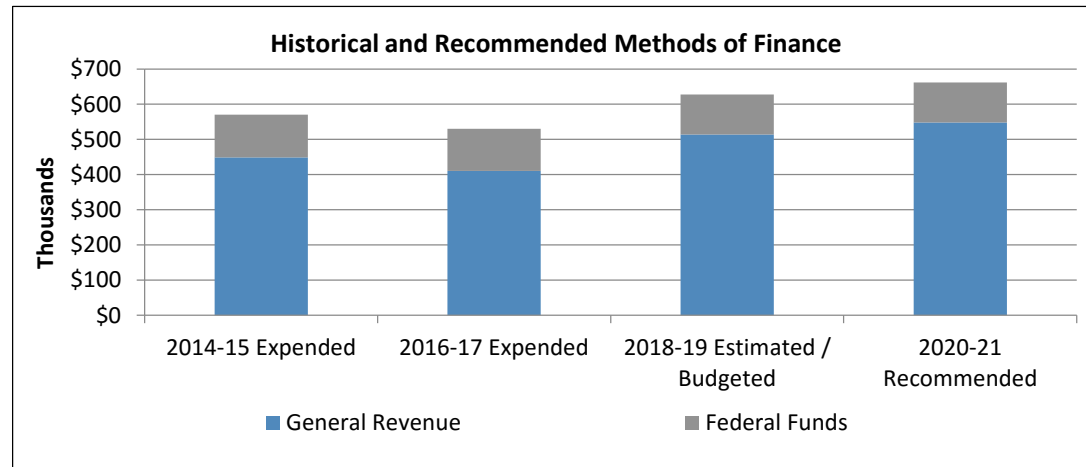
Rapidly detect and survey for foreign and emerging disease trends and threats affecting equines. Respond to disease outbreaks; provide timely and accurate information; develop disease control / eradication plans; advise on management of disease trends, potential threats and mitigation strategies.

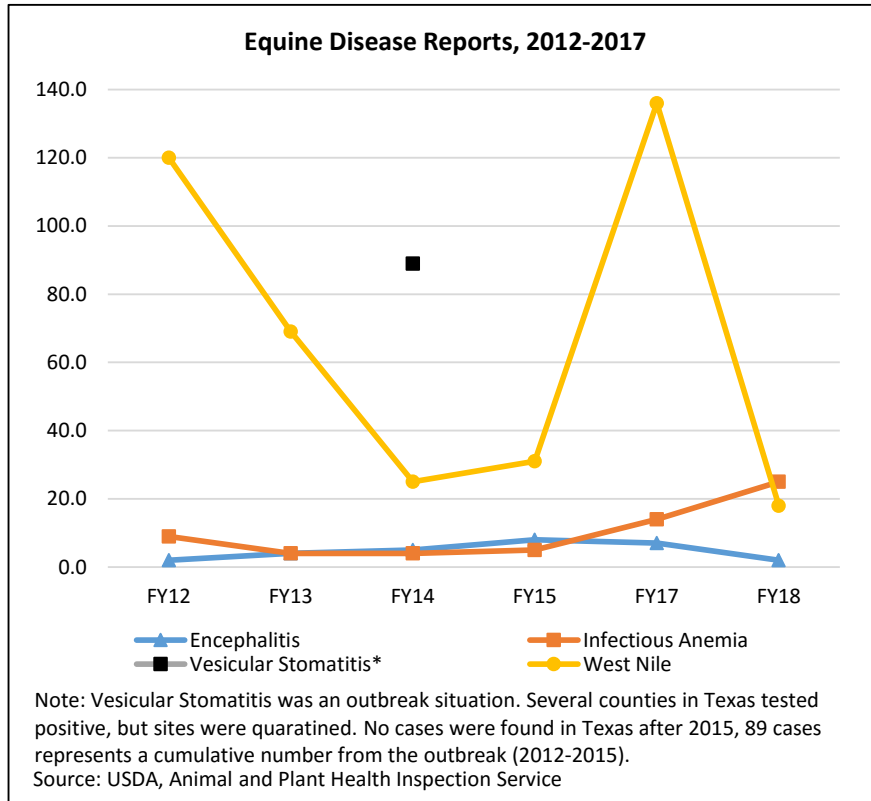
Legal Authority: Agriculture Code 161.041, 161.149;CFDA 10.025 USDA Plant & Animal Disease, Pest Control, and Animal Care; Animal Welfare Act, as amended, 7 U.S.C 2131-2155; Farm Security and Rural Investment Act of 2002, Public Law 107-171, E U.S.C 10401-10418; Plant Protection Act, Public Law 106-224, 7 U.S.C 7701-7772

Year Implemented	1911	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation, State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 558,757	\$ 565,000	85.3%
Operating Costs	\$ 68,686	\$ 97,000	14.7%
Total	\$ 627,443	\$ 662,000	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 662,000	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 662,000	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations provide \$0.6 million in All Funds for the Equine Health program, an increase of \$34,557.
- 2 FTEs related to the Equine Health program are in the Field Operations Administration program. The FTEs are generalist inspectors and perform functions for multiple programs on a daily basis.

Challenges and Enhancement Opportunities

- 1 For all programs related to animal health inspection, the agency has experienced difficulties retaining fully trained and qualified inspectors. Inspectors often leave the agency for other positions with higher compensation levels when economic conditions improve.
- 2 Texas Animal Health Commission (TAHC) and United States Department of Agriculture (USDA) personnel routinely assist US Border Patrol agents with the capture of livestock and horses that entered the country from Mexico which are often diagnosed as diseased or carrying cattle fever ticks. The Texas-Mexico border is approximately 1,248 miles in length and poses a significant challenge to TAHC and USDA animal health programs.

Alternative Funding Options

- 1 Texas Animal Health Commission (TAHC) has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. Examples of relevant inspections performed by TAHC where a fee is not collected include:
 - Piro Inspections
 - Livestock Market Inspections
 - Tick Inspections

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities.

- 2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5i: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Sheep/Goat Health

Agency Ranking

9 out of 14

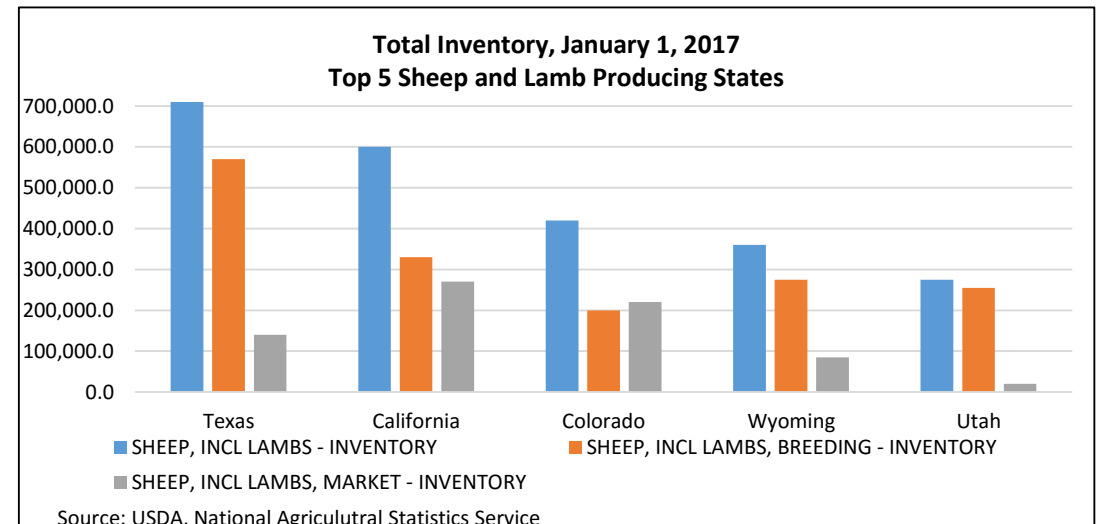
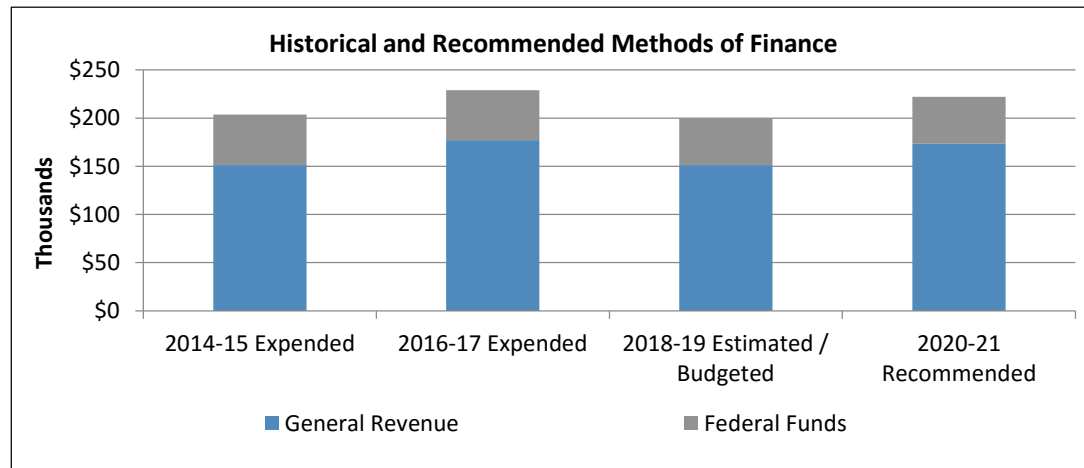
Rapidly detect and survey for foreign and emerging disease trends and threats affecting sheep/goats. Respond to disease outbreaks; provide timely and accurate information; develop disease control/eradication plans; advise on management of disease trends, potential threats and mitigation strategies.

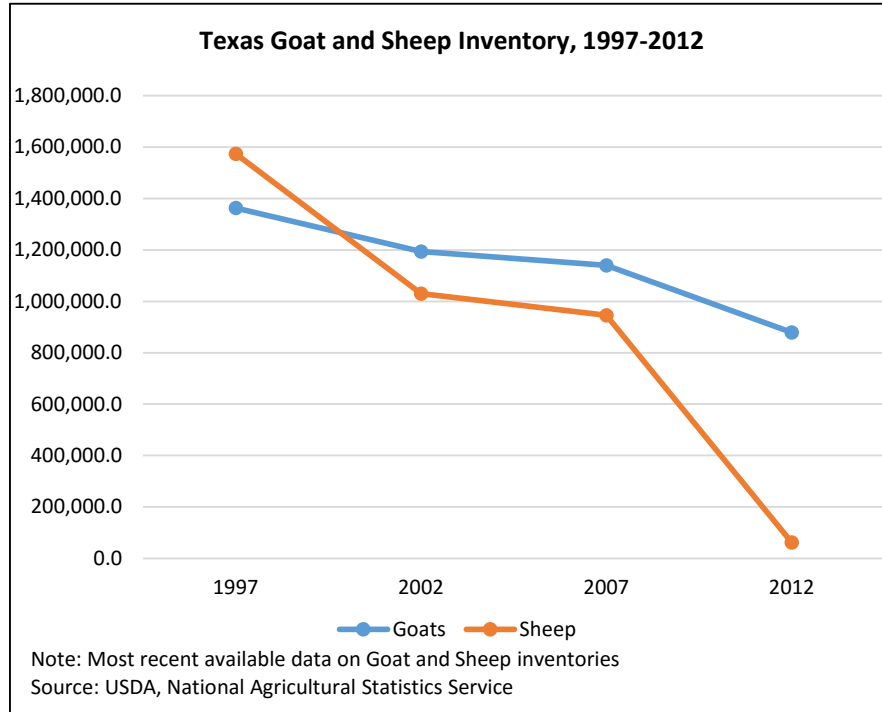
Legal Authority: Agriculture Code 161.041;CFDA 10.025 USDA Plant & Animal Disease, Pest Control, and Animal Care; Animal Welfare Act, as amended, 7 U.S.C 2131-2155; Farm Security and Rural Investment Act of 2002, Public Law 107-171, E U.S.C 10401-10418; Plant Protection Act, Public Law 106-224, 7 U.S.C 7701-7772

Year Implemented	1911	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation, State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 177,011	\$ 182,000	82.0%
Operating Costs	\$ 22,813	\$ 40,000	18.0%
Total	\$ 199,824	\$ 222,000	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 222,000	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 222,000	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations include \$0.2 million in All Funds for the Sheep/Goat Health program, an increase of \$22,176 in All Funds. Texas has the largest sheep and goat industry in the nation with an estimated value of \$122.1 million in 2017, according to USDA.
- 2 FTEs related to the Sheep/Goat Health program are in the Field Operations Administration program. The FTEs are generalist inspectors and perform functions for multiple programs on a daily basis.

Challenges and Enhancement Opportunities

- 1 For all programs related to animal health inspection, the agency has experienced difficulties retaining fully trained and qualified inspectors. Inspectors often leave the agency for other positions with higher compensation levels when economic conditions improve.

Alternative Funding Options

- 1 Texas Animal Health Commission (TAHC) has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. Examples of relevant inspections performed by TAHC where a fee is not collected include:

- Livestock Shipment Inspections
- Livestock Market Inspections
- Slaughter Plant Inspections

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities.

- 2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5j: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Cervid Health

Agency Ranking

10 out of 14

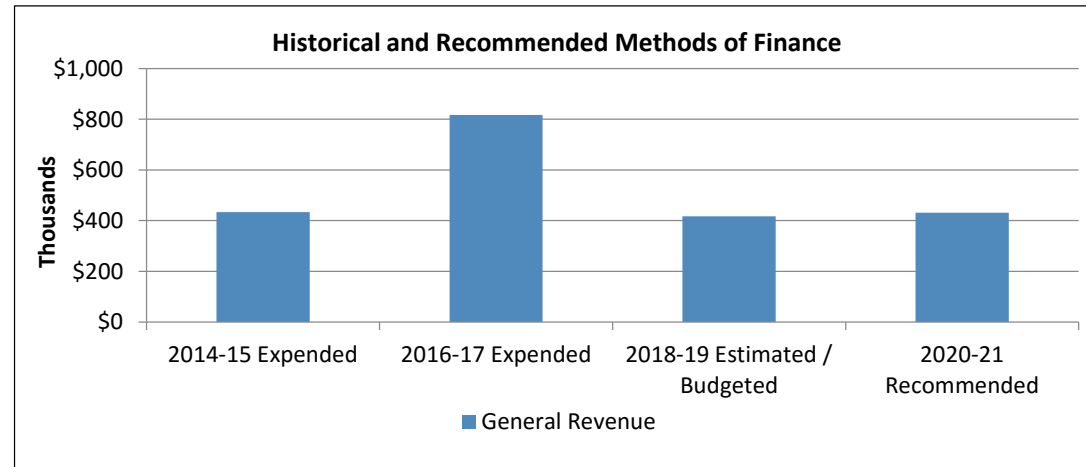
To further chronic wasting disease surveillance in farmed deer and in elk; to reduce the risk of introduction of chronic wasting disease, and to provide early disease detection.

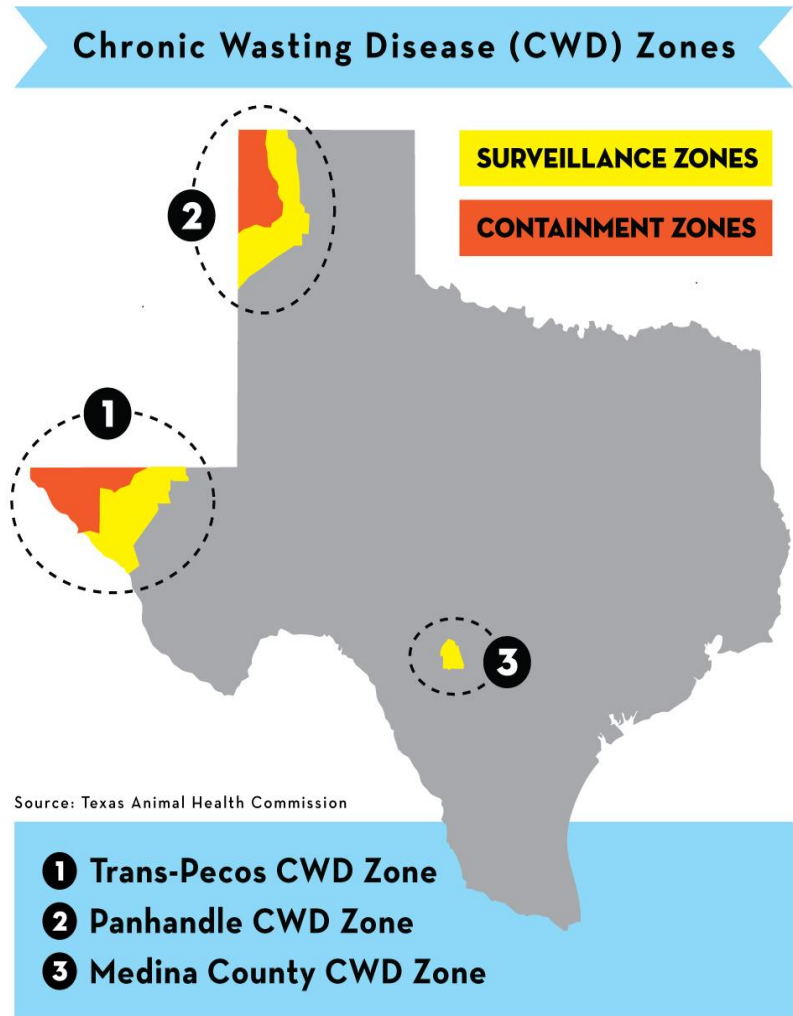
Legal Authority: Agriculture Code Sec. 161.041, Sec. 161.0541, Ch. 167;9 CFR Chapter 1, Subchapter B, Part 55

Year Implemented	2001	Performance and/or		Revenue Supported	Yes
Authority	Strong	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation, State Government Administration & S		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 348,935	\$ 354,000	82.1%
Operating Costs	\$ 67,647	\$ 77,000	17.9%
Total	\$ 416,582	\$ 431,000	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 431,000	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 431,000	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations include \$0.4 million in General Revenue Funds for the Cervid Health program, an increase of \$14,418 in General Revenue Funds.
- 2 FTEs related to the Cervid Health program are in the Field Operations Administration program. The FTEs are generalist inspectors and perform functions for multiple programs on a daily basis.
- 3 Native deer species are defined in Parks and Wildlife Code §63.001 as game animals and not livestock, TAHC is involved CWD response in multiple ways. Non-native cervid species such as elk, sika, red deer, nilgai antelope, and moose are as exotic livestock and Agriculture Code §161.041 authorizes TAHC to act to eradicate or control any disease affecting exotic livestock, including situations when the agent of transmission is an animal species outside of the agency’s jurisdiction, such as a native mule deer or white-tailed deer.

TAHC and TPWD co-chair the CWD Task Force, which works with work with public and private stakeholders in developing rules and monitoring and managing CWD-related issues. TPWD provides biological information and statistics for native and nonnative cervid species, and TAHC provides epidemiological expertise. Both agencies approve herd plans, which are requirements for disease testing and management established for deer-breeding facilities that have CWD-positive animals. Both agencies also coordinate to develop containment and surveillance zones in and around areas that have CWD and to train agency staff and others to collect samples for disease testing. The figure shows the CWD Zones established by TAHC and TPWD for disease detection, control, and eradication in high-risk areas.

Challenges and Enhancement Opportunities

- 1 For all programs related to animal health inspection, the agency has experienced difficulties retaining fully trained and qualified inspectors. Inspectors often leave the agency for other positions with higher compensation levels when economic conditions improve.
- 2 A cervid herd owner may choose to have inspections done by TAHC staff or an authorized veterinarian. Accordingly, the agency is not able to control the number of inspections that may need to be conducted by staff each fiscal year.

Alternative Funding Options

- 1 Reducing funding related to inspections of cervid herds could result in more inspections being conducted by authorized private veterinarians throughout the state.

Animal Health Commission
Strategic Fiscal Review Appendix 5k: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
			X
Authority			

Program: Diagnostic Administration

Agency Ranking

11 out of 14

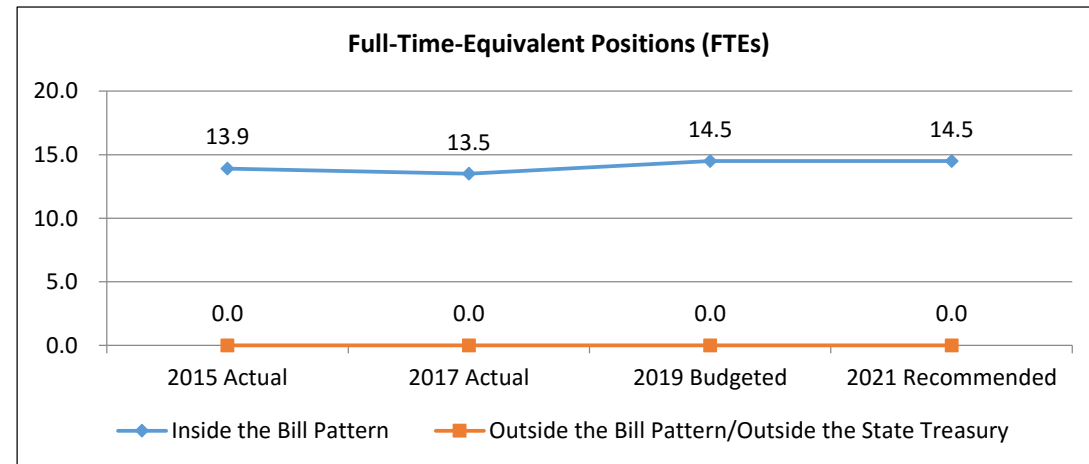
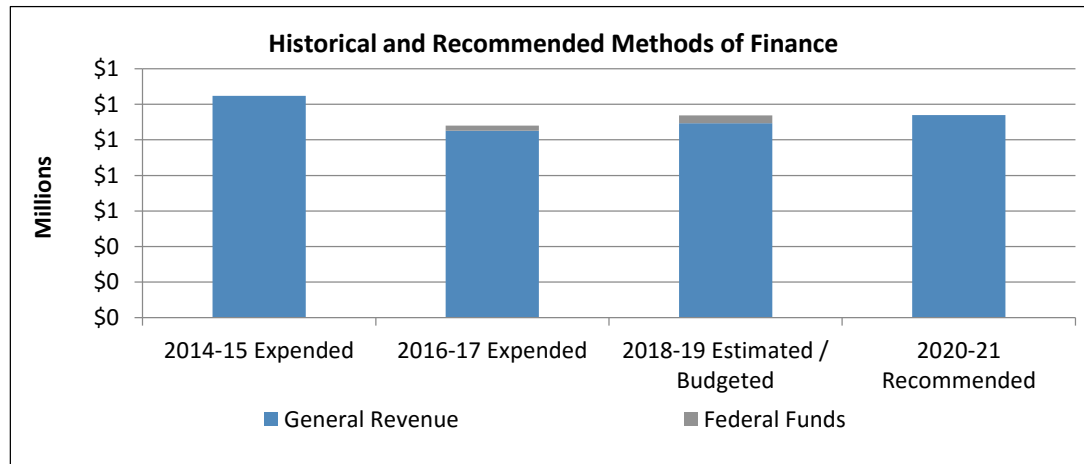
Perform the administrative aspect of laboratory services which involves diagnostic testing of samples for disease diagnosis and the identification of parasite specimens. Functions not associated with a specific species or emergency.

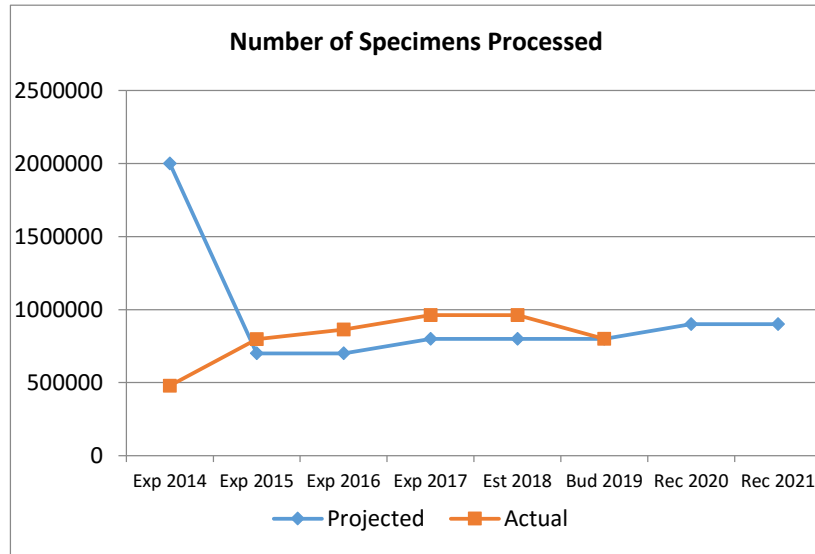
Legal Authority: Agriculture Code, Chapter 161;CFDA 10.025 USDA Plant & Animal Disease, Pest Control, and Animal Care; Animal Welfare Act, as amended, 7 U.S.C 2131-2155; Farm Security and Rural Investment Act of 2002, Public Law 107-171, E U.S.C 10401-10418; Plant Protection Act, Public Law 106-224, 7 U.S.C 7701-7772

Year Implemented	1939	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Natural Resources Management & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Operating Costs	\$ 627,903	\$ 619,963	54.4%
Personnel Costs	\$ 509,743	\$ 519,799	45.6%
Total	\$ 1,137,646	\$ 1,139,762	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,139,762	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 1,139,762	100.0%





Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations provide \$1.1 million in General Revenue Funds for the Diagnostic Administration program, an increase of \$2,116. Recommendations include decreases in General Revenue (\$20,001) for one-time cattle fever tick equipment expenditures and in Federal Funds (\$44,368) related to decreased bovine brucellosis surveillance and testing.
- 2 Recommendations also modify Rider 3, Laboratory Testing, to require the agency to provide an annual report of tests performed at the State-Federal Laboratory and the cost effectiveness of performing those tests at the State-Federal Laboratory rather than at the Texas Veterinary Medical Diagnostic Laboratory.

Recommended Statutory Changes for Program Improvement

- 1 Amend Agriculture Code, §161.060, which authorizes the Animal Health Commission to assess fees for performing inspections. Changing statute to authorize the agency to collect fees on in-state and out-of-state testing done on livestock and poultry would improve the effectiveness of the program.
- 2 Amend Agriculture Code, §161.060, which authorizes the Animal Health Commission to assess fees for performing inspections. Changing statute to authorize the agency to collect fees sample collection and testing done to support the livestock and poultry industries would improve the effectiveness of the program.

Challenges and Enhancement Opportunities

- 1 Federal funding from the United States Department of Agriculture (USDA) for brucellosis surveillance and eradication has been declining due to decreased instances of the disease. Slaughter plants and veterinarians at livestock markets have been paid to collect samples using Federal Funds in the past for testing at the State-Federal Laboratory in Austin. Decreases in Federal Funds for this purpose will make it difficult to maintain brucellosis surveillance and eradication efforts in the program.

Alternative Funding Options

- 1 Increasing fee revenue collections from laboratory services (i.e. disease diagnosis, parasite identification) could result in a decreased reliance on General Revenue Funds and Federal Funds for the Diagnostic Administration program. During the 2014-15 biennium, the agency collected \$359,249 in laboratory testing fees and it estimates that it has foregone approximately \$150,000 in fee revenue each fiscal year from 2016-18.

- 2 Transfer the remaining capabilities from the State-Federal Laboratory (SFL) operated by the Texas Animal Health Commission (TAHC) to the Texas Veterinary Medical Diagnostic Laboratory (TVMDL).

SFL performs limited testing affecting the livestock industry that TVMDL does not provide, including:

- Brucellosis Rapid Automated Presumptive tests;
- Brucellosis Fluorescent Polarization Assays;
- Brucellosis Complement Fixation tests;
- Brucellosis Standard Tube tests;
- Brucellosis Rivanol tests;
- Brucellosis Buffered Acidified Plate Agglutination tests;
- Brucellosis Milk Ring tests;
- Bovine tuberculosis Bovigam tests;
- Tick identifications;
- Fly larvae identifications; and
- Maintains a full battery of Brucellosis culture

There are testing services provided by both TVMDL and SFL, including:

- Swine Brucellosis Card tests;
- Swine Pseudorabies tests;
- Equine Infectious Anemia Enzyme-linked Immunosorbent Assays (ELISA); and
- Equine Infectious Anemia Agar Gel Immunodiffusion (AGID) test.

Transferring the Laboratory to TVMDL could result in consolidated services and potentially additional fee revenue. TAHC's authorization to collect fees for lab services, as established by Agriculture Code, §161.060(b), expired at the end of fiscal year 2015. TVMDL is authorized to collect fees for goods and services its laboratories provide pursuant to Education Code, §88.707. Generally, however TVMDL maintains low fees on agricultural livestock testing. TAHC estimates it could collect approximately \$150,000 each fiscal year if authorized to collect fees for lab services and TVMDL would likely collect the same amount of revenue if it performed the lab services.

A transfer could also result in slower response times for regulatory testing. SFL is dedicated to regulatory testing and sample identification. Laboratory staff provide TAHC field personnel (inspectors, epidemiologists, and veterinarians) with expedited testing and identification. Additionally, transferring the capabilities of the State-Federal Laboratory to TVMDL would result in the TVMDL performing Brucellosis confirmation testing on itself or sending samples to other labs with potential costs. USDA and NAHLN have certain guidelines related to confirmation testing, but it is unclear if there is a restriction on TVMDL performing Brucellosis confirmation testing.

Program: Diagnostic Administration

**Agency
Ranking**

11 out of 14

- 3 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5I: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority		
	Centrality	→
Authority		

Program: Central Administration

Agency Ranking

12 out of 14

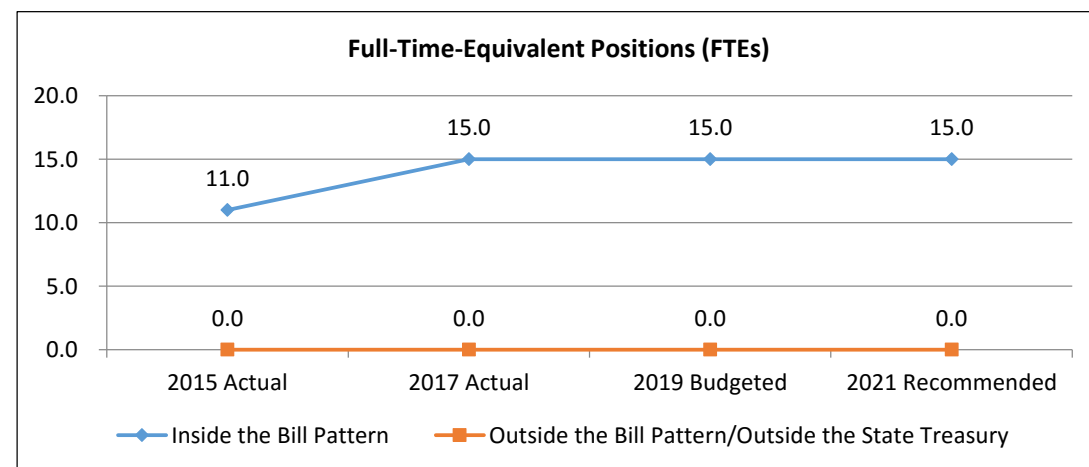
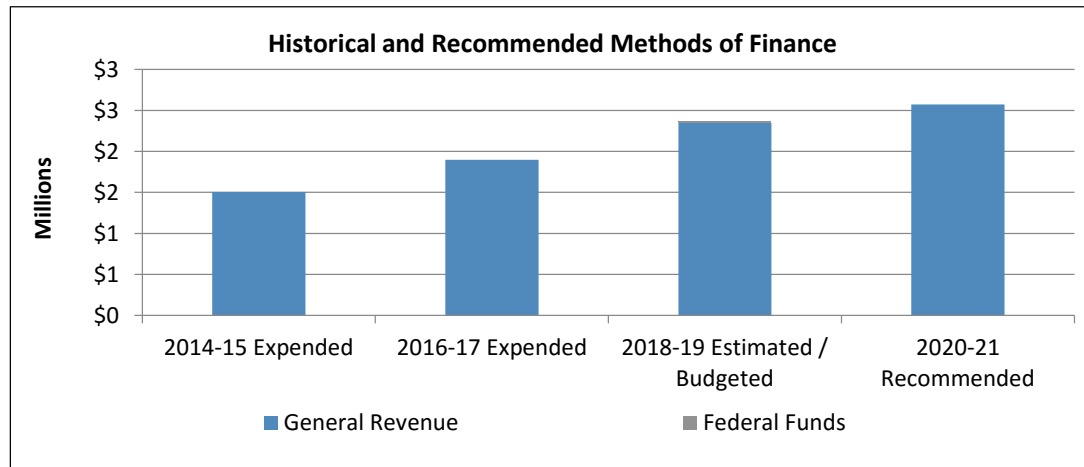
Consists of general administration including commissioners, executive administration, internal audit expenses, human resources, financial services, public information for employee and producer education, government / industry relations.

Legal Authority: Agriculture Code, Chapter 161

Year Implemented	1893	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 1,573,686	\$ 1,518,960	59.0%
Operating Costs	\$ 787,993	\$ 1,054,796	41.0%
Capital Costs	\$ 716	\$ -	0.0%
Total	\$ 2,362,395	\$ 2,573,756	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 2,573,756	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 2,573,756	100.0%



Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations include \$2.6 million in General Revenue Funds for the Central Administration program, an increase of \$0.2 million allocated from other programs for anticipated increase in rent costs at the Austin Headquarters location. The increase is partially offset by a decrease of \$38,974 in General Revenue related to onetime cattle fever-tick equipment expenditures.

Challenges and Enhancement Opportunities

1 Emerging or reoccurring disease (e.g. Chronic Wasting Disease, Avian Influenza) put pressure on the agency's budget and require resource allocations that may decrease the effectiveness of animal health programs not related to the emerging disease.

Alternative Funding Options

1 A contingent appropriation of \$1.0 million in General Revenue Funds in the event of an livestock or poultry disease outbreak would allow the agency to respond to emerging outbreaks without reducing other animal health program expenditures.

Animal Health Commission
Strategic Fiscal Review Appendix 5m: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
		X	
Authority			

Program: Information Resources

Agency Ranking

13 out of 14

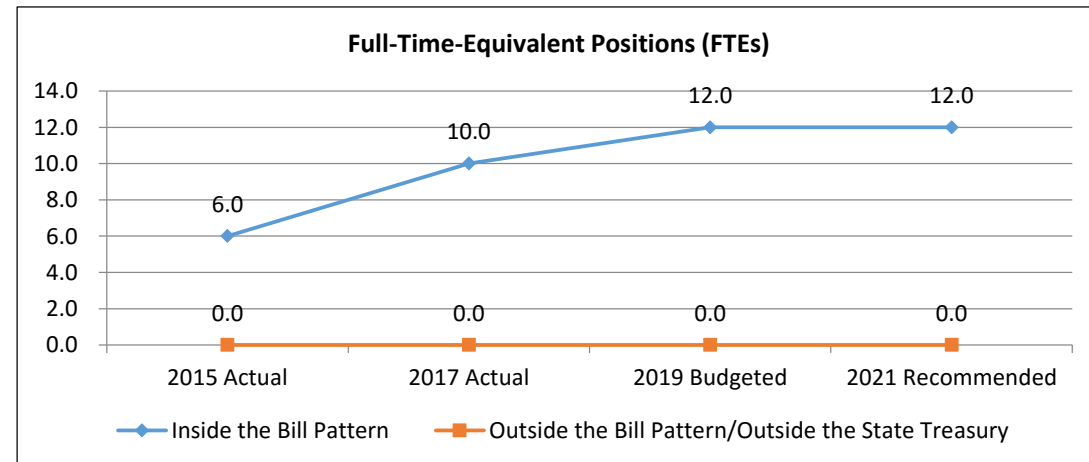
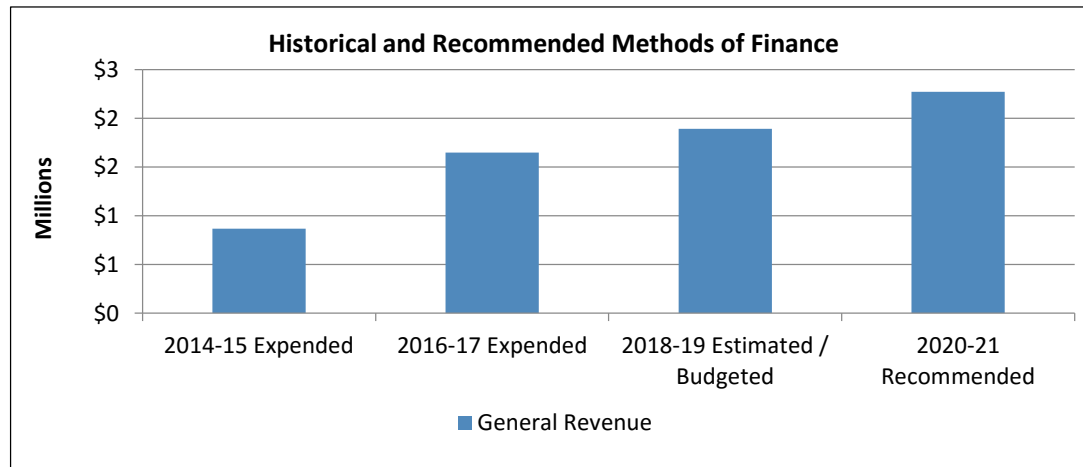
Agency information technology and resources support.

Legal Authority: Agriculture Code, Chapter 161

Year Implemented	1985	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 1,622,118	\$ 1,668,425	73.4%
Operating Costs	\$ 275,659	\$ 604,882	26.6%
Total	\$ 1,897,777	\$ 2,273,307	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 2,273,307	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 2,273,307	100.0%



Summary of Recommendations and Fiscal and Policy Issues

- 1 Recommendations provide \$2.3 million in General Revenue Funds for the Information Resources program, an increase if \$0.4 million related to reallocations from other programs to reflect actual expenditures on information resource technologies partially offset by a decrease of \$0.1 million in General Revenue related to cattle fever tick equipment expenditures reallocated by the agency.
- 2 Recommendations include a new Rider, Information Technology, Reporting Requirement, to require the agency to provide an annual report on efforts to improve information technology capabilities. The report would include details of current information technology utilized by the agency and recommendations for improvement. The new rider would provide the legislature with additional information regarding the agency's information technology needs and ensure the agency strategically evaluate their current capabilities.

Challenges and Enhancement Opportunities

- 1 The agency is requesting \$0.4 million in General Revenue Funds to consolidate existing data base systems in a web-based application for the purpose of increasing control over the data. The agency currently works in 23 different databases owned by various entities.

Alternative Funding Options

- 1 Texas Animal Health Commission (TAHC) has statutory authority pursuant to Agriculture Code, §161.060, to assess fees for inspections provide to the livestock and poultry industries. Examples of relevant inspections performed by TAHC where a fee is not collected include:

-Dairy Calf Health and Inspection Report
-Livestock Market Inspections
-Slaughter Plant Inspections

TAHC could begin assessing fees for their inspection services. The fee revenues could be utilized for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities.
- 2 Amend Government Code, §2001.0045, to exempt TAHC from the requirement that any increase in fees for inspections be coupled with an equal or greater decrease in costs to the industry served. The exemption would allow the agency to increase inspection fees for cost recovery purposes without a corresponding reduction in its revenue.

Animal Health Commission
Strategic Fiscal Review Appendix 5n: Program Summary - Senate
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
		X	
Authority			

Program: Other Support Services

Agency
Ranking

14 out of 14

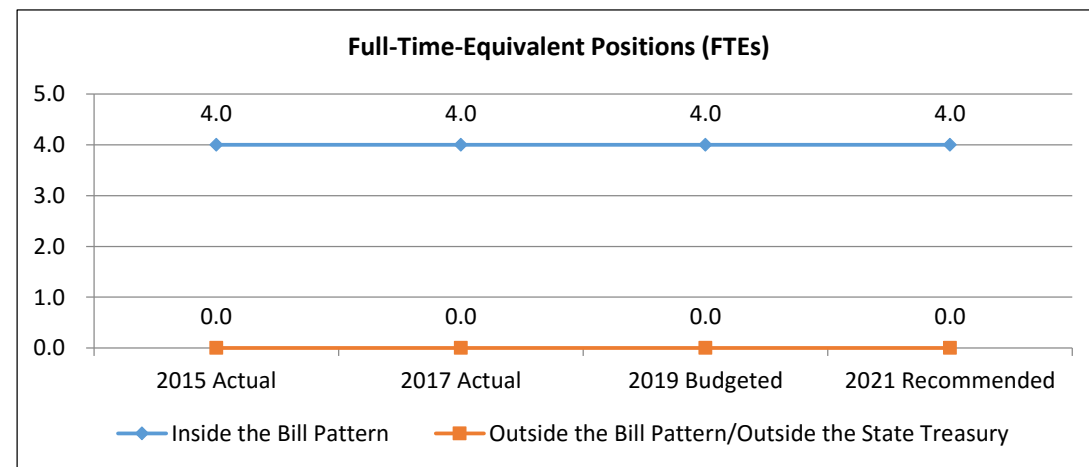
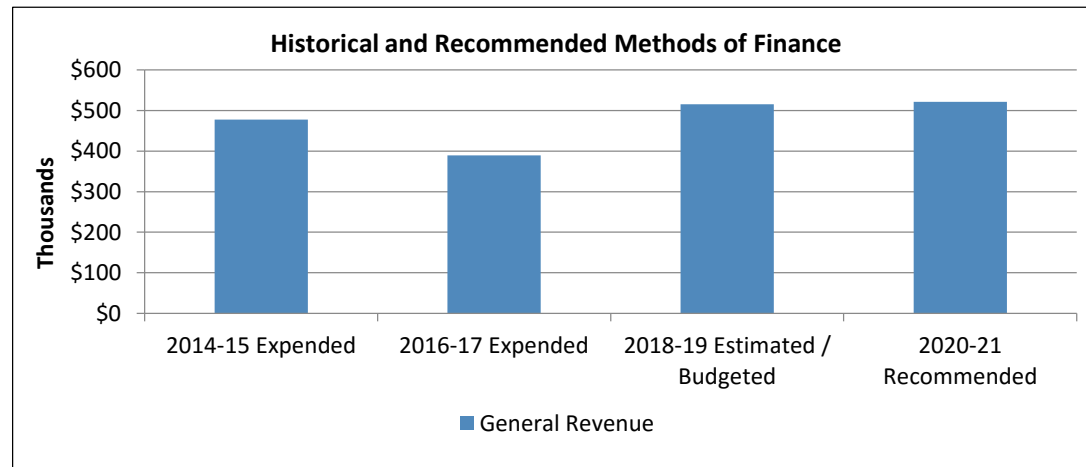
Perform fleet management, fleet support, and records retention.

Legal Authority: Agriculture Code, Chapter. 161

Year Implemented	1973	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	State Government Administration & Support		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 317,217	\$ 352,828	67.7%
Operating Costs	\$ 202,881	\$ 168,710	32.3%
Total	\$ 520,098	\$ 521,538	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 521,538	100.0%
Funds Outside the State Treasury	\$ -	0.0%
Total	\$ 521,538	100.0%



Program: Other Support Services

**Agency
Ranking**

14 out of 14

Summary of Recommendations and Fiscal and Policy Issues

1 Recommendations include \$0.5 million in General Revenue Funds for the Other Support Services program, an increase of \$1,440 in All Funds.

Animal Health Commission
Strategic Fiscal Review Appendix 6: Program and Strategies Crosswalk - Senate

Agency Ranking	Program	Strategy
1	Animal Disease Traceability	1.1.1 Field Operations 1.1.2 Diagnostic/epidemiological Support 2.1.1 Central Administration 2.1.2 Information Resources
2	Cattle Health	1.1.1 Field Operations 1.1.2 Diagnostic/epidemiological Support 1.1.3 Promote Compliance 1.1.4 Animal Emergency Management 2.1.1 Central Administration 2.1.2 Information Resources 2.1.3 Other Support Services
3	Avian Health	1.1.1 Field Operations 1.1.2 Diagnostic/epidemiological Support 1.1.3 Promote Compliance 2.1.1 Central Administration 2.1.2 Information Resources
4	Swine Health	1.1.1 Field Operations 1.1.2 Diagnostic/epidemiological Support 1.1.3 Promote Compliance 2.1.1 Central Administration
5	Legal & Compliance	1.1.3 Promote Compliance
6	Emergency Management	1.1.1 Field Operations 1.1.2 Diagnostic/epidemiological Support 1.1.3 Promote Compliance 1.1.4 Animal Emergency Management 2.1.1 Central Administration
7	Field Operations Administration	1.1.1 Field Operations
8	Equine Health	1.1.1 Field Operations 1.1.2 Diagnostic/epidemiological Support 1.1.3 Promote Compliance 2.1.1 Central Administration
9	Sheep/Goat Health	1.1.1 Field Operations 1.1.2 Diagnostic/epidemiological Support 2.1.1 Central Administration

Animal Health Commission
Strategic Fiscal Review Appendix 6: Program and Strategies Crosswalk - Senate

Agency Ranking	Program	Strategy
		1.1.1 Field Operations
		1.1.2 Diagnostic/epidemiological Support
		1.1.3 Promote Compliance
10	Cervid Health	2.1.1 Central Administration
11	Diagnostic Administration	1.1.2 Diagnostic/epidemiological Support
12	<i>Central Administration</i>	2.1.1 Central Administration
13	<i>Information Resources</i>	2.1.2 Information Resources
14	<i>Other Support Services</i>	2.1.3 Other Support Services

Note: Indirect administration program names are italicized.

**Animal Health Commission
Appendices - Senate**

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	54
B	Summary of Federal Funds	56
C	FTE Highlights	57
D	Performance Measure Highlights	58
E	Summary of Ten Percent Biennial Base Reduction Options	59

* Appendix is not included - no significant information to report

** Information is included in the presentation section of the packet

**Animal Health Commission
Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FIELD OPERATIONS A.1.1	\$23,651,960	\$21,210,796	(\$2,441,164)	(10.3%)	All Funds decrease reflecting the following: a) decreases in General Revenue Funds of \$1.0 million related to one-time expenditures for cattle fever-tick control efforts and Hurricane Harvey assistance and \$0.8 million reflecting allocation of base funding to Strategies A.1.2, B.1.1, and B.1.2. (see Selected Fiscal and Policy Issues - Senate, #2); b) decreases in Federal Funds of \$0.3 million 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 and \$0.3 million from Hurricane Harvey Public Assistance Grants; and c) a decrease of \$1,080 in Appropriated Receipts related to the sale of trucks during the 2018-19 biennium.
DIAGNOSTIC/EPIDEMIOLOGICAL SUPPORT A.1.2	\$2,164,691	\$2,168,734	\$4,043	0.2%	All Funds increase reflecting the following: a) an increase of \$0.1 million in General Revenue Funds reflecting allocation of base funding for 1.0 additional FTE partially offset by a decrease of \$79,029 related to one-time expenditures for cattle fever-tick control efforts. (see Selected Fiscal and Policy Issues - Senate, #2); and b) decrease in Federal Funds of \$67,518 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 and \$5,678 from Hurricane Harvey Public Assistance Grants.
PROMOTE COMPLIANCE A.1.3	\$779,842	\$779,842	\$0	0.0%	No All Funds change reflecting the following: a) an increase of \$7,328 in General Revenue Funds allocated for anticipated travel costs and other operating expenses; b) a decrease of \$6,408 in Federal Funds for Hurricane Harvey Public Assistance Grants; and c) a decrease of \$920 in Appropriated Receipts related to open records requests received during the 2018-19 biennium.

**Animal Health Commission
Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
ANIMAL EMERGENCY MANAGEMENT A.1.4	\$484,354	\$484,354	\$0	0.0%	No All Funds change reflecting the following: a) an increase of \$20,529 in General Revenue Funds allocated to offset a decrease in Federal Funds related to Hurricane Harvey; and b) a decrease of \$20,529 in Federal Funds for Hurricane Harvey Public Assistance Grants.
Total, Goal A, PROTECT/ENHANCE TEXAS ANIMAL HEALTH	\$27,080,847	\$24,643,726	(\$2,437,121)	(9.0%)	
CENTRAL ADMINISTRATION B.1.1	\$2,680,815	\$2,892,756	\$211,941	7.9%	All Funds decrease reflecting the following: a) an increase of \$0.3 million in General Revenue Funds allocated from Strategy A.1.1 related to anticipated central office lease costs partially offset by a decrease of \$38,974 related to one-time expenditures for cattle fever-tick control efforts. (see Selected Fiscal and Policy Issues - Senate, #2), and b) a decrease of \$19,911 in Federal Funds for Hurricane Harvey Public Assistance Grants.
INFORMATION RESOURCES B.1.2	\$2,017,307	\$2,287,307	\$270,000	13.4%	All Funds decrease reflecting the following: a) an increase of \$0.4 million in General Revenue Funds allocated from Strategy A.1.1 to reflect actual expenditure levels on information technology items by the agency partially offset by a decrease of \$0.1 million related to one-time expenditures for cattle fever-tick control efforts. (see Selected Fiscal and Policy Issues - Senate, #2); and b) a decrease of \$4,035 in Federal Funds for Hurricane Harvey Public Assistance Grants.
OTHER SUPPORT SERVICES B.1.3	\$595,538	\$595,538	\$0	0.0%	No All Funds change reflecting the following: a) an increase of \$4,578 in General Revenue Funds allocated to offset a decrease in Federal Funds related to Hurricane Harvey; and b) a decrease of \$4,578 in Federal Funds for Hurricane Harvey Public Assistance Grants.
Total, Goal B, INDIRECT ADMINISTRATION	\$5,293,660	\$5,775,601	\$481,941	9.1%	
Grand Total, All Strategies	\$32,374,507	\$30,419,327	(\$1,955,180)	(6.0%)	

**Animal Health Commission
Summary of Federal Funds - Senate
(Dollar amounts in Millions)**

Program	Est 2018	Bud 2019	Rec 2020	Rec 2021	2018-19 Base	2020-21 Rec	2020-21 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Plant and Animal Disease	\$2.1	\$1.6	\$1.7	\$1.7	\$3.7	\$3.3	100.0%	(\$0.4)	(10.8%)
Hurricane Harvey Public Assistance Grants ¹	\$0.0	\$0.3	\$0.0	\$0.0	\$0.3	\$0.0	0.0%	(\$0.3)	(100.0%)
TOTAL:	\$2.1	\$2.0	\$1.7	\$1.7	\$4.0	\$3.3	100.0%	(\$0.7)	(18.1%)

¹ Response activities included coordinating the deployment of federal, state, regional, and non-governmental resources to respond to animal sheltering, transportation, evacuation, containment and veterinary care, and needs assessments.

**Animal Health Commission
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	185.2	220.2	220.2	220.2	220.2
Actual/Budgeted	173.2	189.3	220.2	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	\$140,327	\$146,742	\$146,742	\$146,742	\$146,742

Notes:

- a) Fiscal years 2017 and 2018 reflect actual and estimated FTE figures which are lower than the FTE cap primarily due to staff vacancies and turnover.
- b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 18-705, August 2018), indicates a market average salary of \$164,015 for the Executive Director position at the Texas Animal Health Commission. The report also recommends changing the salary classification group from 4 to 5. The agency is requesting the Executive Director be reclassified from group 4 to 5 and an increase in authority for the Commission to set the rate of compensation at an amount within the range of group 5 (\$122,500-197,415), with approval from the Legislative Budget Board and Governor.

**Animal Health Commission
Performance Measure Highlights - Senate**

	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
<ul style="list-style-type: none"> Percentage Change in Fever Tick-Infested Premises <p><i>Measure Explanation: This measure is substantially revised from previous biennia and is treated as a new measure so as to avoid comparison with prior versions of the measure. The measure compares the number of premises outside of the permanent cattle fever tick quarantine zone infested with fever ticks in the specified fiscal year to an average of the previous five fiscal years.</i></p>	379%	-15%	-15%	-15%	-15%
<ul style="list-style-type: none"> Number of Livestock Surveillance Inspections and Shipment Inspections <p><i>Measure Explanation: This measure is new and does not have previous or current biennia data available. The measure totals the number of livestock inspections conducted by agency personnel at livestock markets, slaughter houses, feedlots, operator premises, import pens on the Texas-Mexico border, and other facilities, as well as the number of shipment vehicles inspected. The purpose of these activities is to identify signs of disease and promote compliance with animal movement requirements.</i></p>	129,044	155,566	106,972	150,000	150,000
<ul style="list-style-type: none"> Number of Compliance Actions Completed <p><i>Measure Explanation: This measure tallies the number of compliance actions completed by the agency in a given year, including legal correspondence, filing complaints with a Justice of the Peace, injunctions filed by the Attorney General, the initiation of administrative proceedings with the State Office of Administrative Hearings, and assessing administrative penalties.</i></p>	861	961	1,200	700	700

**Animal Health Commission
Summary of Ten Percent Biennial Base Reduction Options - Senate**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Administrative FTE Reductions	<p>The TAHC's budget is approximately seventy percent salary costs. Therefore, the decision was made to cut administrative FTEs, travel and other operating costs to reach the target, in two and one-half percent increments.</p> <p>TAHC would achieve the FTE reduction through a series of methods, including a reduction of force, hiring & salary freezes, and attrition. The reduction in FTEs would increase workload on remaining workforce in place in each of the strategies, reducing staff efficiencies and effectiveness. The TAHC would have to prioritize programs and would likely not be able to meet all of the demands placed upon it.</p>	\$719,764	\$719,764	6.0	\$0	2.7%	2.7%	No
2)	Programmatic FTE Reductions	Same as above	\$2,113,968	\$2,113,968	21.0	\$0	7.8%	7.8%	No
TOTAL, 10% Reduction Options			\$2,833,732	\$2,833,732	27.0	\$0	10%	10%	