

**Texas A&M Veterinary Medical Diagnostic Laboratory
Summary of Budget Recommendations - House**

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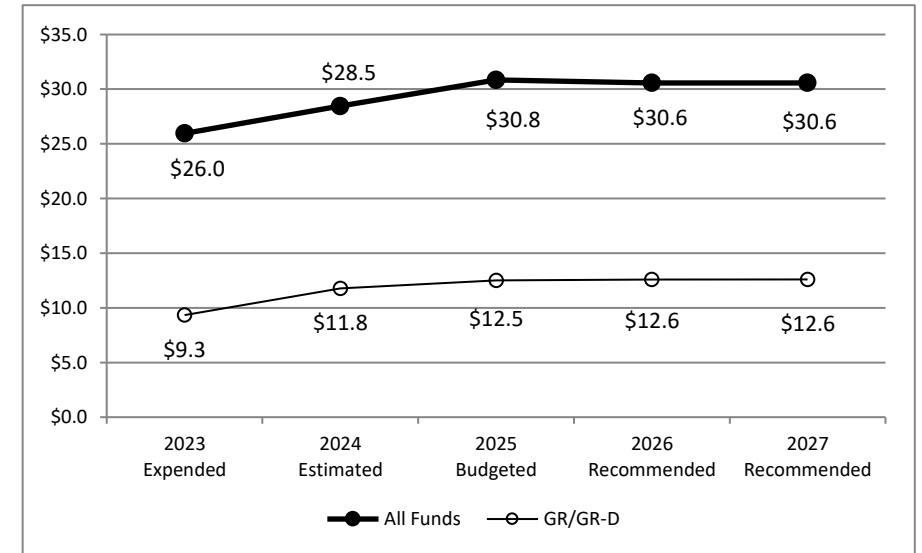
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$24,308,532	\$25,173,325	\$864,793	3.6%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$24,308,532</i>	<i>\$25,173,325</i>	<i>\$864,793</i>	<i>3.6%</i>
Federal Funds	\$454,546	\$454,546	\$0	0.0%
Other	\$34,540,345	\$35,522,634	\$982,289	2.8%
All Funds	\$59,303,423	\$61,150,505	\$1,847,082	3.1%

	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	176.3	176.3	0.0	0.0%

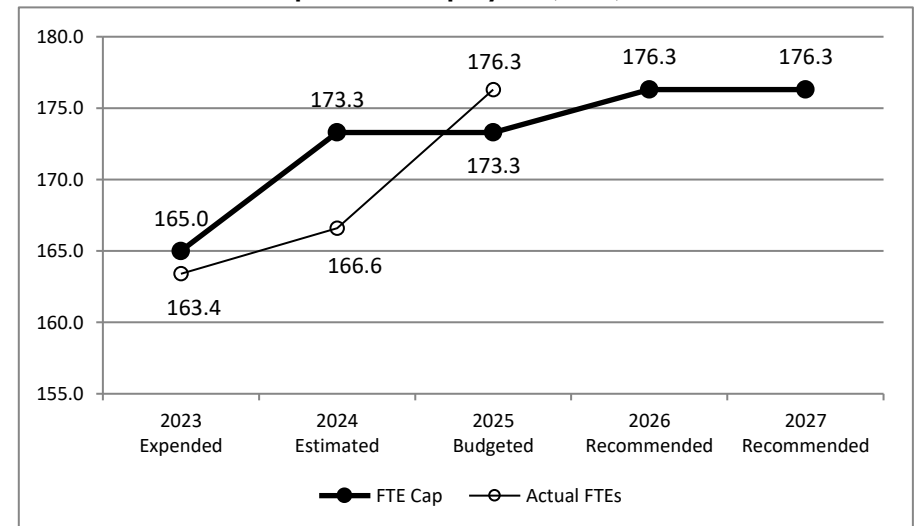
Agency Budget and Policy Issues and/or Highlights

Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) provides fee-based veterinary medical diagnostic testing services, which contributes to an animal and zoonotic disease surveillance system. TVMDL is also authorized to perform drug tests for pari-mutuel racing animals and livestock shows. Additionally, in the Eighty-seventh Legislature, 2021, the Brucellosis Regulatory Testing Laboratory was transferred from the Animal Health Commission to TVMDL.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2026-27 Recommended) represents an estimated 92.7% of the agency's estimated total available funds for the 2026-27 biennium.

**Texas A&M Veterinary Medical Diagnostic Laboratory
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Increase of \$140,930 in General Revenue for infrastructure support strategy due to updated infrastructure support formula.	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	B.1.2
B)	Reduction of \$9,750 in General Revenue due to the debt service payment schedule for construction projects at the College Station and Canyon laboratories.	(\$0.0)	\$0.0	\$0.0	\$0.0	(\$0.0)	B.2.1
C)	Reduction of \$2,015,775 in Drug Testing Fee revenue due to the discontinuation of drug testing for pari-mutuel racing.	\$0.0	\$0.0	\$0.0	(\$2.0)	(\$2.0)	A.2.1, C.1.1

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

D)	Increase in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$0.7	\$0.0	\$0.0	\$0.0	\$0.7	A.1.1, B.1.1, B.1.3
E)	Projected net increase of \$2,998,064 in Diagnostic Lab Fee revenue due to anticipated increases in consumable supplies, salaries and wages, and associated benefits.	\$0.0	\$0.0	\$0.0	\$3.0	\$3.0	A.1.1, B.1.1, B.1.2, B.1.3, C.1.1

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.8	\$0.0	\$0.0	\$1.0	\$1.8	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.8	\$0.0	\$0.0	\$3.0	\$3.8	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$0.0)	\$0.0	\$0.0	(\$2.0)	(\$2.0)	As Listed

NOTE: Totals may not sum due to rounding.

**Texas A&M Veterinary Medical Diagnostic Laboratory
Selected Fiscal and Policy Issues - House**

1. **Infrastructure Support.** Funding to Texas A&M System agencies for Infrastructure Support Inside Brazos County is calculated using the General Academic Institutions' Infrastructure Support formula rate. Texas A&M System agricultural agencies (including the Texas A&M Veterinary Medical Diagnostic Laboratory) also receive funding for Infrastructure Support Outside Brazos County through a sum-certain appropriation. Currently, the infrastructure support funds included in the recommendations for inside Brazos County are calculated using the 2026-27 Texas A&M University infrastructure formula rate, multiplied by the agencies' fiscal 2023 predicted square footage.
2. **Debt service.** The Texas A&M Veterinary Medical Diagnostic Laboratory is not eligible for bond financing supported by the Permanent University Fund (PUF), unlike most of the other Texas A&M System agencies. TVMDL was created separately from the Texas A&M System and joined the system after the Texas Constitution was amended to include six of the Texas A&M System agencies. Because TVMDL is not eligible for this capital funding, the Legislature has historically appropriated General Revenue to pay debt service at the agency. **Recommendations include \$5.9 million in General Revenue for debt service for the agency's College Station and Canyon laboratories, which is a decrease of \$9,750 from the 2024-25 biennium.**
3. **Drug Testing for Pari-Mutuel Racing Animals.** The Sixty-ninth Legislature, 2nd Called Session, 1986, enacted the Texas Racing Act (Senate Bill 15) to authorize pari-mutuel wagering on animal racing and to establish the Texas Racing Commission. The Texas A&M Veterinary Medical Diagnostic Laboratory was identified to conduct drug testing for racing animals and granted authority to charge fees for such services; however, General Revenue was not appropriated to the Racing Commission or TVMDL for this purpose. Occupations Code, Section 2034.003 provides that racetracks are financially responsible for drug testing.

Per Occupations Code, Chapter 2034.002, drug testing is required to be conducted either by TVMDL or another certified laboratory selected by the Racing Commission after consultation with TVMDL. In fiscal year 2024, TVMDL began the process of discontinuing all drug testing for racing animals due to a decline in drug testing fee revenue, the prohibitive cost of upgrading necessary equipment and personnel, and the need for TVMDL to focus on the agency's primary mission of animal and zoonotic disease surveillance. After working with the Office of the Governor, TVMDL and the Racing Commission have implemented a new contract for fiscal year 2025, which provides for drug testing to be conducted at the University of California, Davis through a subcontract with TVMDL.

In the 2026-27 biennium, TVMDL is not requesting any appropriations for Drug Testing Lab Fee Revenue. **Recommendations include making Objective Outcome Measure A.2.1 (Percent of Animals Testing Drug Free) and Strategy Measure A.2.1 (Drug Testing Service) non-key and deleting the language referencing drug testing in Rider 3, Texas A&M Veterinary Medical Diagnostic Laboratory Fee Revenue.** Further impacts to appropriation are discussed in the Texas Racing Commission packet.

4. **Keeping Texas Prepared.** The Eighty-eighth Legislature, 2023, appropriated \$96.7 million in All Funds and 174.8 FTEs to the Texas A&M Veterinary Medical Diagnostic Laboratory, Texas A&M AgriLife Extension Service, Texas Division of Emergency Management, Texas A&M Forest Service, and Texas A&M Engineering Extension Service through Senate Bill 30 for several initiatives under the Keeping Texas Prepared (KTP) program. This resulted from the System's joint request for funding to support mostly existing programs at agencies responsible for emergency response. The agencies were funded and provided FTEs at 75.0 percent of their original exceptional item request and received unexpended balance authority through fiscal years 2024 and 2025. Funding for KTP was included in the agencies' 2026-27 GR/GR-D Limits.

For the 2026-27 biennium, the five emergency response agencies are requesting exceptional items to expand Keeping Texas Prepared initiatives totaling \$78.9 million and 203.0 FTEs. TVMDL has requested \$3.3 million and 3.0 FTEs to increase staff salaries to improve recruitment and retention efforts and to modernize the agency's molecular diagnostic capabilities by hiring additional personnel and deploying advanced technologies. **This request is not included in recommendations for the 2026-2027 biennium.**

**Texas A&M Veterinary Medical Diagnostic Laboratory
Rider Highlights - House**

Modification of Existing Riders

The following riders include recommendations to make conforming changes such as updating fiscal years and estimated amounts and ensuring statutory citations are consistent: Rider 2, Debt Service for Laboratories; Rider 3, Texas A&M Veterinary Medical Diagnostic Laboratory Fee Revenue; and Rider 4, State Regulatory Animal Health Laboratory.

**Texas A&M Veterinary Medical Diagnostic Laboratory
Items Not Included in Recommendations - House**

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
Agency Exceptional Items Not Included (in agency priority order)							
1)	Keeping Texas Prepared: Diagnostic Workforce for Disease Surveillance. Funding would increase staff salaries to improve recruitment and retention efforts and would modernize the agency's molecular diagnostic capabilities by hiring additional personnel and deploying advanced technologies.	\$3,272,000	\$3,272,000	3.0	No	No	\$3,272,000
TOTAL Items Not Included in Recommendations		\$3,272,000	\$3,272,000	3.0			\$3,272,000

**Texas A&M Veterinary Medical Diagnostic Laboratory
Appendices - House**

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* Appendix is not included - no significant information to report

**Texas A&M Veterinary Medical Diagnostic Laboratory
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
DIAGNOSTIC SERVICES A.1.1	\$38,032,572	\$43,168,256	\$5,135,684	13.5%	Recommendations include: <ul style="list-style-type: none"> • \$630,114 increase in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations; • \$842,448 reduction in General Revenue due to a reallocation of funds to Strategy B.1.2; and • \$5,348,018 increase in diagnostic lab fee revenues due to expected net increases in consumable supplies, salaries, and wages, and reallocation from other strategies.
DRUG TESTING SERVICE A.2.1	\$1,948,338	\$0	(\$1,948,338)	(100.0%)	Recommendations include a reduction in drug testing fee revenues due to the discontinuation of drug testing for pari-mutuel racing.
REGULATORY TESTING LABORATORY A.3.1	\$559,600	\$559,600	\$0	0.0%	
Total, Goal A, DIAGNOSTIC AND DRUG TESTING	\$40,540,510	\$43,727,856	\$3,187,346	7.9%	
INDIRECT ADMINISTRATION B.1.1	\$3,166,022	\$3,281,808	\$115,786	3.7%	Recommendations include: <ul style="list-style-type: none"> • \$102,675 increase in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations; • \$102,675 reduction in General Revenue due to a reallocation to other strategies; and • \$115,786 increase in diagnostic lab fee revenue.
INFRASTRUCTURE SUPPORT IN BRAZOS CO B.1.2	\$2,820,369	\$1,360,545	(\$1,459,824)	(51.8%)	Recommendations include: <ul style="list-style-type: none"> • \$140,930 increase in General Revenue due to the updated infrastructure support formula; • \$945,947 increase in General Revenue due to reallocation from other strategies; and • \$2,546,701 reduction in diagnostic lab fee revenue due to reallocation to other strategies.
INFRASTRUCT SUPP OUTSIDE BRAZOS CO B.1.3	\$544,358	\$557,882	\$13,524	2.5%	Recommendations include: <ul style="list-style-type: none"> • \$824 increase in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations; • \$824 reduction in General Revenue due to a reallocation to other strategies; and • \$13,524 increase in diagnostic lab fee revenue.

**Texas A&M Veterinary Medical Diagnostic Laboratory
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
DEBT SERV-COLLEGE STATION & CANYON B.2.1	\$5,862,550	\$5,852,800	(\$9,750)	(0.2%)	Recommendations include a decrease in General Revenue to account due to slight fluctuations in bond amortization payments.
Total, Goal B, INDIRECT ADMINISTRATION	\$12,393,299	\$11,053,035	(\$1,340,264)	(10.8%)	
STAFF GROUP INSURANCE C.1.1	\$2,672,114	\$2,672,114	\$0	0.0%	Recommendations include a \$67,437 reduction in drug testing fee revenue offset by a \$67,437 increase in diagnostic lab fee revenue.
Total, Goal C, STAFF BENEFITS	\$2,672,114	\$2,672,114	\$0	0.0%	
KEEPING TEXAS PREPARED D.1.1	\$3,697,500	\$3,697,500	\$0	0.0%	
Total, Goal D, KEEPING TEXAS PREPARED	\$3,697,500	\$3,697,500	\$0	0.0%	
Grand Total, All Strategies	\$59,303,423	\$61,150,505	\$1,847,082	3.1%	

**Texas A&M Veterinary Medical Diagnostic Laboratory
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2023	Estimated 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	165.0	173.3	173.3	176.3	176.3
Actual/Budgeted	163.4	166.6	176.3	NA	NA

Notes:

a) Actual FTEs for FY 2024 reflect the amount reported by the State Auditor's Office.