

EXECUTIVE SUMMARY OF SUNSET STAFF REPORT

Texas Animal Health Commission

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The animal agriculture industry historically has played an outsized role in the story of Texas, from the famous cattle drives of the 19th century to the nation-leading economic engine the industry is today. The Texas Animal Health Commission (TAHC) works to ensure the health and marketability of the state's livestock and fowl by protecting these animals from foreign and domestic diseases, and controlling the spread of diseases when outbreaks do occur. In the 127 years since the Legislature created TAHC's predecessor, the Texas Livestock Sanitary Commission, the agency has seen great change and growth in the animal agriculture industry, but the primary conditions that drove the agency's creation still exist today.

Animal diseases such as tuberculosis, and pests such as cattle fever ticks, can have a serious impact on this economically significant industry, and the state needs an agency to help prevent outbreaks and mitigate effects when outbreaks do occur. Beyond directly affecting industry, diseases originating from animals can drastically disrupt the safe food supply and interrupt trade, cost millions of dollars to manage, and even affect human health. With this in mind, Sunset staff found TAHC remains necessary and recommends continuing it for 12 years as an independent, standalone agency. However, in examining the agency's ability to prevent, control, and eradicate animal diseases in Texas, the review found TAHC has not fully kept up with Texas' shifting disease landscape.

**Texas continues to need
TAHC to help prevent
animal disease outbreaks
and mitigate their effects.**

One of the most significant shifts occurred a decade ago, when Texas was declared free of cattle brucellosis. This declaration resulted in another major change in 2019 when federal funding to test for this disease was eliminated, significantly reducing the workload of TAHC's lab. Because of this reduction, along with other problems, the review determined TAHC's lab is no longer cost-effective or needed, particularly when the better-equipped Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) is capable of serving as the state's regulatory animal health lab.

TAHC's regulatory authority has also not kept pace with Texas' ever-changing disease environment. The review identified several outdated statutory provisions that limit TAHC's ability to effectively do its job, and that are out of line with current best practices for disease and pest management. Also, TAHC's industry-friendly approach to regulation drives agency policy, limiting enforcement

actions. TAHC largely relies upon voluntary compliance and education to enforce its statute and rules, which is challenging when the agency does not have all the regulatory tools it needs to best regulate animal health. TAHC also needs to strengthen and improve the consistency of its investigation and enforcement activities across its six regions.

The following material highlights Sunset staff's key recommendations for the Texas Animal Health Commission.

Sunset Staff Issues and Recommendations

ISSUE 1

The Texas Animal Health Commission's Laboratory Is No Longer Needed or Cost-Effective, and Should Be Closed.

TAHC operates an animal health lab to identify a limited number of animal diseases and pests that can spread disease. The review identified serious problems at the lab, including a drastic workload reduction that led to layoffs and inefficient operations; ongoing management, proficiency, and quality control issues that resulted in the lab's suspension from a federal lab network; and noncompliance with legislative directives to be cost-effective. Sunset staff concluded TAHC should close its lab and outsource its lab services to TVMDL, which could provide lab services more cost-effectively, reliably, and efficiently than TAHC.

Key Recommendation

- Require TAHC to close its laboratory and designate TVMDL as the state's regulatory animal health laboratory in statute.

ISSUE 2

The Texas Animal Health Commission's Inconsistent and Weak Enforcement Efforts May Increase the Risk of Animal Diseases in Texas.

TAHC works to ensure compliance with animal health regulations by investigating complaints and inspecting livestock and records at places where animals congregate, such as livestock markets. TAHC relies on its field inspectors to document noncompliance and educate producers. However, the agency cannot ensure consistent enforcement across the state due to the lack of a penalty matrix to guide uniform application of sanctions, gaps in compliance data, and unclear guidance to field staff, which may increase the risk of diseases. TAHC should standardize its penalties and compliance guidance to field inspectors and better track and analyze data trends to ensure more consistent enforcement throughout the state.

Key Recommendations

- Require TAHC to regularly conduct trend analysis of its compliance data.
- Direct TAHC to complete and implement its penalty matrix.

- Direct TAHC to share its compliance database with regional office staff to facilitate information flow between Austin and the field.
- Direct TAHC and the Texas Department of Agriculture to enter into a memorandum of understanding to ensure TAHC is notified when animals are rejected at state animal export facilities.

ISSUE 3

The Texas Animal Health Commission's Outdated Laws, Deficient Rulemaking, and Inadequate Communications Do Not Best Serve Industry or Public Interests.

The agency protects livestock and fowl from the spread of diseases and pests that carry disease by regulating animal movement and locations where animals congregate. However, outdated, inconsistent, or overly prescriptive laws hamper TAHC's ability to incorporate modern animal health best practices. Many of the agency's rules and regulatory publications are out of date, confusing, vague, or poorly organized, making compliance harder for the industry. TAHC also lacks general authority to appoint advisory committees for rulemaking processes and instead uses informal working groups that are closed to the public and have unbalanced representation. Finally, TAHC and Texas A&M AgriLife Extension Service would benefit from a formal process to jointly develop educational programs and materials on animal health regulations and disease management.

Key Recommendations

- Remove outdated, overly prescriptive, restrictive provisions in statute to provide TAHC more flexibility to prevent, manage, and eradicate reportable animal diseases.
- Authorize TAHC to establish advisory committees by rule.
- Direct TAHC to provide clear, consistent public information about state animal health laws and rules, regulatory programs, and appeals processes.
- Direct TAHC and Texas A&M AgriLife Extension Service to enter into a memorandum of understanding to jointly develop and coordinate educational programs and information about animal health.

ISSUE 4

Texas Has a Continuing Need for the Texas Animal Health Commission.

Texas benefits from a state agency that works to prevent, control, and eradicate diseases and pests that can negatively affect the economically significant animal agriculture industry. Sunset staff concluded an independent agency focused solely on animal health continues to offer the state an efficient approach to manage evolving and reoccurring threats to livestock and fowl.

Key Recommendation

- Continue the Texas Animal Health Commission for 12 years.

Fiscal Implication Summary

Overall, the recommendations in this report would result in an estimated positive fiscal impact to the state of \$2,547,335 over the next five years. The recommendation to close TAHC’s lab and designate TVMDL as the state’s regulatory animal health lab would result in estimated annual savings to general revenue of \$506,587 in fiscal year 2022, and \$510,187 in each of the following four fiscal years. The recommendation would also result in an overall reduction of three full-time positions.

This estimate is based on the lab’s fiscal year 2019 budget and employee count, and savings associated with eliminating the TAHC lab’s expenditures and seven employees. Estimated savings based on eliminating the lab’s expenditures of \$1,167,273 would be offset by TAHC’s continuing need for \$607,086 in appropriations to pay TVMDL for lab services, and a staff position to coordinate these services. TVMDL would need four additional staff positions and would incur a one-time cost of \$3,600 in fiscal year 2022 to train employees for testing.

Texas Animal Health Commission

Fiscal Year	Savings to the General Revenue Fund	Change in Number of FTEs From FY 2019
2022	\$506,587	-3
2023	\$510,187	-3
2024	\$510,187	-3
2025	\$510,187	-3
2026	\$510,187	-3