



**LEGISLATIVE
APPROPRIATIONS
REQUEST**
*for Fiscal Years
2024 and 2025*

***SUBMITTED TO THE
OFFICE OF THE GOVERNOR, BUDGET DIVISION
AND THE LEGISLATIVE BUDGET BOARD***

TEXAS RACING COMMISSION

***AUGUST 24, 2022
(Updated October 24, 2022)***

**Submitted to the
Office of the Governor, Budget Division
and the Legislative Budget Board**

**by
Texas Racing Commission**

August 24, 2022
(Updated October 24, 2022)



CERTIFICATE

Agency Name Texas Racing Commission

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Governor's Office Budget Division (Governor's Office) is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Governor's Office will be notified in writing in accordance with Article IX, Section 7.01 (2022-23 GAA).

Chief Executive Officer or Presiding Judge

Amy F. Cook
Signature

Amy F. Cook

Printed Name

Executive Director

Title

August 24, 2022

Date

Board or Commission Chair

Robert C. Pate
Signature

Robert C. Pate

Printed Name

Chairman

Title

August 24, 2022

Date

Chief Financial Officer

Dinorah Chiu
Signature

Dinorah Chiu

Printed Name

Chief Financial Officer

Title

August 24, 2022

Date

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Administrator’s Statement

Fiscal Years 2024-2025

I. Agency Introduction

The Texas Racing Commission enforces the *Texas Racing Act* (Subtitle A-1, Title 13, Texas Occupations Code) and the *Texas Rules of Racing* to ensure the safety, integrity, and fairness of Texas pari-mutuel racing. Agency level regulatory activities at a racetrack involve veterinary services, licensing program management, financial oversight of wagering, supervision of live racing by stewards, and investigations conducted by commissioned peace officers. As a policy-making body, the Texas Racing Commission consists of nine members. Seven members are appointed by the Governor with the advice and consent of the Texas Senate to serve six-year terms, and two are *ex officio* members.

Commission Members

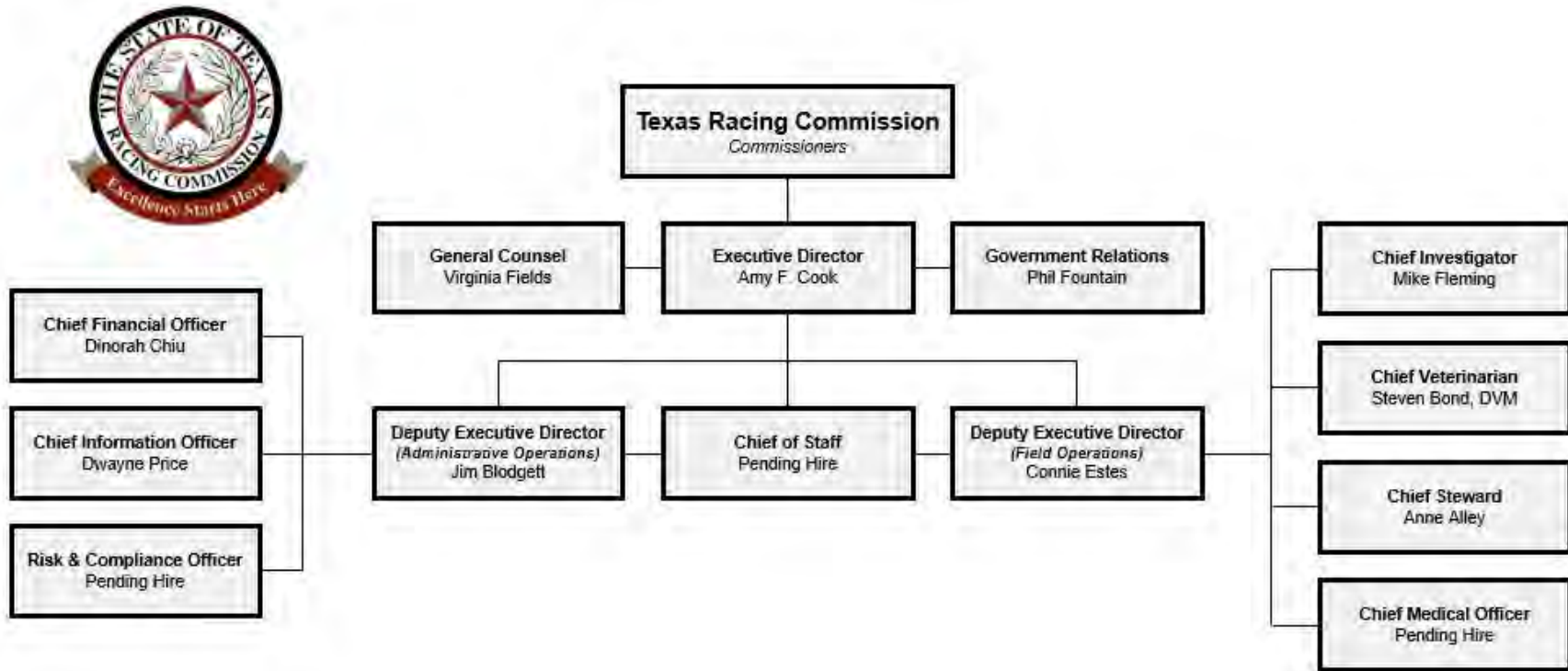
Judge Robert C. Pate, Chair.....	<i>Corpus Christi</i>
Dr. Connie McNabb, DVM, Vice Chair.....	<i>Montgomery</i>
Rebecca Contreras.....	<i>Hutto</i>
Margaret Martin.....	<i>Boerne</i>
Michael “Mike” Moore.....	<i>Fort Worth</i>
Arvel “A.J.” Waight, Jr.....	<i>Willow City</i>
Vacant.....	

Ex Officio Members

Sid Miller, Commissioner, Texas Department of Agriculture.....	<i>Stephenville</i>
Steven P. Mach, Chair, Texas Public Safety Commission.....	<i>Houston</i>

The [Texas Racing Commission Agency Strategic Plan, Fiscal Years 2023-2027](#) is focused around four goals: Enable, Protect, Communicate and Partner. To better account for agency funded activities within these goals, realigning costs, in addition to interagency agreements, will allow the agency to enforce the *Texas Racing Act* and related state laws more effectively.

Current Organizational Chart

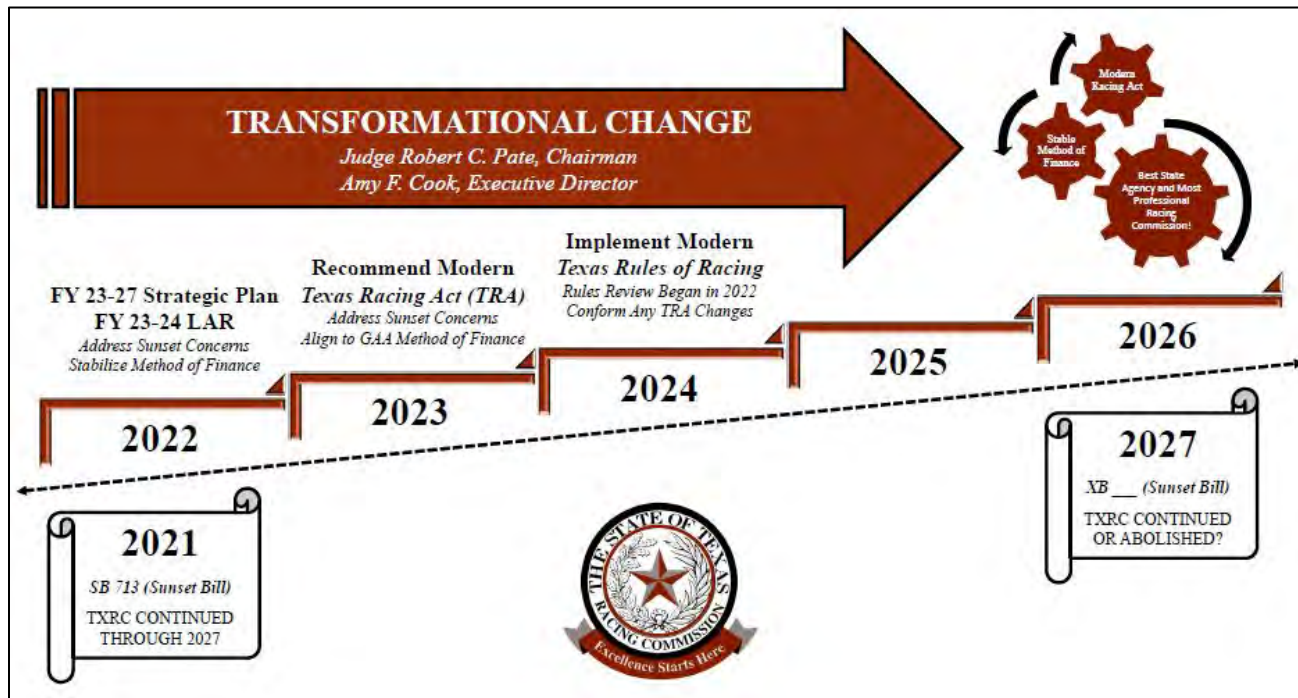


A Call for Transformational Change

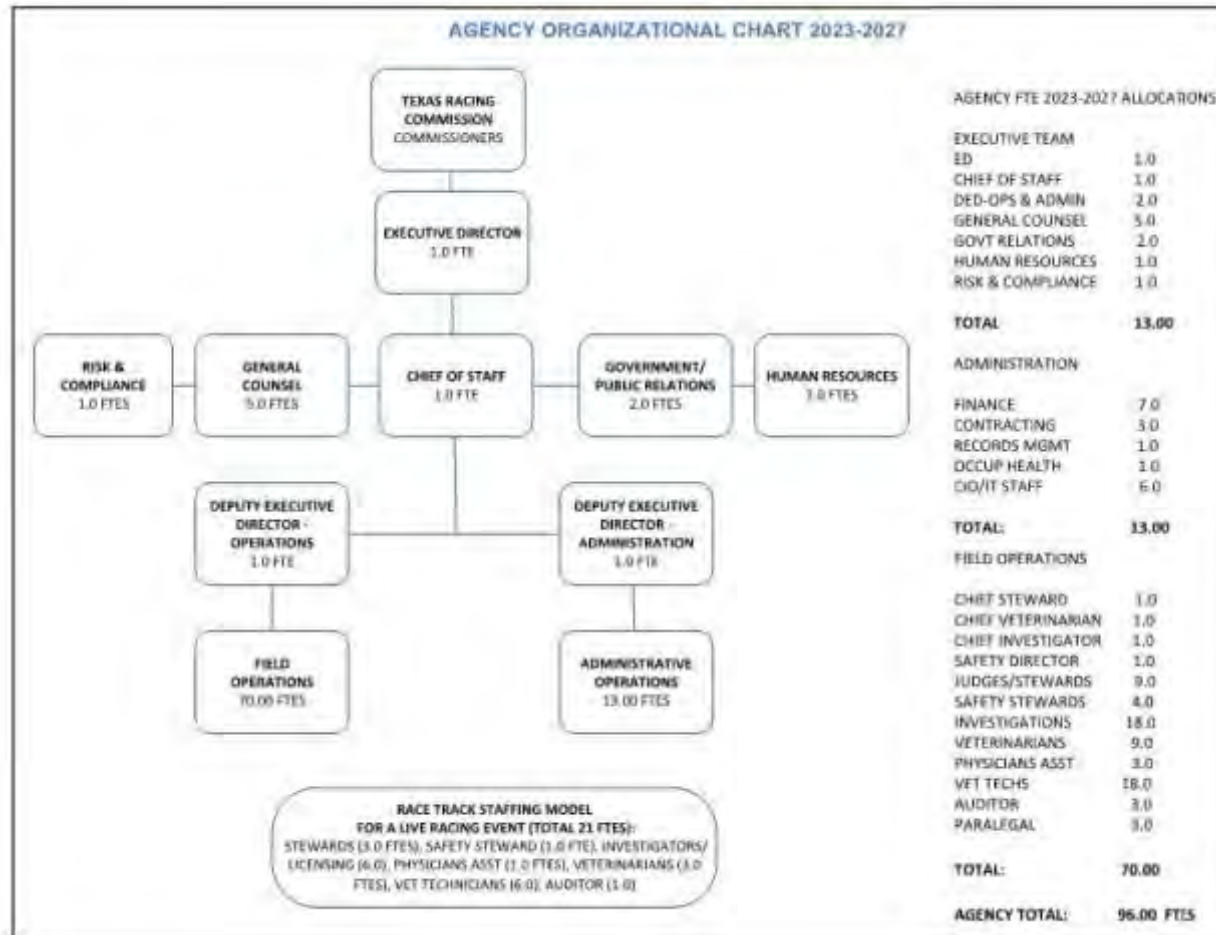
“A leader’s job is to look into the future and see the organization, not as it is, but as it should be.”

– Jack Welch

The agency’s leadership clearly understands that the agency must undergo transformational change to align its business operations with the recommendations of the Sunset Commission and the Legislature’s guidance. This process began with the agency revising the budget structures and will continue with a holistic review of the enabling statute, a request for the agency to convert the baseline agency funding to General Revenue and provide an opportunity for the agency to demonstrate the economic benefit that Texas would realize if the Legislature invests in the agency to create transformational change...



Transformational Organization Chart (2023-2027)



II. Strategic Overview and Scene-Setter

“A leader is someone who helps improve the lives of other people or improve the system they live under.”

– Sam Houston

In the forty-year period from the inception of the *Texas Racing Act* in 1987 to the effective Sunset date currently set for 2027 by the Legislature, there has never been effective investment in the organizational capacity of the agency to carry out its statutory, statewide enforcement mission. The idea that the regulated industry would fund the agency despite economic and industry barriers to growth, has failed over time, as noted in the 2021 Sunset Report. This funding request, as presented, is the path to creating the effective state agency that the industry deserves, and what the citizens of Texas require to fund the appropriate personnel, tools, training, technology, and travel practices to increase the integrity and safety of both horse and greyhound racing in the State of Texas.

The Texas Racing Commission is the only Article VIII regulatory agency without a General Revenue (GR) funding stream. It is time to change not just the agency’s operations but how it is funded. The request has a step-up approach with three short years available to recover from 30 years of neglect:

2023 – Supplemental Appropriation Request to:

- Fully Fund Current GR-D FTEs (26) and Add 15.7 GR-D FTEs (Total: 55 FTEs)
- Fund IT Recovery and Transportation Start-Up Costs

2024 – Exceptional Items to Further Build FTE Capacity and Two Capital Projects:

- IT (Enforcement Database)
- Transportation (7 Vehicles)
- Add 26 GR FTEs (MOF Swap and Conversion from GR-D), and 15 GR-D FTEs (Total: 70 FTEs)

2025 – Exceptional Items to Further Build FTE Capacity:

- Continue to Build FTE Capacity
- Provide Added Funding to Fully Implement IT/Transportation Projects
- Add 26 GR-D FTEs (Total: 96 FTEs – 26 Funded through GR; 70 Funded through GR-D)

2026 – Sustainment Funding for GR 96 FTEs with Tools, Technology, Training, and Travel Funds (GR/GR-D)

2027 – Sustainment Funding for GR 96 FTEs with Tools, Technology, Training, and Travel Funds (GR/GR-D)

“The centerpiece of the Texas Racing Commission funding proposal in this legislative appropriations request is the development of a viable talent management strategy comprised of salary, compensation, training, travel and tools required to enable our employees to effectively perform the agency statutory mission.”

– Amy F. Cook, Executive Director

Talent Management Strategy

A talent management strategy is a plan of action to optimize employee performance. The basic assumption in the strategy is that employees who have all the resources to do their job well, perform better. Employees will be engaged when job demands (e.g., an emotionally, mentally, or physically demanding job, job complexity, work pressure) are compensated with a similar (or higher) level of job resources (autonomy, performance feedback, social support, coaching, relevant knowledge). For example, the Veterinary staff working in the test barns to conduct pre- or post-race exams deserve sufficient dedicated positions with transportation assets, veterinary emergency kits, basic medical supplies, and continuing education to effectively prevent and treat animal injuries.

Workforce Analysis

In November 2021, the agency was without specific job descriptions, performance standards, employee development plans, and a published organizational chart with all current employees represented. The workforce was comprised of several employees who had retired from state service and were hired back, drawing two paychecks from the agency. The decision to consistently rehire retiring employees created a stagnation in the growth of the agency and a sense of hopelessness that there were opportunities for growth and promotion for recently hired employees. A good talent management strategy puts processes in place a career ladder that enables matching of job resources to job demands. Generally, it takes three to five years to fully execute a talent management strategy. Over time, the Texas Racing Commission seeks to create a high-performing teams using talent management as a best practice.

The systems that the agency is working to put in place are:

Alignment. Aligning agency positions with the updated strategy, mission statement, vision, and priorities. Positions have been reclassified using the State Auditor's Office published positions to clearly define roles and responsibilities, with the goal being to author updated job descriptions for our specialized needs and implement new descriptions by 2024.

Culture. Moving the agency to an employee-centric culture welcomes open communication, encourages feedback, provides psychological safety, and inspires innovation. Employees are the lifeblood of the agency, so encouraging them to be creative, innovative and to engage in designing the agency is critical in growing the future of the agency.

Compensation. With compensation and monetary incentives, the agency can compete with competitor organizations and retain employees by recognizing and rewarding excellent performance. The median salary at the agency was \$54,000 in 2021, and our funding request changes the model to a professional staff median salary of \$75,000 for the 2024-2025 biennium. In addition to raising the median salary, another \$27,000 in benefits, merit increases, and developmental training is estimated for a total of \$102,000 for each employee. The only exception is the executive director position. The funding request includes an adjustment of the exempted executive director's salary group and pay range from Group 3 (\$92,950 to \$139,137) to Group 5 (\$122,500 to \$197,415) with the same \$27,000 to cover the costs of the executive director's benefits, training, and merit increases. These adjustments are planned to prevent the Texas Legislature from having to step-in to correct the poor management practices of the agency, as occurred in 2021 with the enactment of *Senate Bill 713* (87R). Beyond the compensation structure, the agency seeks to implement an effectively funded recruiting, retention, and relocation incentive plan.

Software Systems. The existing information technology (IT) systems and tools are being replaced as funding becomes available. The field office internet connections were 1.5 MB of bandwidth; the enforcement database had no training plan or guidebook so employees had a data-entry process that was often slow and data fields would not save relevant data to process licenses, drug testing protocols, or veterinary exams. The agency has completed an initial improvement of its primary internet connection to its field offices to 50 MB; replaced basic IT devices with newer versions and migrated agency internal files from a fragile physical server at the previous Austin headquarters location to Microsoft 365 Public Cloud, which is managed by the Department of Information Resources. With the loss of the enforcement database, in May 2022, the agency has partnered with the Department of Information Resources to design a legacy modernization system that will connect with the *Texas by Texas* platform as well as serve as the agency's new enforcement database.

Training. The agency implemented the Centralized Accounting and Payroll System (CAPPS) in 2021. However, employees had not had the basic time-keeping course to enter their timecard or fundamental information security courses to access agency IT systems. In December 2021, the agency revised its new hire procedures to ensure basic employee training, standards of conduct, and an orientation to the daily operations of the agency is provided to each onboarding employee. In addition to basic training on the tools and technology used by the agency, developmental training for supervisors and employees, as well as continuing education documented on individual development plans as part of our performance management plan, have been implemented.

Career Ladder. Despite the statutory requirement to institute a career ladder, in the history of the agency, there is no documented attempt to establish such a ladder. Thus, the lack of a clearly defined path for growth and opportunities, combined with the absence of any employee counseling, performance standards and developmental training, led to the agency not growing a bench of employees and supervisors who could lead the agency into the future. With the publication of the agency strategic plan, a clearly defined organization chart has been presented that allocates 70 percent of the agency human resources to field support activities while dedicating 30 percent to agency overhead and support functions that support the field. The agency has effectively recruited 12 new employees and promoted 8 employees in the past nine months, which is a positive trend considering the departure of 12 employees in the same period. This trend can only continue with an investment in the recruiting, training, development, and retention of the agency team to build capacity to support the State of Texas by carrying out mandated duties under the *Texas Racing Act*.

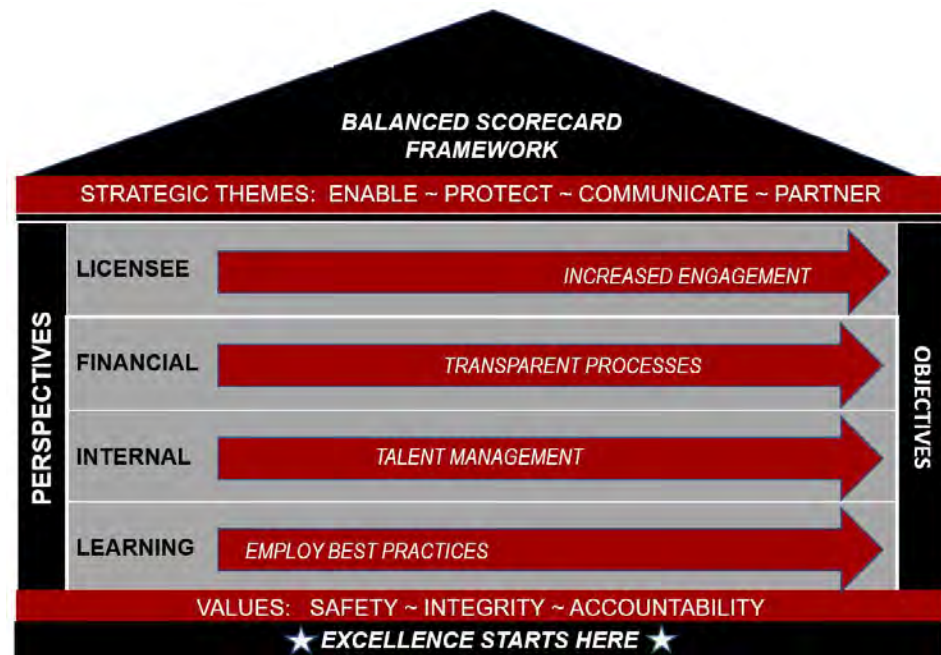
Training and Development. Regulatory racing is a highly specialized field with limited available talent across the United States. Therefore, the agency needs to recruit applicants from diverse backgrounds and other areas of the country to effectively develop the bench required to sustain the agency's ability to support the horseracing industry. There are a few national programs that provide basic accreditation to the stewards, however, there are no formally recognized training programs for regulatory investigators, regulatory equine veterinarians, and test barn veterinary technicians. Texas AgriLife has supported other institutions in setting-up trade schools for specialized training. The agency is exploring options to internally develop tailored professional development training programs that would not only support the agency employees but may be a viable option for future racing industry growth which, in the future, could be opened to other states.

Balanced Scorecard

Once this talent management model is effectively implemented, the next step will be to implement a balanced scorecard to measure agency progress against internal objectives, not just those that measure agency effectiveness of performing the regulatory mission, as the strategic plan measures are designed to do.

This balanced scorecard roadmap is presented as an initial framework to keep staff focused on becoming the best state agency in Texas, and the most professional racing commission in America.

During the upcoming biennium, the Texas Racing Commission intends to take four perspectives (Licensee, Financial, Internal, Learning) to develop balanced scorecard measures for presentation in the Agency Strategic Plan for Fiscal Years 2025-2029 with updates in each annual report. This process and product will help ensure Texas continues to lead in the racing sports and bring credit and credibility to sport with those in the regulated industry and Texas taxpayers.



III. Goal A: Enable (*Enable Racing Industry Growth through Effective Licensing and Oversight Programs*)

Leadership Assessment

Internal Factors. In 2021, the Texas Racing Commission was continued as a state agency via *Senate Bill 713 (87R)* although the Legislature and the Sunset Commission have documented and expressed concerns about its inability to effectively serve the citizens of Texas. The key Sunset findings were that "*the Commission can no longer efficiently regulate Texas pari-mutuel racing*" due to an "*untenable regulatory structure*" and "*unsustainable funding structure.*" At that time, the Legislature determined specific leadership changes were required, including the statutory termination of the agency's executive director and general counsel.

In June 2021, Gov. Greg Abbott appointed Judge Robert C. Pate to serve as Commission's Chairman. Since that time, Pate has been about the business of digging into the details of the agency and charting a course for its management in an appropriate way. In November 2021, the Commission hired Amy F. Cook, a retired U.S. Army Brigadier General, to serve as Executive Director. The two quickly discovered the agency had been mismanaged for years, to include questionable contracts that had been put in place by former leadership.

Texas Racing Act, Sec. 2023.002. Regulation and Supervision of Wagering at Race Meetings (a)
The commission shall regulate and supervise each race meeting in this state that involves wagering on the result of horse racing or greyhound racing. Each person and thing relating to the operation of a race meeting is subject to regulation and supervision by the commission.

The agency's efforts throughout 2022 have been and will continue to be focused on the elimination of cost-prohibitive contracts and the implementation of planning, programming, and budget measures to ensure future viability as a law enforcement and regulatory agency. In addition to current budget challenges, the Texas Racing Commission now finds itself in statutory conflict between the *Texas Racing Act* and federal legislation involving Thoroughbred horseracing.

External Factors–Federal. In December 2020, Congress created the Horseracing Integrity and Safety Authority (HISA) through the *Horseracing Integrity and Safety Act of 2020*, which took effect in July 2022. HISA's jurisdiction arises out of the *Interstate Horseracing Act of 1978*, which allows federal involvement in horseracing activities connected to interstate commerce involving advanced deposit wagering (does not occur in Texas) and the interstate export of certain pari-mutuel wagering signals. Notably, HISA does not regulate pari-mutuel wagering. The Texas Racing Commission has the sole authority to regulate pari-mutuel wagering and every aspect related to horse races.

Statutory Conflict. While HISA’s enabling statute has some pre-emptive effect on aspects of Thoroughbred horseracing, it creates a regulatory paradox at Texas horse tracks. If a Texas horse race becomes subject to HISA supervision, pari-mutuel wagering cannot take place as Texas Racing Commission personnel could no longer comply with the *Texas Racing Act*, essentially stepping off the track; and without interstate wagering, the race is no longer definitionally covered under HISA’s jurisdiction. To prevent regulatory chaos and to enable thoughtful decision-making within the industry, the Texas Racing Commission implemented a policy in June 2022 to deny the interstate export of pari-mutuel wagering signals on Thoroughbred horse races, thwarting HISA jurisdiction within the state.

Economic Impact. Some interested parties in Texas have proposed the Texas Racing Commission identify ways to conform the state statute to the federal authority, as is done in other policy areas of overlapping jurisdiction. However, unlike the areas of agriculture and public safety, HISA’s novel approach provides zero financial resources to the state.

HISA’s governance model was clumsily constructed because it fails without state appropriated funds and state appropriated FTEs fulfilling its requirements. Congress appropriated no funds for this new federal entity, rather it was launched as a self-regulated, self-funded private entity under the Federal Trade Commission. As an organization, HISA does not employ personnel to directly oversee the regulations it is empowered to promulgate under sanction of the Federal Trade Commission (FTC). Instead, HISA seeks voluntary agreements with state commissions to do their bidding without compensation. The *Texas Racing Act* does not authorize the Texas Racing Commission to allow a federal entity to commandeer Texas state employees to regulate horse races, nor to collect and remit fees on behalf of the federal government.

In March 2022, the Texas Racing Commission submitted comments to the FTC recommending a better way for everyone to achieve the stated goals. The FTC can request statutory authority and funding from Congress to administer a Cooperative Agreement Program in alignment with the *Federal Grant and Cooperative Agreement Act*, which is set out in Chapter 63 of Title 31 of the U.S. Code. Without a change to the federal regulatory scheme or the *Texas Racing Act*, the Texas Racing Commission has no recourse but to continue to deny the interstate Thoroughbred export signals. This impasse effects a major revenue stream for Thoroughbred meets at the licensed racetrack associations in Texas. But it also creates an opportunity for Texas to become a horseracing leader in the United States.

In April 2022, HISA attempted to bill Texas \$371,377 to cover the start-up cost to begin their oversight of Texas horse tracks, including Gillespie Country Fairgrounds (\$2,062), Sam Houston Race Park (\$191,820), and Lone Star Park (\$112,838). The expectation was for the Texas Racing Commission to sign an agreement to collect these fees and enforce federal regulations on behalf of the authority. The projected cost for their Anti-Doping and Medication Program billed to Texas is projected to be over \$1.2 million dollars beginning in 2023. The Texas Racing Commission has not and does not intend to make any payment to HISA, as there is no lawful mechanism.

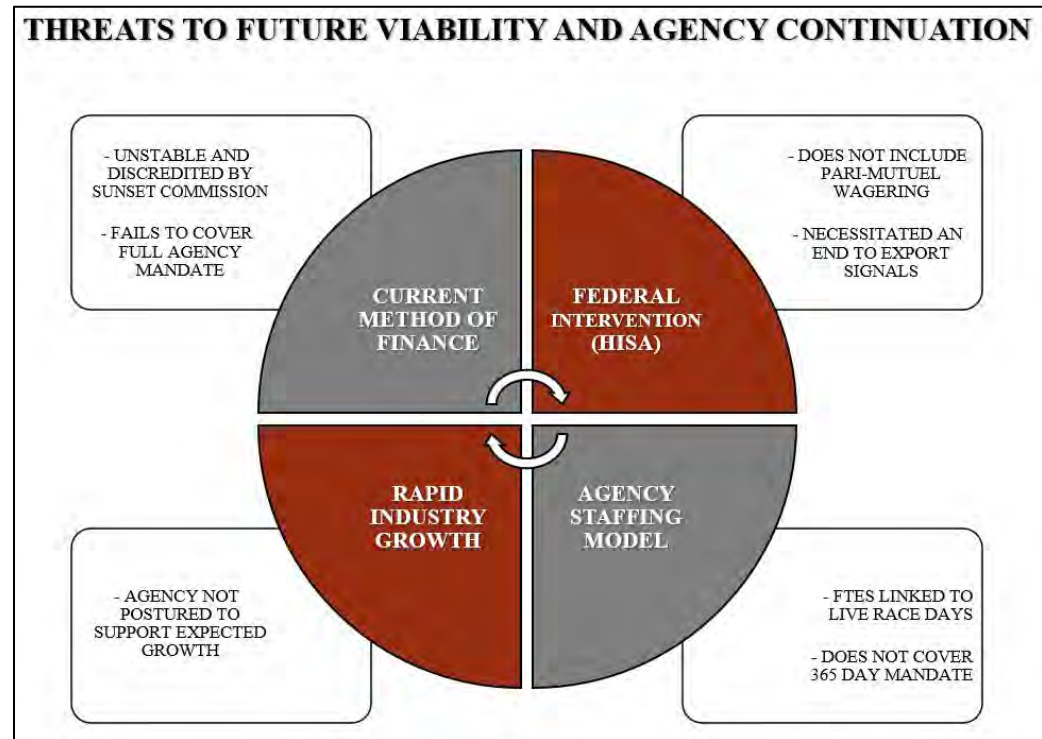
Should HISA be allowed to assert its jurisdiction in Texas, there will be a requirement for added resources to meet their funding demands of the Texas Racing Commission or racetrack associations within the state. Further, should the Texas Legislature choose to modify the *Texas Racing Act* to accept submissive coexistence with the federal authority, the costs could become enormous, particularly if HISA’s authority is expanded to include additional breeds. There is currently no limit to what HISA can invoice their regulated entities to repay the \$15 million in loans they received from private parties to get off-the-ground or to sustain their growing operation into the future.

As of today, the Texas Racing Commission is actively engaged in legal and policy efforts to protect Texas from this flawed federal law.

Investment Plan

In the interest of transparency and public accountability, the agency seeks to articulate the baseline operational requirements and demonstrate the true resources required to sustain its requirements for licensing and regulatory activities under the *Texas Racing Act* and is seeking the Legislature’s concurrence with the appropriations required to successfully achieve the agency’s missions.

Given the internal and external forces at work, the sport of horseracing is at a crossroads. For more than 30 years, the Texas Racing Commission has conducted its regulatory activities in a crude manner, unaligned with industry and without direct state support. As perennially outlined in Sunset Commission reports, the agency’s model of funding itself from the regulated industry is not sustainable to meet its mandates.



The Texas Racing Commission has determined twenty-six (26) FTEs are required to meet the basic statutory requirements to operate as an agency of the state, independent of the staff required to effectively supervise live racing events. The agency proposes these FTEs be funded by general revenue to provide stability and effective, ethical management of an enforcement agency enabled under Texas law.

Assuming continued and growing interest in Texas horseracing, the agency has determined a minimum of 96 people is required to enforce the agency's statewide jurisdictional mandate. Seventy (70) of the positions in the proposed staffing model are dedicated to preparation, oversight, and administrative investigations and hearings required for live racing, which would remain contingent upon the continued growth of Texas racetracks.

Given the Legislature's grave concerns in the past, the requested structural changes to the agency budget will address redundancies and inefficiencies noted throughout the agency's strategic fiscal review, as well as the Sunset Commission's staff reports. Additionally, the enactment of the federal *Horseracing Integrity and Safety Act of 2020* has created an existential threat to the Commission's ability to operate. Non-conformity with the agency's enabling state statute means the permanent cessation of interstate export signals for pari-mutuel wagering on Thoroughbred racing from Texas is likely to occur into the foreseeable future. Significantly, these export signals provide a major revenue stream for racetrack associations and their permanent cessation will likely require adjustment to their current business model to remain viable into the future.

Currently, the Texas Racing Commission is statutorily required to raise its own revenue. These funds are deposited into Account No. 597. All the Texas-bred Incentive Fund resources are passed through the agency from racetracks to eligible recipients with no funds provided to the agency for the administration of the program. If General Revenue–Dedicated Funds revenue falls short of the appropriations, no other funding provides the difference. The agency also is subject to a requirement in the *Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium*, Article VIII, Special Provisions, Section 2, which limits the agency's appropriations to the amounts of actual revenue collected. Under current law (Sec. 2023.053, Texas Occupations Code), the Texas Racing Commission may receive additional appropriations above collected amounts but is required to repay this amount within one year as a debt with 6.75 percent interest.

To address the 2021 Sunset concerns, the Texas Racing Commission requests indirect administrative and personnel requirements be funded through General Revenue with reimbursable expenses remaining General Revenue-Dedicated Funds. This structure will ensure the agency can effectively perform inherent state agency functions and treat state employees with parity between agencies, particularly in relation to how employees are compensated under the Employee Retirement System. If approved, and to be effective, the Texas Racing Commission's enabling statute would require changes to remove the repayment and interest requirements.

Trust Fund Administration: Texas-bred Incentive Fund and the Horse Industry Escrow Account

Texas-bred Incentive Fund (Appropriated Fund 0327). This is an escrow trust fund in the state treasury for distribution to breed registries. Funds are accumulated through a portion of breakage from races along with and one-percent share of live and simulcast wagering pools. While this fund currently appears in the Texas Racing Commission’s bill pattern, much like its sister appropriation, the Horse Industry Escrow Account, these funds are designed to support the industry’s economic growth and do not provide any resource for agency operations.

Horse Industry Escrow Account (HIEA) (Appropriated Fund 0876). The purpose of this trust fund is for any horse racetrack association or horse breed registry in Texas to apply for money from the fund, with up to 70 percent of deposits to the account being authorized for purses, and the remaining 30 percent going toward breed enhancements. The account gathers revenues through proceeds of sales tax on horse supplies and related items. Any revenues raised beyond the \$50 million during the biennium is deposited into the state’s General Revenue Fund.



Texas Equine Industry Study – Horse Economic Impact

Texas A&M Equine Life and Texas A&M AgriLife Research, 2015

Horse Ownership Expenses	Average Expense per Horse:
Feed	\$790.01
Supplements	\$95.65
Bedding and grooming supplies	\$103.28
Tack, equipment and all other services-Amount Spent in 2015	\$185.94
Clothing	\$71.39
Maintenance of owned facilities	\$428.37
Boarding	\$347.78
Training	\$309.41
Horse leasing	\$5.86
Rider education/lessons	\$69.63
Clinics/seminars	\$35.03
Shoeing/farrier	\$252.63
Veterinary services, including pharmaceuticals	\$326.02
Other	\$65.53
Total Horse Ownership Expenses	\$3,086.54

Racing

Impact Type	Output	Employees
Direct Effect	\$733,390,800	6,722.40
Indirect & Induced Effect	\$649,197,700	4728.40
Total Effect	\$1,382,588,500	11,450.80

Appropriations Requests by Strategy

To facilitate transparency in agency fiscal operations, the budget structures have been reduced from 10 payroll lines for 39.3 FTEs to 5 Payroll lines beginning in Fiscal Year 2024. Licensing and Investigations Staff have been combined into one group to take a more proactive stance on validating criminal history in compliance with Texas law before the license is issued. To that end, performance measures have been realigned to effectively measure licensing activities.

To fully perform the agency statutory mission and comply with Texas law, the staff would be increased from 6 FTEs to 14 FTEs by 2024. The Texas Department of Public Safety/Law Enforcement will have a separate line for background checks and investigative support for new racetrack applications.

<i>Goal/Objective/STRATEGY</i>	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
1 Enable Industry Growth Through Modernization of Licensing Service						
<i>1 Enable Industry Growth Through Modernization of Licensing Service</i>						
1 MODERNIZE LICENSING SERVICES	\$713,434	\$713,434	\$0	\$0	\$713,434	\$713,434
2 CRIMINAL HISTORY & BACKGROUND CHECK	0	0	0	0	0	0
3 TEXAS.GOV	10,000	10,000	0	0	10,000	10,000
TOTAL, GOAL 1	\$723,434	\$723,434	\$0	\$0	\$723,434	\$723,434

IV. Goal B: Protect (*Deter, Investigate and Adjudicate Violations of the Texas Racing Act*)

Leadership Assessment

The Texas Racing Commission licenses Texas, national and international participants in the sport of pari-mutuel greyhound and horse racing, while also protecting the safety of all licensees and the betting public.

Additionally, to be a truly effective law enforcement agency, the Texas Racing Commission staffing model needs to account for its statewide jurisdictional mandate, this is specifically true in relation to the investigating serious violations of the *Texas Racing Act* that occur at illicit brush and bush tracks. While private racing in general is not illegal, there are numerous health, safety, and integrity risks to the legitimate racing industry, wagering public, and racing animals. In addition to illegal wagering and *Texas Racing Act* violations, brush and bush tracks are suspected to be largely ungoverned spaces that allow for a wide range of organized criminal activity, to include human trafficking, unlicensed alcohol sales, tax evasion, and as wells turning a blind or knowing eye to illicit drugs and shocking devices that can injure or maim racing horses and undermine the sport’s integrity.

Specifically, races conducted at brush and bush tracks raise questions about the integrity of track programs. A winning horse at an unregulated track gains a competitive edge not reflected in the official program when the same horse later races at a licensed track. This type of insider information creates a serious handicapping disadvantage to unknowing patrons who rely on racing association’s published race card to guide their wagering strategies.

Additionally, horses racing at brush and bush tracks are more likely to be injected with prohibited and dangerous substances, subjected to other

Texas Racing Act, Sec. 2023.001. Licensing, Regulation, and Supervision of Horse Racing and Greyhound Racing. (a) *Notwithstanding any contrary provision in this subtitle, the commission may license and regulate all aspects of horse racing and greyhound racing in this state, regardless of whether that racing involves pari-mutuel wagering.*

Texas Racing Act, Sec. 2023.003. Other Licensing and Regulation: Rules and Fees.

(a) *The commission may adopt rules for the licensing and regulation of races and workouts at tracks that do not offer pari-mutuel wagering and for workouts at training facilities to secure past performances and workouts to:*

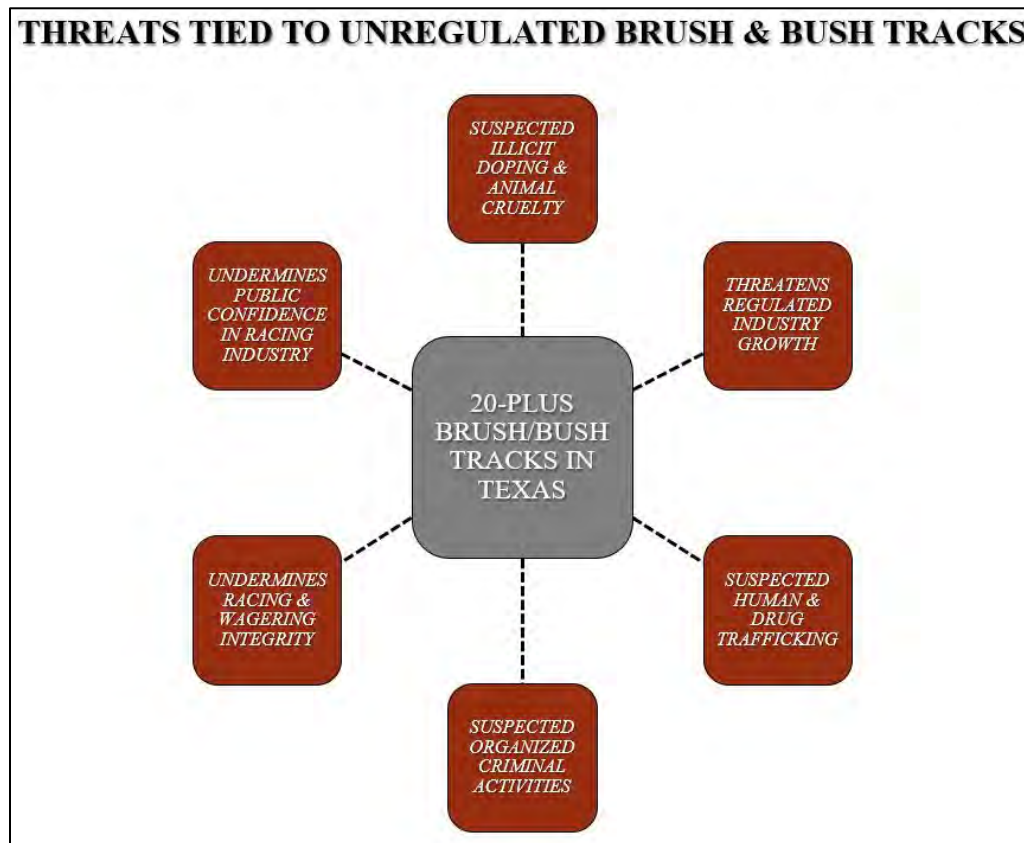
- (1) protect the health, safety, and welfare of race animals and participants in racing;*
- (2) safeguard the interest of the general public; and*
- (3) promote the orderly conduct of racing in this state.*

mistreatment, unscrupulous practices, and may be more susceptible to infectious diseases that can then be spread at legitimate tracks, potentially causing economic and reputational harm. The Texas Racing Commission is not currently postured to assert robust jurisdiction outside the confines of a licensed racetrack, but seeks the personnel, resources, and equipment to address statewide concerns.

Investment Plan

Responding to many of these challenges requires strong multi-jurisdictional partnerships, including the Texas Comptroller of Public Accounts, Texas Department of Agriculture, Texas Department of Public Safety, Texas Alcoholic Beverage Commission, Texas Animal Health Commission, Texas Board of Veterinary Medical Examiners, Texas Parks, and Wildlife, as well as the Texas Secretary of State.

Because protecting the health and welfare of horse racing participants undoubtedly requires additional resources, the agency proposes that the Texas Legislature provide sufficient appropriations to resource the Texas Racing Commission at the level required to address projected requirements to implement Sunset recommendations, effectively assert statewide jurisdiction in support of brush and bush track investigation, as well as meet or exceed industry best practices in health and safety that may arise from the federal Horseracing Integrity and Safety Authority.



Appropriations Requests by Strategy

The agency is unable to protect licensees who follow Texas law from those who are not, including the activities at brush and bush tracks, and illegal betting on match races. This approach seeks to fund FTEs to enforce the *Texas Racing Act* statewide, as well as FTEs to address the appellate actions of license holders or those engaged in illegal activities.

Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
2 Protect The Integrity And Safety of Texas Racing						
1 Protect The Integrity And Safety of Texas Racing						
1 DETER, INVESTIGATE, AND ADJUDICATE	679,154	679,154	0	0	679,154	679,154
2 WAGERING INTEGRITY AND SECURITY	280,866	280,866	0	0	280,866	280,866
3 PREVENT INJURIES/EMERGENCY RESPONSE	339,577	339,577	0	0	339,577	339,577
4 ADMINISTER DRUG TESTS	197,327	197,327	2,626,700	2,889,370	2,824,027	3,086,697
TOTAL, GOAL 2	\$1,496,924	\$1,496,924	\$2,626,700	\$2,889,370	\$4,123,624	\$4,386,294

V. Goals C & D: Communicate (*Modernize Internal and External Agency Communication Platforms and Practices*) & Partner (*Increase Agency Effectiveness through Stakeholder and Government Partnerships*)

Leadership Assessment

The agency had poor communication with its stakeholders and licensees, which has been addressed initially through in-person visits and public meetings to assist the new Executive Director in understanding customer concerns. Given the outdated IT tools and paper-driven business processes, it is amazing that that staff functioned at all without current technology and the use of modern communication channels including an interactive webpage, social media, and public events to educate and inform our customers. In addition, the live race day FTE calculation does not account for the pre-race, post-race, investigative and appellate actions that take place year-round. Nor does it account for the over activities required to conduct appropriate manage fiscal, procurement, human resources, audit, and information technology activities.

Investment Plan

This set of strategies are the foundation of stabilizing the agency overhead and support functions to support the mission. General Revenue supplemental appropriations are requested to begin that process in 2023. The conversion of the HQ staff to GR and the field staff funded by GR-Dedicated funds allows the field staff to grow only when there is demand from the supported industry based on granted race dates and support required to conduct pre and post equine exams.

Appropriations Requests by Strategy

<i>Goal/Objective/STRATEGY</i>	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
3 Indirect Administration						
<i>1 Indirect Administration</i>						
1 CENTRAL ADMIN & OTHER SUPPORT SVCS	779,482	779,482	3,816,387	4,316,387	4,595,869	5,095,869
2 INFORMATION RESOURCES	501,879	501,879	2,933,386	7,227,000	3,435,265	7,728,879
TOTAL, GOAL 3	\$1,281,361	\$1,281,361	\$6,749,773	\$11,543,387	\$8,031,134	\$12,824,748
4 Texas Bred Incentive Fund Administration						
<i>1 Texas Bred Incentive Fund Administration</i>						
1 TEXAS BRED INCENTIVE PROGRAM	3,130,000	3,130,000	0	0	3,130,000	3,130,000
TOTAL, GOAL 4	\$3,130,000	\$3,130,000	\$0	\$0	\$3,130,000	\$3,130,000

VI. Request for Exceptional Items

The Texas Racing Commission's appropriations request is designed to establish the infrastructure necessary to fulfill the vision cast in the agency's strategic plan for 2023-2027. To make this vision a reality, the Commission requests the following priorities be funded in addition to base appropriation established.

Exceptional Item No. 1: Employee Retirement System Assessment

Initial Cost. The projected cost in 2023 is \$403,000, however approximately 7 employees who will be paid compensation from this fund retired from the agency in Fiscal Year 2022, so the estimated amount based on the increase is: \$504,000.

Sustainment Cost. Projected to increase by 10-25 percent annually.

Method of Finance. The method of finance is General Revenue.

Justification. The agency is making efforts to address the unappropriated Employee Retirement System line in the bill pattern. The agency is unable to collect sufficient revenue to fund former employee benefits, which takes funds from other programs effectively creating barriers to agency growth.

Exceptional Item No. 2: Statutory Interest Payment

Initial Cost. \$215,880

Sustainment Cost. If the requirement is removed from the *Texas Racing Act*, there will be no sustainment cost.

Method of Finance. The method of finance is General Revenue.

Justification. Payment is calculated on based statutory requirement to pay 6.75 percent interest for General Revenue appropriated to the agency (Texas Occupations Code, Sec. 2023.053(e)).

Exceptional Item No. 3: Full-Time Equivalents (Salary, Benefits, Training, and Travel)

Initial Cost. \$2,510,459

Sustainment Cost. \$6,020,918

Method of Finance. The method of finance is General Revenue for 26 FTEs and GR-Dedicated for 70 FTEs.

Justification. The agency is does not have sufficient staffing to carry out its statutory mission.

Exceptional Item No. 4: Legacy Modernization (Information Resources)

Initial Cost. The projected cost in 2024 is \$2,993,386.00 to re-establish the online licensing portal and to join the ongoing pilot project that the Texas Department of Licensing is working on with the Department of Information Resources known as Texas by Texas (TxT). In 2025, the projected cost to build the back-end aspects of the enforcement database is: \$7,227,000.00. These are the high end of the cost estimates, which should be mitigated by TDLR's efforts that will be designed before our agency is brought into the project.

Sustainment Cost. Once operational, the sustainment costs in 2026 and 2027, are estimated at \$309,000 per year for software, hardware maintenance and employee training.

Method of Finance. The method of finance is General Revenue.

Justification. The agency enforcement database is offline following our relocation to the G.H.W. Bush building in May 2022. The agency has partnered with Department of Information Resources to migrate the previous Oracle Application to the Shared Technology Services Program, upgrade our Texas.Gov portal presence, join the agencies using the new Texas by Texas online, and to design a back-end product to serve as the replacement licensing and enforcement licensing database.

Exceptional Item No. 5: Enforcement Program

Initial Cost. The projected cost in 2023 is \$260,000 to procure the first two vehicles and to stand-up a Fleet Management Program.

Sustainment Cost. In 2024 and 2025, funding for the initial purchase of the additional 5 vehicles with appropriate tools and IT equipment is estimated at \$1,052,500, as well as training to prepare agency staff to enforce the Texas Racing Act statewide, not just within the restricted areas

of the racing associations. This funding supports the purchase of 5 Vehicles (1 - Patrol Vehicle), 4 Pick-Up Trucks with Toolbox Installed, 2 Mobile Testing and Evidence Collection Trailers. Sustainment Cost. Once operational, 2026 and 2027 sustainment costs are estimated at \$212,500 per year.

Method of Finance. The method of finance is General Revenue.

Justification. The agency cannot effectively perform its statutory, statewide enforcement mission using privately-owned or rental vehicles. Implementing a transportation program will be more cost effective than paying mileage and it will improve the agency's ability to deter, investigate and adjudicate violations of the Texas Racing Act.

Exceptional Item No. 6: Equine Drug Testing Program

Initial Cost. \$2,626,700 for 2024 and 2025 for equine drug testing at the Texas A&M Veterinary Medical Diagnostic Laboratory.

Sustainment Cost. Projected to increase by 10 percent annually.

Method of Finance. The method of finance is General Revenue.

Justification. Building on a model from the past, the agency requests an appropriation from GR beginning in 2024 to fund the Texas A&M Veterinary Medical Diagnostic Laboratory's support for agency support.

Exceptional Item No. 7: Update Executive Director Compensation

Initial Cost. \$60,048 for 2024 and 2025.

Sustainment Cost. \$60,048 annually.

Method of Finance. The method of finance is General Revenue.

Justification. Current salary is not market competitive.

VII. Rider Revisions and Additions Request

3.B. Rider Revisions and Additions Request

3.B. Rider Revisions and Additions Request

Agency Code: 476	Agency Name: TEXAS RACING COMMISSION	Prepared By: AMY F. COOK, EXECUTIVE DIRECTOR	Date: 9/16/2022	Request Level:																																																												
Current Rider Number	Page Number in 2022-23 GAA	Proposed Rider Language																																																														
1	PAGE VIII-44 to 48	<p>1. Performance Measure Targets. The following is a listing of the key performance target levels for the Racing Commission. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Racing Commission. In order to achieve the objectives and service standards established by this Act, the Racing Commission shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;"><u>2022</u></th> <th style="width: 10%; text-align: center;"><u>2023</u></th> </tr> </thead> <tbody> <tr> <td colspan="3">A. Goal: ENFORCE RACING REGULATION</td> </tr> <tr> <td colspan="3">Outcome (Results/Impact):</td> </tr> <tr> <td>Percentage of Investigations (Individuals) Resulting in Disciplinary Action</td> <td style="text-align: center;">95%</td> <td style="text-align: center;">95%</td> </tr> <tr> <td>Percentage of Licensees with No Recent Violations</td> <td style="text-align: center;">97%</td> <td style="text-align: center;">97%</td> </tr> <tr> <td>Percent of Race Horses that Sustain a Catastrophic Injury</td> <td style="text-align: center;">0.14%</td> <td style="text-align: center;">0.14%</td> </tr> <tr> <td>Percent of Greyhounds that Sustain a Catastrophic Injury</td> <td style="text-align: center;">0.1%</td> <td style="text-align: center;">0.1%</td> </tr> <tr> <td colspan="3">A.1.1. Strategy: LICENSE/REGULATE RACETRACKS</td> </tr> <tr> <td colspan="3">Output (Volume):</td> </tr> <tr> <td>Number of Racetrack Inspections</td> <td style="text-align: center;">12</td> <td style="text-align: center;">12</td> </tr> <tr> <td colspan="3">Explanatory:</td> </tr> <tr> <td>Number of Horse Tracks Regulated</td> <td style="text-align: center;">7</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Number of Greyhound Tracks Regulated</td> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> </tr> <tr> <td colspan="3">A.2.1. Strategy: TEXAS BRED INCENTIVE PROGRAM</td> </tr> <tr> <td colspan="3">Output (Volume):</td> </tr> <tr> <td>Number of Texas Bred Awards for Horses</td> <td style="text-align: center;">4,230</td> <td style="text-align: center;">4,230</td> </tr> <tr> <td>Number of Texas Bred Awards for Greyhounds</td> <td style="text-align: center;">187</td> <td style="text-align: center;">187</td> </tr> <tr> <td colspan="3">A.3.1. Strategy: SUPERVISE & CONDUCT LIVE RACES</td> </tr> <tr> <td colspan="3">Output (Volume):</td> </tr> <tr> <td>Number of Occupational Licenses Suspended or Revoked</td> <td style="text-align: center;">101</td> <td style="text-align: center;">101</td> </tr> </tbody> </table>				<u>2022</u>	<u>2023</u>	A. Goal: ENFORCE RACING REGULATION			Outcome (Results/Impact):			Percentage of Investigations (Individuals) Resulting in Disciplinary Action	95%	95%	Percentage of Licensees with No Recent Violations	97%	97%	Percent of Race Horses that Sustain a Catastrophic Injury	0.14%	0.14%	Percent of Greyhounds that Sustain a Catastrophic Injury	0.1%	0.1%	A.1.1. Strategy: LICENSE/REGULATE RACETRACKS			Output (Volume):			Number of Racetrack Inspections	12	12	Explanatory:			Number of Horse Tracks Regulated	7	7	Number of Greyhound Tracks Regulated	2	2	A.2.1. Strategy: TEXAS BRED INCENTIVE PROGRAM			Output (Volume):			Number of Texas Bred Awards for Horses	4,230	4,230	Number of Texas Bred Awards for Greyhounds	187	187	A.3.1. Strategy: SUPERVISE & CONDUCT LIVE RACES			Output (Volume):			Number of Occupational Licenses Suspended or Revoked	101	101
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*3.B. Rider Revisions and Additions Request
(continued)*

		<p>A.3.2. Strategy: MONITOR LICENSEE ACTIVITIES Output (Volume): Number of Investigations Completed 100 100</p> <p>A.4.1. Strategy: INSPECT & PROVIDE EMERGENCY CARE Output (Volume): Number of Horses Inspected Pre-race 12,118 12,118 Number of Greyhounds Inspected Pre-race 394 394</p> <p>B. Goal: REGULATE PARTICIPATION B.1.1. Strategy: OCCUPATIONAL LICENSING PROGRAM Output (Volume): Number of New Occupational Licenses Issued 1,800 1,800 Number of Occupational Licenses Renewed 4,000 4,000</p> <p>C. Goal: REGULATE PARI MUTUEL WAGERING Outcome (Results/Impact): Percentage of Compliance Audits Passed 97% 97%</p> <p>C.1.1. Strategy: MONITOR WAGERING AND COMPLIANCE Explanatory: Total Pari-Mutuel Handle (in Millions) 255 255 Total Take to the State Treasury from Pari-Mutuel Wagering on Live and Simulcast Races 2,568,224 2,568,224</p>
2		<p>RENUMBERED TO 12 2. Texas Bred Incentive Program Receipts. The amounts appropriated above in Strategy A.2.1, Texas Bred Incentive Program, are estimated amounts set aside by the Texas Racing Act pursuant to Occupations Code §§ 2028.101, 2028.103, 2028.105, 2028.154, and 2028.202 for the Texas Bred Incentive Program. Any additional revenue set aside by the Texas Racing Act pursuant to Occupations Code §§ 2028.101, 2028.103, 2028.105, 2028.154, and 2028.202 for the Texas Bred Incentive Program (estimated to be \$0) is appropriated to the Racing Commission in Strategy A.2.1, Texas Bred Incentive Program, in each fiscal year of the 2022-23 biennium. None of the funds appropriated above for Texas Bred Incentive Program Awards may be</p>

*3.B. Rider Revisions and Additions Request
(continued)*

	<p>expended for payments to a member serving on the commission. The Racing Commission shall take all necessary steps to ensure compliance with this provision.</p>
	<p>3. Criminal History Checks and Background Checks. a. Out of the funds appropriated above in Strategy B.1.1, Occupational Licensing Program, \$90,000 in fiscal year 2022 and \$90,000 in fiscal year 2023 are appropriated to the Racing Commission for the purpose of reimbursing the Department of Public Safety (DPS), Federal Bureau of Investigation (FBI), and/or any other entity authorized to conduct criminal history background checks for costs incurred in conducting criminal history checks or background checks on individuals seeking to transfer ownership interest in an existing racetrack license on Racing Commission license applicants and renewals. Any additional revenue received from occupational license fees to cover the costs of criminal history checks or background checks (estimated to be \$0) is hereby appropriated to the Racing Commission for the purpose of reimbursing the DPS, FBI, and/or any other entity authorized to conduct criminal history background checks.</p> <p>b. Before May 31, 2022, the Racing Commission shall submit a report to the Legislative Budget Board, in a format prescribed by the Legislative Budget Board, that details the amount collected and expended on criminal history checks and background checks to date and the amount the agency is projecting to collect and expend on criminal history checks and background checks for the remainder of the 2022-23 biennium.</p> <p>c. Any appropriation authority identified in subsection (a) of this rider not used for criminal history checks or background checks shall be lapsed by the Racing Commission.</p>
	<p>4. Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Brood Program. a. In addition to the amounts appropriated above, the Texas Racing Commission is appropriated \$315,950 out of funds collected by the agency and deposited to GR Dedicated Texas Racing Commission Account No. 597 during each fiscal year of the 2022-23 biennium, in the following amounts for each new horse racetrack that begins operation for the first time during the biennium or for each reopening horse racetrack that initiates operations again during the biennium (estimated to be one new horse racetrack or reopening horse racetrack) contingent upon the Texas Racing Commission assessing fees sufficient to generate, in addition to revenue requirements elsewhere in this Act, during the 2022-23 biennium, \$423,970 for fiscal year 2022 and \$424,570 for fiscal year 2023 for each new horse racetrack or each reopening horse racetrack in excess of \$4,353,479 in fiscal year 2022 and \$4,353,479 in fiscal year 2023 (Object Codes 3188, 3189, 3190, 3196, and 3200) contained in the Comptroller of Public</p>

*3.B. Rider Revisions and Additions Request
(continued)*

		<p>Accounts' Biennial Revenue Estimate for fiscal years 2022 and 2023:</p> <p>(1) \$97,000 in Strategy A.3.1, Supervise and Conduct Live Races; (2) \$54,000 in Strategy A.3.2, Monitor Licensee Activities; (3) \$65,200 in Strategy A.4.1, Inspect and Provide Emergency Care; (4) \$19,750 in Strategy A.4.2, Administer Drug Tests; (5) \$35,000 in Strategy B.1.1, Occupational Licensing Program; (6) \$45,000 in Strategy C.1.1, Monitor Wagering and Compliance.</p> <p>Also, the "Number of Full-Time Equivalents (FTE)" figure indicated above shall be increased by 5.0 FTEs in each fiscal year for each new horse racetrack that begins operations for the first time during the biennium or for each reopening horse racetrack that initiates operations again during the biennium contingent upon the Texas Racing Commission generating the amount of revenue indicated above for each new horse racetrack. The Texas Racing Commission upon completion of necessary actions to assess or increase such additional revenue shall furnish copies of the Texas Racing Commission's minutes and other information supporting the estimated revenues to be generated for the 2022-23 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose. For informational purposes, the amount of increased revenue identified above reflects amounts sufficient to cover direct appropriations of \$631,900 and other direct and indirect costs (estimated to be \$216,640 for the 2022-23 biennium).</p> <p>b. In addition to amounts appropriated above out of the Texas-bred Incentive Fund No. 327, the Texas Racing Commission is appropriated in Strategy A.2.1, Texas Bred Incentive Program, revenue set aside by the Texas Racing Act pursuant to Occupations Code §§ 2028.101, 2028.103, 2028.105, 2028.154, and 2028.202 for the Texas Bred Incentive Program that is collected by the agency from each new horse racetrack that begins operations for the first time in the 2022-23 biennium or for each reopening horse racetrack that initiates operations again during the 2022-23 biennium in an amount not to exceed \$334,477 from Texas-bred Incentive Fund No. 327 each year for each new horse racetrack. Any appropriations from revenue collected by the agency from new horse racetracks for the Texas Bred Incentive Program during the 2022-23 biennium may be used only for that purpose and are not transferable to any other strategy.</p> <p>c. For the purposes of this contingency rider, a "reopening horse racetrack" is a horse racetrack that has not operated live or simulcast race operations for 365 or more consecutive days prior to the reopening date for which live or simulcast operations are to be initiated again.</p>
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*3.B. Rider Revisions and Additions Request
(continued)*

		<p>Additionally, the reopening horse racetrack cannot have ceased operations during the same biennium in which it initiates operations again.</p>
		<p>5. Contingent Appropriation: New Racetrack Application. All fees collected to cover the cost of the racetrack application process to GR Dedicated - Texas Racing Commission Account No. 597 (Object Code 3191) (estimated to be \$0 each fiscal year), are appropriated to Strategy A.1.1, License and Regulate Racetracks. Any appropriations from revenue collected by the agency from new racetrack applications shall be used only for the racetrack application review process for those racetracks that have a scheduled hearing before the State Office of Administrative Hearings or the Texas Racing Commission during the 2022-23 biennium and are not transferable to any other strategy.</p>
		<p>6. Contingent Appropriation: Additional Live Race Days Added beyond the Base of 146 Days Each Fiscal Year to the Horse Race Date Calendar and Accredited Texas Bred Program:</p> <p>a. In addition to the amounts appropriated above, the Texas Racing Commission is appropriated \$3,501 for each additional live horse race day added beyond the base of 146 days to the horse race date calendar in each fiscal year out of funds collected by the agency and deposited to GR Dedicated Texas Racing Commission Account No. 597 during each fiscal year of the 2022-23 biennium (estimated to be one additional race day). This appropriation is contingent upon the Texas Racing Commission assessing fees sufficient to generate, in addition to revenue requirements elsewhere in this Act, during the 2022-23 biennium, \$5,346 for fiscal year 2022 and \$5,358 for fiscal year 2023 for each additional live race day added beyond the base of 146 days to the horse race date calendar in each fiscal year during the 2022-23 biennium in excess of \$4,353,479 in fiscal year 2022 and \$4,353,479 in fiscal year 2023 (Object Codes 3188, 3189, 3190, 3196, and 3200) contained in the Comptroller of Public Accounts' Biennial Revenue Estimate for fiscal years 2022 and 2023:</p> <ul style="list-style-type: none"> (1) \$1,255 in Strategy A.3.1, Supervise and Conduct Live Races; (2) \$413 in Strategy A.3.2, Monitor Licensee Activities; (3) \$1,175 in Strategy A.4.1, Inspect and Provide Emergency Care; (4) \$357 in Strategy A.4.2, Administer Drug Tests; (5) \$301 in Strategy B.1.1, Occupational Licensing Program. <p>Also, the "Number of Full-Time-Equivalents (FTE)" figure indicated above is increased by 0.1 FTEs for each live horse race day granted that exceeds the base of 146 days on the horse race date calendar in each fiscal year contingent upon the Texas Racing Commission generating the amount of revenue indicated above. The Texas Racing Commission upon completion of necessary actions to assess or increase such additional revenue shall furnish copies of the Texas Racing Commission's minutes and other information supporting the estimated revenues.</p>

*3.B. Rider Revisions and Additions Request
(continued)*

		<p>to be generated for the 2022-23 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose. For informational purposes, the amount of increased revenue identified above reflects amounts sufficient to cover direct appropriations of \$7,002 and other direct and indirect costs (estimated to be \$3,702 for the 2022-23 biennium).</p>
		<p>b. In addition to amounts appropriated above out of the Texas-bred Incentive Fund No. 327, the Texas Racing Commission is appropriated in Strategy A.2.1, Texas Bred Incentive Program, revenue set aside by the Texas Racing Act pursuant to Occupations Code §§ 2028.101, 2028.103, 2028.105, 2028.154, and 2028.202 for the Texas Bred Incentive Program that is collected by the agency, in an amount not to exceed \$2,275 from Texas-bred Incentive Fund No. 327 for each additional live horse race day added beyond the base of 146 days during each fiscal year to the horse race date calendar in the 2022-23 biennium. Any appropriations from revenue collected by the agency for the Texas Bred Incentive Program during the 2022-23 biennium may be used only for that purpose and are not transferable to any other strategy.</p>
		<p>7. Contingent Appropriation: Additional Live Race Days Added beyond the Base of 36 Days Each Fiscal Year to the Greyhound Race Date Calendar and Accredited Texas Bred Program:</p> <p>a. In addition to the amounts appropriated above, the Texas Racing Commission is appropriated \$2,564 for each additional live greyhound race day added beyond the base of 36 days to the greyhound race date calendar in each fiscal year out of funds collected by the agency and deposited to GR Dedicated Texas Racing Commission Account No. 597 during each fiscal year of the 2022-23 biennium (estimated to be one additional race day). This appropriation is contingent upon the Texas Racing Commission assessing fees sufficient to generate, in addition to revenue requirements elsewhere in this Act, during the 2022-23 biennium, \$2,837 for fiscal year 2022 and \$2,837 for fiscal year 2023 for each additional live race day added beyond the base of 36 days to the greyhound race date calendar in each fiscal year during the 2022-23 biennium in excess of \$4,353,479 in fiscal year 2022 and \$4,353,479 in fiscal year 2023 (Object Codes 3188, 3189, 3190, 3196, and 3200) contained in the Comptroller of Public Accounts' Biennial Revenue Estimate for fiscal years 2022 and 2023:</p> <ul style="list-style-type: none"> (1) \$1,255 in Strategy A.3.1, Supervise and Conduct Live Races; (2) \$413 in Strategy A.3.2, Monitor Licensee Activities; (3) \$595 in Strategy A.4.1, Inspect and Provide Emergency Care; (4) \$301 in Strategy B.1.1, Occupational Licensing Program.

*3.B. Rider Revisions and Additions Request
(continued)*

		<p>Also, the "Number of Full-Time Equivalents (FTE)" figure indicated above is increased by 0.1 FTEs for each live greyhound race day granted that exceeds the base of 36 days on the greyhound race date calendar in each fiscal year contingent upon the Texas Racing Commission generating the amount of revenue indicated above. The Texas Racing Commission upon completion of necessary actions to assess or increase such additional revenue shall furnish copies of the Texas Racing Commission's minutes and other information supporting the estimated revenues to be generated for the 2022-23 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose. For informational purposes, the amount of increased revenue identified above reflects amounts sufficient to cover direct appropriations of \$5,128 and other direct and indirect costs (estimated to be \$546 for the 2022-23 biennium).</p> <p>b. In addition to amounts appropriated above out of the Texas bred Incentive Fund No. 327, the Texas Racing Commission is appropriated in Strategy A.2.1, Texas Bred Incentive Program, revenue set aside by the Texas Racing Act pursuant to Occupations Code §§ 2028.101, 2028.103, 2028.105, 2028.154, and 2028.202 for the Texas Bred Incentive Program that is collected by the agency, in an amount not to exceed \$75 from Texas bred Incentive Fund No. 327 for each additional day added beyond the base of 36 days during each fiscal year to the greyhound race date calendar in the 2022-23 biennium. Any appropriations from revenue collected by the agency for the Texas Bred Incentive Program during the 2022-23 biennium may be used only for that purpose and are not transferable to any other strategy.</p>
		<p>8. Sunset Contingency Funds: appropriated above for fiscal year 2023 for the Racing Commission are made contingent on the continuation of the Racing Commission by the Eighty-seventh Legislature, Regular Session, 2021. In the event that the agency is not continued, the funds appropriated above for fiscal year 2022, or as much thereof as may be necessary, are to be used to provide for the phase out of the agency operations.</p>
NEW		<p>2. Contingent Appropriation: Greyhound Licensing.</p> <p>If the Commission approves live race dates for a greyhound track, then the agency may add 12.0 FTEs and 720,000 to provide licensing services, supervision of live racing and enforcement services to support greyhound racing operations. Any additional revenue received from occupational license fees to cover the costs of greyhound live races (estimated to be \$0) is hereby appropriated to the Racing Commission in Strategy A.1.1. Modernize Licensing Services for the purpose of initiating a modern greyhound licensing</p>

*3.B. Rider Revisions and Additions Request
(continued)*

		<p>program, staffing the licensing offices at greyhound tracks and preparations for supervising greyhound granted live race dates.</p> <p><i>Justification. This rider is necessary to ensure that the agency can continue to support greyhound racetracks if they return to operational status. Currently, there are no active racetracks and no scheduled live race dates approved by the Commission.</i></p>
NEW		<p>3. Criminal Background Checks: Occupational and Business Licensing</p> <p>Any additional revenue received from occupational and business license fees to cover the costs of criminal history checks or background checks (estimated to be \$180,000) is hereby appropriated to the Racing Commission in Strategy A.1.2, Criminal History and Background Checks, for the purpose of reimbursing DPS, FBI, and/or any other entity authorized to conduct criminal history background checks.</p> <p><i>Justification. Any additional revenue received from occupational and business license fees to cover the costs of criminal history checks or background checks (estimated to be \$180,000) is hereby appropriated to the Racing Commission in Strategy A.1.2, Criminal History and Background Checks, for the purpose of reimbursing DPS, FBI, and/or any other entity authorized to conduct criminal history background checks.</i></p>
NEW		<p>4. Department of Information Resources - Texas.Gov</p> <p>Any additional revenue received from occupational license fees to cover the costs of Texas.Gov fees (estimated to be \$0) is hereby appropriated to the Racing Commission in Strategy A.1.3. Texas.Gov to reimburse the Department of Information Resources.</p> <p><i>Justification. If agency licensing services exceed the estimated and non-transferable amount in the strategy, agency can access the additional revenue to reimburse the Department of Information Resources.</i></p>
NEW		<p>5. Contingent Appropriation: Simulcast Revenue</p> <p>If the simulcast tax revenue collected in any quarter ending November 30, February 28 or 29, May 31, or August 31 is less than the amount received in the previous quarter Fiscal Year 2022, or 2,100,067.00, or \$525,017 then an appropriated amount from the General Revenue Fund will be provided to the agency amount of the difference between the amount of simulcast tax revenue collected in the quarter for Strategies C.1.1. Central Administration and Support to continue agency operations.</p>

*3.B. Rider Revisions and Additions Request
(continued)*

		<p><i>Justification. The agency previously collected revenue from business licensees through a change to the Texas Rules of Racing in Chapter 309, not through the appropriations process. Providing a GR-funded mechanism to preserve agency operations in the event of weather, pandemic or other economic disruptions will allow the agency to continue effective support to customers and law enforcement partners.</i></p>
NEW		<p>6. Equine Education and Research Council</p> <p>Agency is appropriated 500,000 for the 2024-2025 biennium for the following activities:</p> <p>a. Professional Trainees. Establish a professional trainee and internship program to hire and train specialized staff in equine regulatory medicine, in an amount not to exceed 10 FTEs, which shall be exempt from the Article IX provision establishing a limitation on state agency employment levels for the third and fourth quarters of each fiscal year.</p> <p>b. Educational Intern Scholarships. Establish a scholarship match program with Texas A&M Veterinary School and Texas Tech University to recruit students to work as interns for the Texas Racing Commission to grow a bench of future equine regulatory veterinary technicians and veterinarians.</p> <p>c. Aftercare Recovery Fund. Establish an aftercare recovery fund for injured or retired racehorse to ensure that a mechanism in place to care for animals who are mistreated, abandoned, or seized at an illegal brush track, or other locations in Texas</p> <p><i>Justification. Update and expand on the Equine Research Council model by establishing a source of funding, and adding professional trainees, interns, and aftercare programs.</i></p>
NEW		<p>7. Witness Fees.</p> <p>From the appropriations made above, the Texas Racing Commission may pay the witness fees and travel expenses of out-of-state witnesses, subject to the advance, written approval of the Executive Director, for the law violation under investigation.</p> <p><i>Justification. No provisions currently exist to pay for witness travel for cases adjudicated at the agency, State Office of Administrative Hearings, Commission, or appellate court level.</i></p>

*3.B. Rider Revisions and Additions Request
(continued)*

NEW	<p>8. Clothing and Equipment Provisions.</p> <p>Any additional revenue received from occupational and business license fees to cover the costs of deterring, investigating and adjudicating violations of the <i>Texas Racing Act</i> is appropriated:</p> <p>a. For a commissioned officer who is newly hired or newly commissioned to receive a \$1,200 clothing allowance pursuant to the General Appropriations Act during the 2024-25 biennium shall receive a \$1,200 clothing allowance to purchase and maintain appropriate uniforms.</p> <p>b. For a commissioned officer who is entitled to receive a clothing allowance, will also receive a \$500 cleaning allowance pursuant to the General Appropriations Act for the 2024-25 biennium, irrespective of promotion to any rank.</p> <p>c. Any employee assigned to work in the veterinary or laboratory test barn or stable areas of a racetrack is entitled to wear medical scrubs issued by the agency, along with a \$1,200 clothing allowance to purchase protective boots, knee pads, back support, and protective items.</p> <p><i>Justification. Provide funds to employees to purchase and replace protective clothing items required to perform the regulatory mission.</i></p>
NEW	<p>9. Moving Expenses.</p> <p>Notwithstanding any other provision of this Act, and with the approval of the Executive Director, the Texas Racing Commission may use appropriated funds to pay the reasonable, necessary, and resulting costs of moving the household goods and effects of an employee of the commission who is transferred from one designated field office or headquarters to another so long as the commission determines that the costs are in the best interest of the government.</p> <p><i>Justification. Provide funds for the commission to execute a talent management strategy and improve recruiting and retention efforts.</i></p>
NEW	<p>10. Commissioner Travel.</p> <p>Notwithstanding any other provision of this Act, the Texas Racing Commission may not expend more than \$5,000 each fiscal year for payment or reimbursement for expenses related to the travel of the seven appointed members of the Commission.</p>

*3.B. Rider Revisions and Additions Request
(continued)*

		<i>Justification. Provide greater clarity and budget certainty to align with broader planning efforts.</i>
NEW		<p>11. Horseracing Economic Impact Study</p> <p>Included in amounts appropriated above in Strategy C.1.1, Central Administration, the Racing Commission is appropriated \$75,000 in fiscal year 2024 to conduct an economic impact study to determine the financial impact on statewide on current and future benefit to Texas in urban and rural communities and counties. The study shall be used for the purposes of determining the return on investment of supporting the growth of the horseracing industry in Texas from 2025-2035.</p> <p><i>Justification. There is no current economic impact study that demonstrates the return on investment realized by funding the Texas Racing Commission to effectively regulate the sport of horseracing in Texas.</i></p>
NEW		<p>12. Texas Bred Incentive Program Receipts. The amounts appropriated above in Strategy 4.1.1, Texas Bred Incentive Program, are estimated amounts set aside by the Texas Racing Act pursuant to Occupations Code §§ 2028.101, 2028.103, 2028.105, 2028.154, and 2028.202 for the Texas Bred Incentive Program. Any additional revenue set aside by the Texas Racing Act pursuant to Occupations Code §§ 2028.101, 2028.103, 2028.105, 2028.154, and 2028.202 for the Texas Bred Incentive Program (estimated to be \$0) is appropriated to the Racing Commission in Strategy A.2.1, Texas Bred Incentive Program, in each fiscal year of the 2022-23 biennium.</p> <p><i>Justification. Renumbered to Rider 12, Appropriated Line was moved to Goal: 4. Texas Bred Incentive Fund Administration 4.1.1. Texas Bred Incentive Program.</i></p>

VIII. Automated Budget and Evaluations System of Texas Submissions

Budget Overview – Biennial Amounts

	Appropriation Years: 2024-25										EXCEPTIONAL ITEM FUNDS 2024-25
	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		
	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	
Goal: 1. Enable Industry Growth Through Modernization of Licensing Services											
1.1.1. Modernize Licensing Services			1,426,868	1,426,868					1,426,868	1,426,868	
1.1.3. Texas.Gov			26,647	20,000					26,647	20,000	
Total, Goal			1,453,515	1,446,868					1,453,515	1,446,868	
Goal: 2. Protect The Integrity And Safety of Texas Racing											
2.1.1. Deter, Investigate, And Adjudicate			1,358,308	1,358,308					1,358,308	1,358,308	
2.1.2. Wagering Integrity And Security			561,732	561,732					561,732	561,732	
2.1.3. Prevent Injuries/Emergency Response			679,154	679,154					679,154	679,154	
2.1.4. Administer Drug Tests			394,654	394,654					394,654	394,654	5,516,070
Total, Goal			2,993,848	2,993,848					2,993,848	2,993,848	5,516,070
Goal: 3. Indirect Administration											
3.1.1. Central Admin & Other Support Svcs			1,546,417	1,558,964					1,546,417	1,558,964	8,132,774
3.1.2. Information Resources			1,213,965	1,003,758					1,213,965	1,003,758	10,160,386
Total, Goal			2,760,382	2,562,722					2,760,382	2,562,722	18,293,160
Goal: 4. Texas Bred Incentive Fund Administration											
4.1.1. Texas Bred Incentive Program							6,260,000	6,260,000	6,260,000	6,260,000	
Total, Goal							6,260,000	6,260,000	6,260,000	6,260,000	
Total, Agency			7,207,745	7,003,438			6,260,000	6,260,000	13,467,745	13,263,438	23,809,230
Total FTEs									39.3	39.3	56.7

2.A. Summary of Base Request by Strategy

Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
1 Enable Industry Growth Through Modernization of Licensing Services					
1 Enable Industry Growth Through Modernization of Licensing Services					
1 MODERNIZE LICENSING SERVICES	260,336	713,434	713,434	713,434	713,434
2 CRIMINAL HISTORY & BACKGROUND CHECK	0	0	0	0	0
3 TEXAS.GOV	17,500	13,323	13,324	10,000	10,000
TOTAL, GOAL 1	<u>\$277,836</u>	<u>\$726,757</u>	<u>\$726,758</u>	<u>\$723,434</u>	<u>\$723,434</u>
2 Protect The Integrity And Safety of Texas Racing					
1 Protect The Integrity And Safety of Texas Racing					
1 DETER, INVESTIGATE, AND ADJUDICATE	679,154	679,154	679,154	679,154	679,154
2 WAGERING INTEGRITY AND SECURITY	298,294	280,866	280,866	280,866	280,866
3 PREVENT INJURIES/EMERGENCY RESPONSE	323,160	339,577	339,577	339,577	339,577
4 ADMINISTER DRUG TESTS	205,906	197,327	197,327	197,327	197,327

*2.A. Summary of Base Request by Strategy
(continued)*

Goal / Objective / STRATEGY		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
TOTAL, GOAL	2	\$1,506,514	\$1,496,924	\$1,496,924	\$1,496,924	\$1,496,924
<u>3 Indirect Administration</u>						
<u>1 Indirect Administration</u>						
1 CENTRAL ADMIN & OTHER SUPPORT SVCS		695,055	779,482	766,935	779,482	779,482
2 INFORMATION RESOURCES		921,170	712,086	501,879	501,879	501,879
TOTAL, GOAL	3	\$1,616,225	\$1,491,568	\$1,268,814	\$1,281,361	\$1,281,361
<u>4 Texas Bred Incentive Fund Administration</u>						
<u>1 Texas Bred Incentive Fund Administration</u>						
1 TEXAS BRED INCENTIVE PROGRAM		2,485,866	3,130,000	3,130,000	3,130,000	3,130,000
TOTAL, GOAL	4	\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
TOTAL, AGENCY STRATEGY REQUEST		\$5,886,441	\$6,845,249	\$6,622,496	\$6,631,719	\$6,631,719
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*					\$0	\$0
GRAND TOTAL, AGENCY REQUEST		\$5,886,441	\$6,845,249	\$6,622,496	\$6,631,719	\$6,631,719

2.A. Summary of Base Request by Strategy
(continued)

Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
METHOD OF FINANCING:					
General Revenue Funds:					
1 General Revenue Fund	48,249	0	0	0	0
SUBTOTAL	<u>\$48,249</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Revenue Dedicated Funds:					
597 Texas Racing Comm Acct	3,344,081	3,715,249	3,492,496	3,501,719	3,501,719
SUBTOTAL	<u>\$3,344,081</u>	<u>\$3,715,249</u>	<u>\$3,492,496</u>	<u>\$3,501,719</u>	<u>\$3,501,719</u>
Federal Funds:					
325 Coronavirus Relief Fund	8,245	0	0	0	0
SUBTOTAL	<u>\$8,245</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Other Funds:					
327 Texas-bred Incentive Fund	2,485,866	3,130,000	3,130,000	3,130,000	3,130,000
SUBTOTAL	<u>\$2,485,866</u>	<u>\$3,130,000</u>	<u>\$3,130,000</u>	<u>\$3,130,000</u>	<u>\$3,130,000</u>
TOTAL, METHOD OF FINANCING	<u><u>\$5,886,441</u></u>	<u><u>\$6,845,249</u></u>	<u><u>\$6,622,496</u></u>	<u><u>\$6,631,719</u></u>	<u><u>\$6,631,719</u></u>

*Rider appropriations for the historical years are included in the strategy amounts.

2.B. Summary of Base Request by Method of Finance

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE</u>					
<u>1</u> General Revenue Fund					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$0	\$0	\$0	\$0
Comments: 2024-2025 Regular Appropriations					
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
HB 2, 87th Leg. Regular Session	\$48,386	\$0	\$0	\$0	\$0
Comments: Info Tech Projects - Purchase of Computers					
<i>LAPSED APPROPRIATIONS</i>					
HB 2, 87th Leg. Regular Session	\$(137)	\$0	\$0	\$0	\$0
Comments: Remaining balance in appropriation					
TOTAL, General Revenue Fund	\$48,249	\$0	\$0	\$0	\$0
TOTAL, ALL GENERAL REVENUE	\$48,249	\$0	\$0	\$0	\$0

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
<u>597</u> GR Dedicated - Texas Racing Commission Account No. 597					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2020-21 GAA)	\$6,662,981	\$0	\$0	\$0	\$0
<i>Comments: Matches 2021-22 GAA Conference Committee version</i>					
Regular Appropriations from MOF Table (2022-23 GAA)	\$0	\$3,715,249	\$3,492,496	\$3,501,719	\$3,501,719
<i>Comments: Matches 2023-24 GAA Conference Committee version</i>					
Appropriations for 2024-2025	\$0	\$0	\$0	\$0	\$0
<i>Comments: GR/GR-D Limit from LBB</i>					
<i>RIDER APPROPRIATION</i>					
Art VIII, Agency 476, Rider 4, New Tracks (2020-21 GAA)	\$315,950	\$0	\$0	\$0	\$0
<i>Comments: Matches GAA 2020-21 Rider 4</i>					

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art VIII, Agency 476, Rider 4, New Tracks (2022-23 GAA)	\$0	\$315,950	\$315,950	\$0	\$0
Comments: Matches GAA 2022-23 Rider 4					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2020-21 GAA)	\$3,501	\$0	\$0	\$0	\$0
Comments: Matches GAA 2020-21 Rider 6					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2022-23 GAA)	\$0	\$3,501	\$3,501	\$0	\$0
Comments: Matches GAA 2022-23 Rider 6					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2020-21 GAA)	\$2,564	\$0	\$0	\$0	\$0
Comments: Matches GAA 2020-21 Rider 7					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2022-23 GAA)	\$0	\$2,564	\$2,564	\$0	\$0
Comments: Matches GAA 2022-23 Rider 7					

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
<i>LAPSED APPROPRIATIONS</i>					
Art VIII, Agency 476, Rider 4, New Tracks (2020-21 GAA)	\$(315,950)	\$0	\$0	\$0	\$0
<i>Comments: There were no Class 2 horse racetracks that opened in this biennium, therefore, Rider 4 was not activated.</i>					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2020-21 GAA)	\$(3,501)	\$0	\$0	\$0	\$0
<i>Comments: No additional live race days were added to the horse race date calendar. Rider was not activated.</i>					
Art VIII, Agency 476, Rider 4, New Tracks (2022-23 GAA)	\$0	\$(315,950)	\$(315,950)	\$0	\$0
<i>Comments: There were no Class 2 horse racetracks that opened in 2022, therefore, Rider 4 was not activated. The agency does not expect a new Class 2 horse racetrack to open in 2023.</i>					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2020-21 GAA)	\$(2,564)	\$0	\$0	\$0	\$0
<i>Comments: No additional live race days were added to the greyhound race date calendar. Rider was not activated.</i>					

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2022-23 GAA)	\$0	\$(2,564)	\$(2,564)	\$0	\$0
<i>Comments: The agency does not expect live race days to be added to the greyhound race date calendar and does not plan on activating the rider</i>					
Art VIII, Sec. 4, Texas.gov Appropriation (2020-21 GAA)	\$(1,209)	\$0	\$0	\$0	\$0
<i>Comments: \$16,291 was expended out of the full appropriation of \$17,500.</i>					
Regular Appropriations from MOF Table (2020-21 GAA)	\$(187,691)	\$0	\$0	\$0	\$0
<i>Comments: Lapsed appropriations are due to an inability to fill open positions and some reduction in travel. Gulf Greyhound Park closed, and the approved 36 days of live greyhound racing did not occur in 2021. The breakdown of lapsed appropriations by strategy is listed below:</i>					
A.1.1. License/Regulate Racetracks: \$50,648					
A.3.1. Supervise & Conduct Live Races: \$81,596					
A.3.2. Monitor Licensee Activities: \$2,102					
A.4.1. Inspect & Provide Emergency Care: \$33,636					
A.4.2. Administer Drug Tests: \$3,214					
B.1.1. Occupational Licensing Program: \$1,880					
C.1.1. Monitor Wagering & Compliance: \$12,367					

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2022-23 GAA)	\$0	\$(3,501)	\$(3,501)	\$0	\$0
<i>Comments: The agency does anticipate activating this Rider in 2022. 37 horse race days were added to the base of 146 days</i>					
<i>BASE ADJUSTMENT</i>					
HB 3366 86(R)	\$(3,130,000)	\$0	\$0	\$0	\$0
<i>Comments: New Fund 327 set up for Texas Bred Incentive Fund beginning 9/1/2019</i>					
TOTAL, GR Dedicated - Texas Racing Commission Account No. 597	\$3,344,081	\$3,715,249	\$3,492,496	\$3,501,719	\$3,501,719
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	\$3,344,081	\$3,715,249	\$3,492,496	\$3,501,719	\$3,501,719
TOTAL, GR & GR-DEDICATED FUNDS	\$3,392,330	\$3,715,249	\$3,492,496	\$3,501,719	\$3,501,719
<u>FEDERAL FUNDS</u>					
<u>325</u> Coronavirus Relief Fund	<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>				
CRF - Laptop Reimbursement Program	\$11,120	\$0	\$0	\$0	\$0

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>FEDERAL FUNDS</u>					
Comments: COVID-19 Appropriation					
<i>LAPSED APPROPRIATIONS</i>					
CRF - Laptop Reimbursement Program	\$(2,875)	\$0	\$0	\$0	\$0
Comments: Unused portion of COVID-19 Appropriation					
TOTAL, Coronavirus Relief Fund	\$8,245	\$0	\$0	\$0	\$0
TOTAL, ALL FEDERAL FUNDS	\$8,245	\$0	\$0	\$0	\$0
<u>OTHER FUNDS</u>					
<u>327</u> Texas-bred Incentive Fund No. 327, estimated					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2022-23 GAA)	\$0	\$3,130,000	\$3,130,000	\$0	\$0
Comments: Matches 2022-23 GAA Conference Committee version					
Appropriations for 2024-2025	\$0	\$0	\$0	\$3,130,000	\$3,130,000

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>					
Comments: Matches GAA 2022-23					
<i>RIDER APPROPRIATION</i>					
Art VIII, Agency 476, Rider 4, New Tracks (2020-21 GAA)	\$334,477	\$0	\$0	\$0	\$0
Comments: Matches GAA 2020-21 Rider 4					
Art VIII, Agency 476, Rider 4, New Tracks (2022-23 GAA)	\$0	\$334,477	\$334,477	\$0	\$0
Comments: Matches GAA 2022-23 Rider 4					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2020-21 GAA)	\$2,275	\$0	\$0	\$0	\$0
Comments: Matches GAA 2020-21 Rider 6					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2022-23 GAA)	\$0	\$2,275	\$2,275	\$0	\$0
Comments: Matches GAA 2022-23 Rider 6					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2020-21 GAA)					

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>					
	\$75	\$0	\$0	\$0	\$0
<i>Comments: Matches GAA 2020-21 Rider 7</i>					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2022-23 GAA)	\$0	\$75	\$75	\$0	\$0
<i>Comments: Matches GAA 2022-23 Rider 7</i>					
<u>LAPSED APPROPRIATIONS</u>					
Regular Appropriations from MOF Table (2020-21 GAA)	\$(644,134)	\$0	\$0	\$0	\$0
<i>Comments: The amount of Texas Bred funds earned is directly attributable to the decrease in handle. Gulf Greyhound Park permanently closed in 2021 causing a further decline in handle.</i>					
Art VIII, Agency 476, Rider 4, New Tracks (2020-21 GAA)	\$(334,477)	\$0	\$0	\$0	\$0
<i>Comments: There were no Class 2 horse racetracks that opened in this biennium, therefore, Rider 4 was not activated.</i>					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2020-21 GAA)	\$(2,275)	\$0	\$0	\$0	\$0

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>					
<i>Comments:</i> No additional live race days were added to the horse race date calendar. Rider was not activated.					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2020-21 GAA)	\$(75)	\$0	\$0	\$0	\$0
<i>Comments:</i> No additional live race days were added to the greyhound race date calendar. Rider was not activated.					
Art VIII, Agency 476, Rider 4, New Tracks (2022-23 GAA)	\$0	\$(334,477)	\$(334,477)	\$0	\$0
<i>Comments:</i> There were no Class 2 horse racetracks that opened in 2022, therefore, Rider 4 was not activated. The agency does not expect a new Class 2 horse racetrack to open in 2023.					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2022-23 GAA)	\$0	\$(75)	\$(75)	\$0	\$0
<i>Comments:</i> The agency does not expect live race days to be added to the greyhound race date calendar and does not plan on activating the rider in the biennium.					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2022-23 GAA)	\$0	\$(2,275)	\$(2,275)	\$0	\$0

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>OTHER FUNDS</u>					
<i>Comments: The agency anticipates activating this rider in 2022. 37 live horse race days were added to the base of 146 days in 2022.</i>					
<i>BASE ADJUSTMENT</i>					
HB 3366 86(R)	\$3,130,000	\$0	\$0	\$0	\$0
<i>Comments: New Fund 327 set up for Texas Bred Incentive Fund beginning 9/1/2019</i>					
TOTAL,	Texas-bred Incentive Fund No. 327, estimated				
	\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
TOTAL, ALL	OTHER FUNDS				
	\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
GRAND TOTAL	\$5,886,441	\$6,845,249	\$6,622,496	\$6,631,719	\$6,631,719

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2020-21 GAA) <i>Comments: Matches 2020-21 GAA Conference Committee version</i>	39.3	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2022-23 GAA) <i>Comments: Matches 2022-23 GAA Conference Committee version</i>	0.0	39.3	39.3	0.0	0.0
Appropriations 2024-2025 <i>Comments: Matches 22-23 GAA</i>	0.0	0.0	0.0	39.3	39.3
RIDER APPROPRIATION					
Art VIII, Agency 476, Rider 4, New Tracks (2020-21 GAA) <i>Comments: Matches 2020-21 GAA Rider 4</i>	5.0	0.0	0.0	0.0	0.0
Art VIII, Agency 476, Rider 4, New Tracks (2022-23 GAA) <i>Comments: Matches 2022-23 GAA Rider 4</i>	0.0	5.0	5.0	0.0	0.0
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2020-21 GAA) <i>Comments: Matches 2020-21 GAA Rider 6</i>	0.1	0.0	0.0	0.0	0.0

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2022-23 GAA) Comments: Matches 2022-23 GAA Rider 6	0.0	0.1	0.1	0.0	0.0
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2020-21 GAA) Comments: Matches 2020-21 GAA Rider 7	0.1	0.0	0.0	0.0	0.0
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2022-23 GAA) Comments: Matches 2022-23 GAA Rider 7	0.0	0.1	0.1	0.0	0.0
LAPSED APPROPRIATIONS					
Regular Appropriations from MOF Table (2020-21 GAA) Comments: Lapsed FTEs. The agency has several unfilled positions that have been difficult to fill. The agency is striving to fill all 39.3 ftes with qualified individuals. It is particularly difficult to fill open positions in the field, due to a specific set of skills that are required; i.e. stewards, veterinarians and investigators.	(7.3)	0.0	0.0	0.0	0.0
Art VIII, Agency 476, Rider 4, New Tracks (2020-21 GAA) Comments: There were no Class 2 horse racetracks that opened in this biennium, therefore, Rider 4 was not activated.	(5.0)	0.0	0.0	0.0	0.0
Art VIII, Agency 476, Rider 4, New Tracks (2022-23 GAA)	0.0	(5.0)	(5.0)	0.0	0.0

*2.B. Summary of Base Request by Method of Finance
(continued)*

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
Comments: There were no Class 2 horse racetracks that opened in 2022, therefore, Rider 4 was not activated. The agency does not expect a new Class 2 horse racetrack to open in 2023.					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2020-21 GAA)	(0.1)	0.0	0.0	0.0	0.0
Comments: No additional live race days were added to the horse race date calendar. Rider was not activated.					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2020-21 GAA)	(0.1)	0.0	0.0	0.0	0.0
Comments: No additional live race days were added to the greyhound race date calendar. Rider was not activated.					
Art VIII, Agency 476, Rider 7, Additional Live Greyhound Race Days (2022-23 GAA)	0.0	(0.1)	(0.1)	0.0	0.0
Comments: The agency does not expect live race days to be added to the greyhound race date calendar and does not plan on activating the rider.					
Art VIII, Agency 476, Rider 6, Additional Live Horse Race Days (2022-23 GAA)	0.0	(0.1)	(0.1)	0.0	0.0
Comments: The agency anticipates activating this rider in 2022. 37 live horse race days were added to the base of 146 days.					
TOTAL, ADJUSTED FTES	32.0	39.3	39.3	39.3	39.3

2.B. Summary of Base Request by Method of Finance
(continued)

METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
NUMBER OF 100% FEDERALLY FUNDED FTEs					

2.C. Summary of Base Request by Object of Expense

OBJECT OF EXPENSE	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
1001 SALARIES AND WAGES	\$3,326,581	\$3,701,926	\$3,479,172	\$2,989,840	\$2,989,840
1002 OTHER PERSONNEL COSTS	\$0	\$0	\$0	\$0	\$0
2001 PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0	\$0
2003 CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$0	\$0
2005 TRAVEL	\$0	\$0	\$0	\$0	\$0
2008 DEBT SERVICE	\$0	\$0	\$0	\$0	\$0
2009 OTHER OPERATING EXPENSE	\$73,994	\$13,323	\$13,324	\$511,879	\$511,879
4000 GRANTS	\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
5000 CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
OOE Total (Excluding Riders)	\$5,886,441	\$6,845,249	\$6,622,496	\$6,631,719	\$6,631,719
OOE Total (Riders)					
Grand Total	\$5,886,441	\$6,845,249	\$6,622,496	\$6,631,719	\$6,631,719

2.D. Summary of Base Request Objective Outcomes

Goal/ Objective / Outcome	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
1 Enable Industry Growth Through Modernization of Licensing Services					
1 Enable Industry Growth Through Modernization of Licensing Services					
1 Percent of New Eligible Individual Licenses Issued Online					
2 Percent of Licensees Who Renew Online	5.00%	2.00%	5.00%	25.00%	50.00%
2 Protect The Integrity And Safety of Texas Racing	5.00%	2.00%	5.00%	25.00%	50.00%
1 Protect The Integrity And Safety of Texas Racing					
KEY 1 Percent of Race Horses that Sustain a Catastrophic Injury					
KEY 2 Percent of Greyhounds that Sustain a Catastrophic Injury	0.08%	0.08%	0.08%	0.08%	0.08%
3 Ratio of Drug Positive Tests for Prohibited Substances in Horses	0.00	0.00	0.00	0.00	0.00
4 Ratio of Drug Positive Tests for Prohibited Subst in Greyhounds	0.05	0.05	0.05	0.05	0.05
	0.00%	0.00%	0.00%	0.00%	0.00%

2.E. Summary of Exceptional Items Request

Priority	Item	2024			2025			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	ERS Cost	\$504,000	\$504,000		\$504,000	\$504,000		\$1,008,000	\$1,008,000
2	Statutory Interest Payment	\$215,880	\$215,880		\$215,880	\$215,880		\$431,760	\$431,760
3	FTE Costs	\$2,510,459	\$2,510,459	56.7	\$3,010,459	\$3,010,459	56.7	\$5,520,918	\$5,520,918
4	Legacy Modernization	\$2,933,386	\$2,933,386		\$7,227,000	\$7,227,000		\$10,160,386	\$10,160,386
5	Transportation	\$526,000	\$526,000		\$526,000	\$526,000		\$1,052,000	\$1,052,000
6	Equine Drug Testing Program	\$2,626,700	\$2,626,700		\$2,889,370	\$2,889,370		\$5,516,070	\$5,516,070
7	Executive Director Compensation	\$60,048	\$60,048		\$60,048	\$60,048		\$120,096	\$120,096
Total, Exceptional Items Request		\$9,376,473	\$9,376,473	56.7	\$14,432,757	\$14,432,757	56.7	\$23,809,230	\$23,809,230
Method of Financing									
	General Revenue	\$9,376,473	\$9,376,473		\$14,432,757	\$14,432,757		\$23,809,230	\$23,809,230
	General Revenue - Dedicated								
	Federal Funds								
	Other Funds								
		\$9,376,473	\$9,376,473		\$14,432,757	\$14,432,757		\$23,809,230	\$23,809,230
Full Time Equivalent Positions				56.7				56.7	
Number of 100% Federally Funded FTEs									

2.F. Summary of Total Request by Strategy

Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
1 Enable Industry Growth Through Modernization of Licensing Service						
1 <i>Enable Industry Growth Through Modernization of Licensing Service</i>						
1 MODERNIZE LICENSING SERVICES	\$713,434	\$713,434	\$0	\$0	\$713,434	\$713,434
2 CRIMINAL HISTORY & BACKGROUND CHECK	0	0	0	0	0	0
3 TEXAS.GOV	10,000	10,000	0	0	10,000	10,000
TOTAL, GOAL 1	\$723,434	\$723,434	\$0	\$0	\$723,434	\$723,434
2 Protect The Integrity And Safety of Texas Racing						
1 <i>Protect The Integrity And Safety of Texas Racing</i>						
1 DETER, INVESTIGATE, AND ADJUDICATE	679,154	679,154	0	0	679,154	679,154
2 WAGERING INTEGRITY AND SECURITY	280,866	280,866	0	0	280,866	280,866
3 PREVENT INJURIES/EMERGENCY RESPONSE	339,577	339,577	0	0	339,577	339,577
4 ADMINISTER DRUG TESTS	197,327	197,327	2,626,700	2,889,370	2,824,027	3,086,697
TOTAL, GOAL 2	\$1,496,924	\$1,496,924	\$2,626,700	\$2,889,370	\$4,123,624	\$4,386,294
3 Indirect Administration						
1 <i>Indirect Administration</i>						
1 CENTRAL ADMIN & OTHER SUPPORT SVCS	779,482	779,482	3,816,387	4,316,387	4,595,869	5,095,869
2 INFORMATION RESOURCES	501,879	501,879	2,933,386	7,227,000	3,435,265	7,728,879
TOTAL, GOAL 3	\$1,281,361	\$1,281,361	\$6,749,773	\$11,543,387	\$8,031,134	\$12,824,748
4 Texas Bred Incentive Fund Administration						
1 <i>Texas Bred Incentive Fund Administration</i>						
1 TEXAS BRED INCENTIVE PROGRAM	3,130,000	3,130,000	0	0	3,130,000	3,130,000
TOTAL, GOAL 4	\$3,130,000	\$3,130,000	\$0	\$0	\$3,130,000	\$3,130,000

*2.F. Summary of Total Request by Strategy
(continued)*

<i>Goal/Objective/STRATEGY</i>	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
TOTAL, AGENCY STRATEGY REQUEST	\$6,631,719	\$6,631,719	\$9,376,473	\$14,432,757	\$16,008,192	\$21,064,476
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$6,631,719	\$6,631,719	\$9,376,473	\$14,432,757	\$16,008,192	\$21,064,476

2.F. Summary of Total Request by Strategy
(continued)

Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
General Revenue Funds:						
1 General Revenue Fund	\$0	\$0	\$9,376,473	\$14,432,757	\$9,376,473	\$14,432,757
	\$0	\$0	\$9,376,473	\$14,432,757	\$9,376,473	\$14,432,757
General Revenue Dedicated Funds:						
597 Texas Racing Comm Acct	3,501,719	3,501,719	0	0	3,501,719	3,501,719
	\$3,501,719	\$3,501,719	\$0	\$0	\$3,501,719	\$3,501,719
Federal Funds:						
325 Coronavirus Relief Fund	0	0	0	0	0	0
	\$0	\$0	\$0	\$0	\$0	\$0
Other Funds:						
327 Texas-bred Incentive Fund	3,130,000	3,130,000	0	0	3,130,000	3,130,000
	\$3,130,000	\$3,130,000	\$0	\$0	\$3,130,000	\$3,130,000
TOTAL, METHOD OF FINANCING	\$6,631,719	\$6,631,719	\$9,376,473	\$14,432,757	\$16,008,192	\$21,064,476
FULL TIME EQUIVALENT POSITIONS	39.3	39.3	56.7	56.7	96.0	96.0

2.G. Summary of Total Request Objective Outcomes

Goal/ Objective / Outcome		BL 2024	BL 2025	Excp 2024	Excp 2025	Total Request 2024	Total Request 2025
1	Enable Industry Growth Through Modernization of Licensing Services						
1	Enable Industry Growth Through Modernization of Licensing Services						
	1 Percent of New Eligible Individual Licenses Issued Online						
		25.00%	50.00%			25.00%	50.00%
	2 Percent of Licensees Who Renew Online						
		25.00%	50.00%			25.00%	50.00%
2	Protect The Integrity And Safety of Texas Racing						
1	Protect The Integrity And Safety of Texas Racing						
KEY	1 Percent of Race Horses that Sustain a Catastrophic Injury						
		0.08%	0.08%			0.08%	0.08%
KEY	2 Percent of Greyhounds that Sustain a Catastrophic Injury						
		0.00	0.00			0.00	0.00
	3 Ratio of Drug Positive Tests for Prohibited Substances in Horses						
		0.05	0.05			0.05	0.05
	4 Ratio of Drug Positive Tests for Prohibited Subst in Greyhounds						
		0.00%	0.00%			0.00%	0.00%

3.A. Strategy Request

476 Racing Commission						
GOAL:	1	Enable Industry Growth Through Modernization of Licensing Services				
OBJECTIVE:	1	Enable Industry Growth Through Modernization of Licensing Services			Service Categories:	
STRATEGY:	1	Modernize Licensing Services			Service: 16	Income: A.2 Age: B.3
CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Number of New Occupational Licenses Issued	25.00	25.00	25.00	25.00	25.00
KEY 2	Number of Occupational Licenses Renewed	75.00	75.00	75.00	75.00	75.00
Explanatory/Input Measures:						
1	Total Number of Individuals Licensed	12,000.00	13,500.00	14,000.00	15,000.00	16,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$260,336	\$713,434	\$713,434	\$713,434	\$713,434
TOTAL, OBJECT OF EXPENSE		\$260,336	\$713,434	\$713,434	\$713,434	\$713,434
Method of Financing:						
597	Texas Racing Comm Acct	\$260,336	\$713,434	\$713,434	\$713,434	\$713,434
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$260,336	\$713,434	\$713,434	\$713,434	\$713,434
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$713,434	\$713,434
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$260,336	\$713,434	\$713,434	\$713,434	\$713,434
FULL TIME EQUIVALENT POSITIONS:		10.0	10.0	10.0	10.0	10.0

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 1 Enable Industry Growth Through Modernization of Licensing Services
 OBJECTIVE: 1 Enable Industry Growth Through Modernization of Licensing Services
 STRATEGY: 1 Modernize Licensing Services

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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STRATEGY DESCRIPTION AND JUSTIFICATION:

To facilitate transparency in agency fiscal operations, the budget structures have been reduced from 10 payroll lines for 39.3 FTEs to 5 Payroll lines beginning in Fiscal Year 2024. Licensing and Investigations Staff have been combined into one group to take a more proactive stance on validating criminal history in compliance with Texas law before the license is issued. To that end, performance measures have been realigned to effectively measure licensing activities.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

To fully perform the agency statutory mission and comply with Texas law, the staff would be increased from 6 FTEs to 14 FTEs by 2024. The Texas Department of Public Safety/Law Enforcement will have a separate line for background checks and investigative support for new racetrack applications.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$1,426,868	\$1,426,868	\$0	\$0	Baseline Request is the same with the exception of relocation costs removed.
			\$0	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 1 Enable Industry Growth Through Modernization of Licensing Services
 OBJECTIVE: 1 Enable Industry Growth Through Modernization of Licensing Services Service Categories:
 STRATEGY: 2 Criminal History And Background Checks. Estimated And Nontransferable. Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$0	\$0	\$0	\$0	\$0
Method of Financing:						
597	Texas Racing Comm Acct	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$0	\$0	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$0	\$0
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$0	\$0	\$0	\$0	\$0

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Texas Department of Public Safety/Law Enforcement will have a separate line for background checks and investigative support for new racetrack applications.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The Texas Department of Public Safety/Law Enforcement will have a separate line for background checks and investigative support for new racetrack applications.

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 1 Enable Industry Growth Through Modernization of Licensing Services
 OBJECTIVE: 1 Enable Industry Growth Through Modernization of Licensing Services Service Categories:
 STRATEGY: 2 Criminal History And Background Checks. Estimated And Nontransferable. Service: 16 Income: A 2 Age: B 3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (include Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$0	\$0	\$0	\$0	Estimated at 180,000 and non-transferable - contingency rider.
			\$0	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission						
GOAL:	1	Enable Industry Growth Through Modernization of Licensing Services				
OBJECTIVE:	1	Enable Industry Growth Through Modernization of Licensing Services			Service Categories:	
STRATEGY:	3	Texas.gov. Estimated and Nontransferable			Service: 16	Income: A.2 Age: B.3
CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$17,500	\$13,323	\$13,324	\$10,000	\$10,000
TOTAL, OBJECT OF EXPENSE		\$17,500	\$13,323	\$13,324	\$10,000	\$10,000
Method of Financing:						
597	Texas Racing Comm Acct	\$17,500	\$13,323	\$13,324	\$10,000	\$10,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$17,500	\$13,323	\$13,324	\$10,000	\$10,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$10,000	\$10,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$17,500	\$13,323	\$13,324	\$10,000	\$10,000
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						
The Texas Department of Information Resources will have a separate line to reimburse the costs of the Texas.Gov program.						
EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:						
The Texas Department of Information Resources will have a separate line to reimburse the costs of the Texas.Gov program.						

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 1 Enable Industry Growth Through Modernization of Licensing Services

OBJECTIVE: 1 Enable Industry Growth Through Modernization of Licensing Services Service Categories:

STRATEGY: 3 Texas.gov. Estimated and Nontransferable Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>	
\$26,647	\$20,000	\$(6,647)	\$(6,647)	Reduction in licensing cost reduced Texas Gov fee
			<u>\$(6,647)</u>	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing Service Categories:
 STRATEGY: 1 Deter, Investigate, And Adjudicate Violations of The Texas Racing Act Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Number of Racetrack Inspections	4.00	4.00	4.00	4.00	4.00
2	Number of Live Races Conducted	183.00	183.00	183.00	183.00	183.00
3	Number of Rulings Issued Against Occupational Licensees	45.00	45.00	45.00	45.00	45.00
KEY 4	Number of Occupational Licenses Suspended or Revoked	15.00	15.00	15.00	15.00	15.00
KEY 5	Number of Investigations Completed	25.00	25.00	25.00	25.00	25.00
Explanatory/Input Measures:						
1	Number of Complaints Received Against Licensees	10.00	25.00	30.00	30.00	30.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$679,154	\$679,154	\$679,154	\$679,154	\$679,154
TOTAL, OBJECT OF EXPENSE		\$679,154	\$679,154	\$679,154	\$679,154	\$679,154
Method of Financing:						
597	Texas Racing Comm Acct	\$679,154	\$679,154	\$679,154	\$679,154	\$679,154
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$679,154	\$679,154	\$679,154	\$679,154	\$679,154

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing
 STRATEGY: 1 Deter, Investigate, And Adjudicate Violations of The Texas Racing Act

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$679,154	\$679,154
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$679,154	\$679,154	\$679,154	\$679,154	\$679,154
FULL TIME EQUIVALENT POSITIONS:		12.0	12.0	12.0	12.0	12.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$1,358,308	\$1,358,308	\$0	\$0	Baseline Request is the same with budget lines combined into the new structure.
			\$0	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission						
GOAL:	2	Protect The Integrity And Safety of Texas Racing				
OBJECTIVE:	1	Protect The Integrity And Safety of Texas Racing			Service Categories:	
STRATEGY:	2	Increase the Integrity and Security of Pari-mutuel Wagering			Service: 17	Income: A.2 Age: B.3
CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Live and Simulcast Races Audited and Reviewed	100.00	100.00	100.00	100.00	100.00
2	Number of Compliance Audits Completed	25.00	15.00	25.00	25.00	25.00
Explanatory/Input Measures:						
KEY 1	Total Pari-Mutuel Handle (in Millions)	2,568,224.00	2,568,224.00	2,568,224.00	2,568,224.00	2,568,224.00
KEY 2	Total Take to the State Treasury from Pari-Mutuel Wagering	255.00 %	255.00 %	255.00 %	255.00 %	255.00 %
Objects of Expense:						
1001	SALARIES AND WAGES	\$298,294	\$280,866	\$280,866	\$280,866	\$280,866
TOTAL, OBJECT OF EXPENSE		\$298,294	\$280,866	\$280,866	\$280,866	\$280,866
Method of Financing:						
597	Texas Racing Comm Acct	\$298,294	\$280,866	\$280,866	\$280,866	\$280,866
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$298,294	\$280,866	\$280,866	\$280,866	\$280,866
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$280,866	\$280,866
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$298,294	\$280,866	\$280,866	\$280,866	\$280,866
FULL TIME EQUIVALENT POSITIONS:		1.0	2.0	2.0	2.0	2.0

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing Service Categories:
 STRATEGY: 2 Increase the Integrity and Security of Pari-mutuel Wagering Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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STRATEGY DESCRIPTION AND JUSTIFICATION:

To be an effective law enforcement agency, the Texas Racing Commission staffing model needs to account for its statewide jurisdictional mandate, this is specifically true in relation to the investigating serious violations of the Texas Racing Act that occur at illicit brush and bush tracks . While private racing in general is not illegal, there are numerous health, safety, and integrity risks to the legitimate racing industry, wagering public, and racing animals. In addition to illegal wagering and Texas Racing Act violations, brush and bush tracks are suspected to be largely ungoverned spaces that allow for a wide range of organized criminal activity , to include human trafficking, unlicensed alcohol sales, tax evasion, and as wells turning a blind or knowing eye to illicit drugs and shocking devices that can injure or maim racing horses and undermine the sport's integrity.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

To be an effective law enforcement agency, the Texas Racing Commission staffing model needs to account for its statewide jurisdictional mandate, this is specifically true in relation to the investigating serious violations of the Texas Racing Act that occur at illicit brush and bush tracks . While private racing in general is not illegal, there are numerous health, safety, and integrity risks to the legitimate racing industry, wagering public, and racing animals. In addition to illegal wagering and Texas Racing Act violations, brush and bush tracks are suspected to be largely ungoverned spaces that allow for a wide range of organized criminal activity , to include human trafficking, unlicensed alcohol sales, tax evasion, and as wells turning a blind or knowing eye to illicit drugs and shocking devices that can injure or maim racing horses and undermine the sport's integrity.

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing
 STRATEGY: 2 Increase the Integrity and Security of Pari-mutuel Wagering

Service Categories:
 Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$561,732	\$561,732	\$0	\$0	Baseline Request is the same with combined and updated budget structures.
			\$0	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission						
GOAL:	2	Protect The Integrity And Safety of Texas Racing				
OBJECTIVE:	1	Protect The Integrity And Safety of Texas Racing			Service Categories:	
STRATEGY:	3	Prevent Injuries and Respond to Medical Emergencies			Service: 16	Income: A.2 Age: B.3
CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Number of Horses Inspected Pre-race	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
KEY 2	Number of Greyhounds Inspected Pre-race	0.00	0.00	0.00	0.00	0.00
Explanatory/Input Measures:						
1	Number of Horses that Expire or Must Be Euthanized	5.00	9.00	5.00	5.00	5.00
2	Number of Greyhounds that Expire or Must Be Euthanized	0.00	0.00	0.00	0.00	0.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$323,160	\$339,577	\$339,577	\$339,577	\$339,577
TOTAL, OBJECT OF EXPENSE		\$323,160	\$339,577	\$339,577	\$339,577	\$339,577
Method of Financing:						
597	Texas Racing Comm Acct	\$323,160	\$339,577	\$339,577	\$339,577	\$339,577
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$323,160	\$339,577	\$339,577	\$339,577	\$339,577
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$339,577	\$339,577
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$323,160	\$339,577	\$339,577	\$339,577	\$339,577
FULL TIME EQUIVALENT POSITIONS:		5.0	5.0	5.0	5.0	5.0

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing Service Categories:
 STRATEGY: 3 Prevent Injuries and Respond to Medical Emergencies Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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STRATEGY DESCRIPTION AND JUSTIFICATION:

Supports the implementation and modernization of the agency drug testing program to increase the safety and integrity of the sport in Texas. Racehorses racing at brush and bush tracks are more likely to be injected with prohibited and dangerous substances, subjected to other mistreatment, unscrupulous practices, and may be more susceptible to infectious diseases that can then be spread at legitimate tracks, potentially causing economic and reputational harm. The Texas Racing Commission is not currently postured to assert robust jurisdiction outside the confines of a licensed racetrack, but seeks the personnel, resources, and equipment to address statewide concerns.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The agency is unable to protect licensees who follow Texas law from those who are not, including the activities at brush and bush tracks, and illegal betting on match races. This approach seeks to fund FTEs to enforce the Texas Racing Act statewide, as well as FTEs to address violations and appellate actions initiated against license holders or those engaged in illegal activities.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$679,154	\$679,154	\$0	\$0	Baseline Request is the same with combined and updated budget structures.
			\$0	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing Service Categories:
 STRATEGY: 4 Administer Drug Tests to Detect Prohibited Substances in Competitors Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Horse Specimens Collected for Drug Testing	7,000.00	7,000.00	12,000.00	12,000.00	12,000.00
2	Number of Greyhound Specimens Collected for Drug Testing	0.00	0.00	0.00	0.00	0.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$205,906	\$197,327	\$197,327	\$197,327	\$197,327
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$205,906	\$197,327	\$197,327	\$197,327	\$197,327
Method of Financing:						
1	General Revenue Fund	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$0	\$0
Method of Financing:						
597	Texas Racing Comm Acct	\$205,906	\$197,327	\$197,327	\$197,327	\$197,327
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$205,906	\$197,327	\$197,327	\$197,327	\$197,327

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing
 STRATEGY: 4 Administer Drug Tests to Detect Prohibited Substances in Competitors

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$197,327	\$197,327
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$205,906	\$197,327	\$197,327	\$197,327	\$197,327

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$394,654	\$394,654	\$0	\$0	Revising budget line strategy to convert to GR and fund drug testing.
			\$0	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 3 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 1 Central Administration and Other Support Services

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$695,055	\$779,482	\$766,935	\$779,482	\$779,482
1002	OTHER PERSONNEL COSTS	\$0	\$0	\$0	\$0	\$0
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0	\$0	\$0
2005	TRAVEL	\$0	\$0	\$0	\$0	\$0
2008	DEBT SERVICE	\$0	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$695,055	\$779,482	\$766,935	\$779,482	\$779,482
Method of Financing:						
1	General Revenue Fund	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$0	\$0
Method of Financing:						
597	Texas Racing Comm Acct	\$695,055	\$779,482	\$766,935	\$779,482	\$779,482
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$695,055	\$779,482	\$766,935	\$779,482	\$779,482

*3.A. Strategy Request
(continued)*

476 Racing Commission

GOAL: 3 Indirect Administration
 OBJECTIVE: 1 Indirect Administration Service Categories:
 STRATEGY: 1 Central Administration and Other Support Services Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$779,482	\$779,482
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$695,055	\$779,482	\$766,935	\$779,482	\$779,482
FULL TIME EQUIVALENT POSITIONS:		0.0	6.3	6.3	6.3	6.3

STRATEGY DESCRIPTION AND JUSTIFICATION:

In accordance with the Texas Racing Act, Chapter 2022, this strategy covers the Commission's central administrative staff including executive management and general administrative support services. The agency's Executive Director fulfills standard administrative head responsibilities in addition to performing top-level regulatory functions such as taking enforcement actions and overseeing the development of regulatory policies. Central administrative staff handles budget and finance (including payroll and accounting), purchasing, human resources, public information requests, and fulfillment of state reporting requirements.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The Commission continues its effort to evaluate and improve its current rules and regulations in response to industry changes and the need for consistency with national standards and model rules to improve multi-jurisdictional enforcement.

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 3 Indirect Administration
 OBJECTIVE: 1 Indirect Administration Service Categories:
 STRATEGY: 1 Central Administration and Other Support Services Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>	
\$1,546,417	\$1,558,964	\$12,547	\$12,547	Baseline GAA
			<u>\$12,547</u>	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 3 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 2 Information Resources

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$864,676	\$712,086	\$501,879	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$56,494	\$0	\$0	\$501,879	\$501,879
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$921,170	\$712,086	\$501,879	\$501,879	\$501,879
Method of Financing:						
1	General Revenue Fund	\$48,249	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$48,249	\$0	\$0	\$0	\$0
Method of Financing:						
597	Texas Racing Comm Acct	\$864,676	\$712,086	\$501,879	\$501,879	\$501,879
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$864,676	\$712,086	\$501,879	\$501,879	\$501,879
Method of Financing:						
325	Coronavirus Relief Fund					
	21.019.119 COV19 Coronavirus Relief Fund	\$8,245	\$0	\$0	\$0	\$0
CFDA Subtotal, Fund	325	\$8,245	\$0	\$0	\$0	\$0

*3.A. Strategy Request
(continued)*

476 Racing Commission

GOAL: 3 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 2 Information Resources

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
SUBTOTAL, MOF (FEDERAL FUNDS)		\$8,245	\$0	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$501,879	\$501,879
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$921,170	\$712,086	\$501,879	\$501,879	\$501,879
FULL TIME EQUIVALENT POSITIONS:		4.0	4.0	4.0	4.0	4.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Commission's regulatory approach and program is based on effective implementation of information technology, specifically its specialized database system and modules that operate on a 24/7 basis.

The Commission uses its technology for licensing, enforcement, veterinary services, drug testing, pari-mutuel monitoring, administrative functions, and information distribution. The database integrates related data among these various departmental programs, helping staff be more efficient and effective.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 3 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 2 Information Resources

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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The agency is committed to exploring technological enhancements and upgrades that enhance the productivity of staff. Oracle's conversion to APEX reporting continues to require the agency's reporting to make system upgrades.

In FY 2022, the agency is scheduled to move to a new location at 1801 N. Congress Avenue. In order to make the agency's technology compatible with the new office, the agency is requesting an exceptional item for Desktop Docking Stations and Monitors.

As cyber threats continue to escalate, the agency must be vigilant and increase/enhance security measures to protect the access and storage of its extensive and vital database. Because the agency has been cited for the need to have an Information Security Officer (as required by the Texas Administrative and Government Code), we have also requested an exceptional item for an ISO.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$1,213,965	\$1,003,758	\$(210,207)	\$(210,207)	GR-D for IT Purchases, Reduction in relocation costs
			<u>\$(210,207)</u>	Total of Explanation of Biennial Change

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 4 Texas Bred Incentive Fund Administration
 OBJECTIVE: 1 Texas Bred Incentive Fund Administration Service Categories:
 STRATEGY: 1 Allocate Texas Bred Incentive Funds. Estimated and Nontransferable. Service: 08 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
4000	GRANTS	\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
TOTAL, OBJECT OF EXPENSE		\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
Method of Financing:						
327	Texas-bred Incentive Fund	\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
SUBTOTAL, MOF (OTHER FUNDS)		\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$3,130,000	\$3,130,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,485,866	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

This is an escrow fund in the state treasury for distribution to breed registries. Funds are accumulated through a portion of breakage from races along with and one-percent share of live and simulcast wagering pools. While this fund currently appears in the Texas Racing Commission's bill pattern, much like its sister appropriation, the Horse Industry Escrow Account, these funds are designed to support the industry's economic growth and do not provide any resource for agency operations.

3.A. Strategy Request
(continued)

476 Racing Commission

GOAL: 4 Texas Bred Incentive Fund Administration
 OBJECTIVE: 1 Texas Bred Incentive Fund Administration Service Categories:
 STRATEGY: 1 Allocate Texas Bred Incentive Funds. Estimated and Nontransferable. Service: 08 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

This is an escrow fund in the state treasury for distribution to breed registries. Funds are accumulated through a portion of breakage from races along with and one-percent share of live and simulcast wagering pools. While this fund currently appears in the Texas Racing Commission's bill pattern, much like its sister appropriation, the Horse Industry Escrow Account, these funds are designed to support the industry's economic growth and do not provide any resource for agency operations.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$6,260,000	\$6,260,000	\$0	\$0	Baseline is the same
			<u>\$0</u>	Total of Explanation of Biennial Change

*3.A. Strategy Request
(continued)*

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$5,886,441	\$6,845,249	\$6,622,496	\$6,631,719	\$6,631,719
METHODS OF FINANCE (INCLUDING RIDERS):				\$6,631,719	\$6,631,719
METHODS OF FINANCE (EXCLUDING RIDERS):	\$5,886,441	\$6,845,249	\$6,622,496	\$6,631,719	\$6,631,719
FULL TIME EQUIVALENT POSITIONS:	32.0	39.3	39.3	39.3	39.3

4.A. Exceptional Item Request Schedule

CODE	DESCRIPTION	Excp 2024	Excp 2025
	<p>Item Name: Employee Retirement System Assessment Item Priority: 1 IT Component: No Anticipated Out-year Costs: Yes Involve Contracts > \$50,000: No</p> <p>Includes Funding for the Following Strategy or Strategies: 03-01-01 Central Administration and Other Support Services</p>		
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	504,000	504,000
TOTAL, OBJECT OF EXPENSE		\$504,000	\$504,000
METHOD OF FINANCING:			
1	General Revenue Fund	504,000	504,000
TOTAL, METHOD OF FINANCING		\$504,000	\$504,000

DESCRIPTION / JUSTIFICATION:

The agency is making efforts to address the unappropriated Employee Retirement System cost.

EXTERNAL/INTERNAL FACTORS:

The agency is unable to collect sufficient revenue to fund former employee benefits.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Projected to increase by 10-25 percent annually

*4.A. Exceptional Item Request Schedule
(continued)*

CODE	DESCRIPTION	Excp 2024	Excp 2025
ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:			
	2026	2027	2028
	\$504,000	\$504,000	\$504,000

4.A. Exceptional Item Request Schedule
(continued)

CODE	DESCRIPTION	Excp 2024	Excp 2025
	Item Name: Statutory Interest Payment Item Priority: 2 IT Component: No Anticipated Out-year Costs: Yes Involve Contracts > \$50,000: No Includes Funding for the Following Strategy or Strategies: 03-01-01 Central Administration and Other Support Services		
OBJECTS OF EXPENSE:			
2008	DEBT SERVICE	215,880	215,880
	TOTAL, OBJECT OF EXPENSE	\$215,880	\$215,880
METHOD OF FINANCING:			
1	General Revenue Fund	215,880	215,880
	TOTAL, METHOD OF FINANCING	\$215,880	\$215,880

DESCRIPTION / JUSTIFICATION:

Payment is calculated on based statutory requirement to pay 6.75 percent interest for General Revenue appropriated to the agency (Texas Occupations Code, Sec. 2023.053(e)).

EXTERNAL/INTERNAL FACTORS:

Payment is calculated on based statutory requirement to pay 6.75 percent interest for General Revenue appropriated to the agency (Texas Occupations Code, Sec. 2023.053(e)).

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

If the requirement is removed from the Texas Racing Act, there will be no sustainment cost. Payment is calculated on based statutory requirement to pay 6.75 percent interest for General Revenue appropriated to the agency (Texas Occupations Code, Sec. 2023.053(e)).

4.A. Exceptional Item Request Schedule
(continued)

CODE	DESCRIPTION	Excp 2024	Excp 2025
ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:			
	2026	2027	2028
	\$215,880	\$215,880	\$215,880

4.A. Exceptional Item Request Schedule
(continued)

CODE	DESCRIPTION	Excp 2024	Excp 2025
	Item Name: Full-Time Equivalents (Salary, Benefits, Training, and Travel) Item Priority: 3 IT Component: No Anticipated Out-year Costs: No Involve Contracts > \$50,000: No		
	Includes Funding for the Following Strategy or Strategies:		
	01-01-01 Modernize Licensing Services		
	02-01-01 Deter, Investigate, And Adjudicate Violations of The Texas Racing Act		
	02-01-02 Increase the Integrity and Security of Pari-mutuel Wagering		
	02-01-03 Prevent Injuries and Respond to Medical Emergencies		
	03-01-01 Central Administration and Other Support Services		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	2,510,459	3,010,459
TOTAL, OBJECT OF EXPENSE		\$2,510,459	\$3,010,459
METHOD OF FINANCING:			
1	General Revenue Fund	2,510,459	3,010,459
TOTAL, METHOD OF FINANCING		\$2,510,459	\$3,010,459
FULL-TIME EQUIVALENT POSITIONS (FTE):		56.70	56.70
DESCRIPTION / JUSTIFICATION:			
The agency is does not have sufficient staffing to carry out its statutory mission.			
EXTERNAL/INTERNAL FACTORS:			
The agency is does not have sufficient staffing to carry out its statutory mission.			
PCLS TRACKING KEY:			

4.A. Exceptional Item Request Schedule
(continued)

CODE	DESCRIPTION	Excp 2024	Excp 2025
	Item Name: Legacy Modernization Item Priority: 4 IT Component: Yes Anticipated Out-year Costs: Yes Involve Contracts > \$50,000: Yes Includes Funding for the Following Strategy or Strategies: 03-01-02 Information Resources		
OBJECTS OF EXPENSE:			
5000	CAPITAL EXPENDITURES	2,933,386	7,227,000
	TOTAL, OBJECT OF EXPENSE	\$2,933,386	\$7,227,000
METHOD OF FINANCING:			
1	General Revenue Fund	2,933,386	7,227,000
	TOTAL, METHOD OF FINANCING	\$2,933,386	\$7,227,000

DESCRIPTION / JUSTIFICATION:

The agency enforcement database is offline following our relocation to the G.H.W. Bush building in May 2022. The agency has partnered with Department of Information Resources to migrate the previous Oracle Application to the Shared Technology Services Program, upgrade our Texas.Gov portal presence, join the agencies using the new Texas by Texas online, and to design a back-end product to serve as the replacement licensing and enforcement licensing database.

EXTERNAL/INTERNAL FACTORS:

The agency enforcement database is offline following our relocation to the G.H.W. Bush building in May 2022. The agency has partnered with Department of Information Resources to migrate the previous Oracle Application to the Shared Technology Services Program, upgrade our Texas.Gov portal presence, join the agencies using the new Texas by Texas online, and to design a back-end product to serve as the replacement licensing and enforcement licensing database.

PCLS TRACKING KEY:

1119670

DESCRIPTION OF IT COMPONENT INCLUDED IN EXCEPTIONAL ITEM:

Initial Cost. The projected cost in 2024 is \$2,993,386.00 to re-establish the online licensing portal and to join the ongoing pilot project that the Texas Department of Licensing is working on with the Department of Information Resources known as Texas by Texas (TxT). In 2025, the projected cost to build the back-end aspects of the enforcement database is: \$7,227,000.00. These are the high end of the cost estimates, which should be mitigated by TDLR's efforts that will be designed before our agency is brought into the project. Sustainment Cost. Once operational, the sustainment costs in 2026 and 2027, are estimated at \$309,000 per year for software, hardware maintenance and employee training.

4.A. Exceptional Item Request Schedule
(continued)

CODE	DESCRIPTION	Excp 2024	Excp 2025				
IS THIS IT COMPONENT RELATED TO A NEW OR CURRENT PROJECT?							
NEW							
STATUS:							
The projected cost in 2024 is \$2,993,386.00 to re-establish the online licensing portal and to join the ongoing pilot project that the Texas Department of Licensing is working on with the Department of Information Resources known as Texas by Texas (TxT). In 2025, the projected cost to build the back-end aspects of the enforcement database is: \$7,227,000.00. These are the high end of the cost estimates, which should be mitigated by TDLR's efforts that will be designed before our agency is brought into the project.							
OUTCOMES:							
The agency enforcement database is offline following our relocation to the G.H.W. Bush building in May 2022. The agency has partnered with Department of Information Resources to migrate the previous Oracle Application to the Shared Technology Services Program, upgrade our Texas.Gov portal presence, join the agencies using the new Texas by Texas online, and to design a back-end product to serve as the replacement licensing and enforcement database							
OUTPUTS:							
Strategy A.1.1 Modernize Licensing Services							
TYPE OF PROJECT							
Licensing / Permitting / Monitoring / Enforcement							
ALTERNATIVE ANALYSIS							
The agency is using paper and M365 tools to manage licensing and enforcement program, which are not effective at meeting the agency statutory requirements.							
ESTIMATED IT COST							
2022	2023	2024	2025	2026	2027	2028	Total Over Life of Project
\$0	\$0	\$2,993,386	\$7,227,000	\$309,000	\$309,000	\$309,000	\$14,855,386
SCALABILITY							
2022	2023	2024	2025	2026	2027	2028	Total Over Life of Project
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

*4.A. Exceptional Item Request Schedule
(continued)*

CODE	DESCRIPTION							Excp 2024	Excp 2025
FTE									
	2022	2023	2024	2025	2026	2027	2028		
	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Sustainment Cost. Once operational, the sustainment costs in 2026 and 2027, are estimated at \$309,000 per year for software, hardware maintenance and employee training.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2026	2027	2028
\$309,000	\$309,000	\$309,000

APPROXIMATE PERCENTAGE OF EXCEPTIONAL ITEM : 100.00%

CONTRACT DESCRIPTION :

The agency has a design ticket with DIR to facilitate this project. The agency enforcement database is offline following our relocation to the G.H.W. Bush building in May 2022. The agency has partnered with Department of Information Resources to migrate the previous Oracle Application to the Shared Technology Services Program, upgrade our Texas.Gov portal presence, join the agencies using the new Texas by Texas online, and to design a back-end product to serve as the replacement licensing and enforcement database

4.A. Exceptional Item Request Schedule
(continued)

CODE	DESCRIPTION	Excp 2024	Excp 2025
	Item Name: Enforcement Program Item Priority: 5 IT Component: No Anticipated Out-year Costs: Yes Involve Contracts > \$50,000: Yes Includes Funding for the Following Strategy or Strategies: 03-01-01 Central Administration and Other Support Services		
OBJECTS OF EXPENSE:			
5000	CAPITAL EXPENDITURES	526,000	526,000
	TOTAL, OBJECT OF EXPENSE	\$526,000	\$526,000
METHOD OF FINANCING:			
1	General Revenue Fund	526,000	526,000
	TOTAL, METHOD OF FINANCING	\$526,000	\$526,000

DESCRIPTION / JUSTIFICATION:

The agency cannot effectively perform its statutory, statewide enforcement mission using privately-owned or rental vehicles. Implementing a transportation program will be more cost effective than paying mileage and it will improve the agency's ability to deter, investigate and adjudicate violations of the Texas Racing Act.

EXTERNAL/INTERNAL FACTORS:

The agency cannot effectively perform its statutory, statewide enforcement mission using privately-owned or rental vehicles. Implementing a transportation program will be more cost effective than paying mileage and it will improve the agency's ability to deter, investigate and adjudicate violations of the Texas Racing Act.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

The projected cost in 2023 is \$260,000 to procure the first two vehicles and to stand-up a Fleet Management Program. In 2024 and 2025, funding for the initial purchase of the additional 5 vehicles with appropriate tools and IT equipment is estimated at \$1,052,500, as well as training to prepare agency staff to enforce the Texas Racing Act statewide, not just within the restricted areas of the racing associations. This funding supports the

*4.A. Exceptional Item Request Schedule
(continued)*

CODE	DESCRIPTION	Excp 2024	Excp 2025
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purchase of 5 Vehicles (1 - Patrol Vehicle), 4 Pick-Up Trucks with Toolbox Installed, 2 Mobile Testing and Evidence Collection Trailers. Sustainment Cost. Once operational, 2026 and 2027 sustainment costs are estimated at \$212,500 per year

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2026	2027	2028
\$212,500	\$212,500	\$212,500

APPROXIMATE PERCENTAGE OF EXCEPTIONAL ITEM : 75.00%

CONTRACT DESCRIPTION :

Procurement of State Vehicles through Statewide Contract.

4.A. Exceptional Item Request Schedule
(continued)

CODE	DESCRIPTION	Excp 2024	Excp 2025
	Item Name: Equine Drug Testing Program Item Priority: 6 IT Component: No Anticipated Out-year Costs: Yes Involve Contracts > \$50,000: Yes Includes Funding for the Following Strategy or Strategies: 02-01-04 Administer Drug Tests to Detect Prohibited Substances in Competitors		
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	2,626,700	2,889,370
	TOTAL, OBJECT OF EXPENSE	\$2,626,700	\$2,889,370
METHOD OF FINANCING:			
1	General Revenue Fund	2,626,700	2,889,370
	TOTAL, METHOD OF FINANCING	\$2,626,700	\$2,889,370

DESCRIPTION / JUSTIFICATION:

Building on a model from the past, the agency requests an appropriation from GR beginning in 2024 to fund the Texas A&M Veterinary Medical Diagnostic Laboratory's support for agency support.

EXTERNAL/INTERNAL FACTORS:

Building on a model from the past, the agency requests an appropriation from GR beginning in 2024 to fund the Texas A&M Veterinary Medical Diagnostic Laboratory's support for agency support.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Projected to increase by 10 percent annually.

*4.A. Exceptional Item Request Schedule
(continued)*

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2024</u>	<u>Excp 2025</u>
ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:			
	<u>2026</u>	<u>2027</u>	<u>2028</u>
	\$3,311,504	\$3,621,963	\$3,932,422
APPROXIMATE PERCENTAGE OF EXCEPTIONAL ITEM :		100.00%	
CONTRACT DESCRIPTION :			
Interagency Agreement with the Texas Veterinary Medical Lab for drug testing.			

4.A. Exceptional Item Request Schedule
(continued)

CODE	DESCRIPTION	Excp 2024	Excp 2025
	Item Name: Update Executive Director Compensation Item Priority: 7 IT Component: No Anticipated Out-year Costs: Yes Involve Contracts > \$50,000: No		
	Includes Funding for the Following Strategy or Strategies: 03-01-01 Central Administration and Other Support Services		
OBJECTS OF EXPENSE:			
1002	OTHER PERSONNEL COSTS	60,048	60,048
	TOTAL, OBJECT OF EXPENSE	\$60,048	\$60,048
METHOD OF FINANCING:			
1	General Revenue Fund	60,048	60,048
	TOTAL, METHOD OF FINANCING	\$60,048	\$60,048

DESCRIPTION / JUSTIFICATION:

Current salary is not market competitive

EXTERNAL/INTERNAL FACTORS:

Agency Sunset Report

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

If approved, the 2024 increase in Group Pay Band from 3 to 5 allows for cost of living and market competition considerations.

*4.A. Exceptional Item Request Schedule
(continued)*

CODE	DESCRIPTION	Excp 2024	Excp 2025
ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:			
		<u>2026</u>	<u>2027</u>
		\$60,048	\$60,048

4.B. Exceptional Items Strategy Allocation Schedule

Code	Description	Excp 2024	Excp 2025
Item Name:	Employee Retirement System Assessment		
Allocation to Strategy:	3-1-1 Central Administration and Other Support Services		
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	504,000	504,000
TOTAL, OBJECT OF EXPENSE		\$504,000	\$504,000
METHOD OF FINANCING:			
1	General Revenue Fund	504,000	504,000
TOTAL, METHOD OF FINANCING		\$504,000	\$504,000

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name:	Statutory Interest Payment		
Allocation to Strategy:	3-1-1 Central Administration and Other Support Services		
OBJECTS OF EXPENSE:			
2008 DEBT SERVICE		215,880	215,880
TOTAL, OBJECT OF EXPENSE		\$215,880	\$215,880
METHOD OF FINANCING:			
1 General Revenue Fund		215,880	215,880
TOTAL, METHOD OF FINANCING		\$215,880	\$215,880

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name:	Full-Time Equivalents (Salary, Benefits, Training, and Travel)		
Allocation to Strategy:	1-1-1 Modernize Licensing Services		
FULL-TIME EQUIVALENT POSITIONS (FTE):		8.0	8.0

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name:	Full-Time Equivalents (Salary, Benefits, Training, and Travel)		
Allocation to Strategy:	2-1-1 Deter, Investigate, And Adjudicate Violations of The Texas Racing Act		
STRATEGY IMPACT ON OUTCOME MEASURES:			
	<u>1</u> Percent of Race Horses that Sustain a Catastrophic Injury	10.00%	10.00%
FULL-TIME EQUIVALENT POSITIONS (FTE):		10.0	10.0

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name:	Full-Time Equivalents (Salary, Benefits, Training, and Travel)		
Allocation to Strategy:	2-1-2 Increase the Integrity and Security of Pari-mutuel Wagering		
FULL-TIME EQUIVALENT POSITIONS (FTE):		8.0	8.0

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name:	Full-Time Equivalents (Salary, Benefits, Training, and Travel)		
Allocation to Strategy:	2-1-3 Prevent Injuries and Respond to Medical Emergencies		
FULL-TIME EQUIVALENT POSITIONS (FTE):		10.0	10.0

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name:		Full-Time Equivalents (Salary, Benefits, Training, and Travel)	
Allocation to Strategy:		3-1-1 Central Administration and Other Support Services	
OBJECTS OF EXPENSE:			
	1001 SALARIES AND WAGES	2,510,459	3,010,459
TOTAL, OBJECT OF EXPENSE		\$2,510,459	\$3,010,459
METHOD OF FINANCING:			
	1 General Revenue Fund	2,510,459	3,010,459
TOTAL, METHOD OF FINANCING		\$2,510,459	\$3,010,459
FULL-TIME EQUIVALENT POSITIONS (FTE):		20.7	20.7

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code Description	Excp 2024	Excp 2025
Item Name: Legacy Modernization		
Allocation to Strategy: 3-1-2 Information Resources		
OBJECTS OF EXPENSE:		
5000 CAPITAL EXPENDITURES	2,933,386	7,227,000
TOTAL, OBJECT OF EXPENSE	2,933,386	7,227,000
METHOD OF FINANCING:		
1 General Revenue Fund	2,933,386	7,227,000
TOTAL, METHOD OF FINANCING	2,933,386	7,227,000

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name:	Enforcement Program		
Allocation to Strategy:	3-1-1 Central Administration and Other Support Services		
OBJECTS OF EXPENSE:			
5000 CAPITAL EXPENDITURES		526,000	526,000
TOTAL, OBJECT OF EXPENSE		\$526,000	\$526,000
METHOD OF FINANCING:			
1 General Revenue Fund		526,000	526,000
TOTAL, METHOD OF FINANCING		\$526,000	\$526,000

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name:	Equine Drug Testing Program		
Allocation to Strategy:	2-1-4 Administer Drug Tests to Detect Prohibited Substances in Competitors		
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	2,626,700	2,889,370
TOTAL, OBJECT OF EXPENSE		\$2,626,700	\$2,889,370
METHOD OF FINANCING:			
1	General Revenue Fund	2,626,700	2,889,370
TOTAL, METHOD OF FINANCING		\$2,626,700	\$2,889,370

*4.B. Exceptional Items Strategy Allocation Schedule
(continued)*

Code	Description	Excp 2024	Excp 2025
Item Name: Update Executive Director Compensation			
Allocation to Strategy: 3-1-1 Central Administration and Other Support Services			
OBJECTS OF EXPENSE:			
1002	OTHER PERSONNEL COSTS	60,048	60,048
TOTAL, OBJECT OF EXPENSE		\$60,048	\$60,048
METHOD OF FINANCING:			
1	General Revenue Fund	60,048	60,048
TOTAL, METHOD OF FINANCING		\$60,048	\$60,048

4.C. Exceptional Items Strategy Request

GOAL: 1 Enable Industry Growth Through Modernization of Licensing Services
 OBJECTIVE: 1 Enable Industry Growth Through Modernization of Licensing Services
 STRATEGY: 1 Modernize Licensing Services

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2024	Excp 2025
FULL-TIME EQUIVALENT POSITIONS (FTE):	8.0	8.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Full-Time Equivalents (Salary, Benefits, Training, and Travel)

*4.C. Exceptional Items Strategy Request
(continued)*

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing
 STRATEGY: 1 Deter, Investigate, And Adjudicate Violations of The Texas Racing Act

Service Categories:

Service: 16 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2024	Excp 2025
FULL-TIME EQUIVALENT POSITIONS (FTE):	10.0	10.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Full-Time Equivalents (Salary, Benefits, Training, and Travel)

*4.C. Exceptional Items Strategy Request
(continued)*

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing
 STRATEGY: 2 Increase the Integrity and Security of Pari-mutuel Wagering

Service Categories:
 Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Exp 2024	Exp 2025
FULL-TIME EQUIVALENT POSITIONS (FTE):	8.0	8.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Full-Time Equivalents (Salary, Benefits, Training, and Travel)

*4.C. Exceptional Items Strategy Request
(continued)*

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing
 STRATEGY: 3 Prevent Injuries and Respond to Medical Emergencies

Service Categories:

Service: 16 Income: A 2 Age: B 3

CODE DESCRIPTION	Exp 2024	Exp 2025
FULL-TIME EQUIVALENT POSITIONS (FTE):	10.0	10.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Full-Time Equivalents (Salary, Benefits, Training, and Travel)

*4.C. Exceptional Items Strategy Request
(continued)*

GOAL: 2 Protect The Integrity And Safety of Texas Racing
 OBJECTIVE: 1 Protect The Integrity And Safety of Texas Racing
 STRATEGY: 4 Administer Drug Tests to Detect Prohibited Substances in Competitors

Service Categories:
 Service: 16 Income: A.2 Age: B.3

<u>CODE DESCRIPTION</u>	<u>Excp 2024</u>	<u>Excp 2025</u>
OBJECTS OF EXPENSE:		
2001 PROFESSIONAL FEES AND SERVICES	2,626,700	2,889,370
Total, Objects of Expense	\$2,626,700	\$2,889,370
METHOD OF FINANCING:		
1 General Revenue Fund	2,626,700	2,889,370
Total, Method of Finance	\$2,626,700	\$2,889,370

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Equine Drug Testing Program

4.C. Exceptional Items Strategy Request
(continued)

GOAL: 3 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 1 Central Administration and Other Support Services

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2024	Excp 2025
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	2,510,459	3,010,459
1002 OTHER PERSONNEL COSTS	60,048	60,048
2008 DEBT SERVICE	215,880	215,880
2009 OTHER OPERATING EXPENSE	504,000	504,000
5000 CAPITAL EXPENDITURES	526,000	526,000
Total, Objects of Expense	\$3,816,387	\$4,316,387
METHOD OF FINANCING:		
1 General Revenue Fund	3,816,387	4,316,387
Total, Method of Finance	\$3,816,387	\$4,316,387
FULL-TIME EQUIVALENT POSITIONS (FTE):	20.7	20.7
EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:		
Employee Retirement System Assessment		
Statutory Interest Payment		
Full-Time Equivalents (Salary, Benefits, Training, and Travel)		
Enforcement Program		
Update Executive Director Compensation		

4.C. Exceptional Items Strategy Request
(continued)

GOAL: 3 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 2 Information Resources

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2024	Excp 2025
OBJECTS OF EXPENSE:		
5000 CAPITAL EXPENDITURES	2,933,386	7,227,000
Total, Objects of Expense	\$2,933,386	\$7,227,000
METHOD OF FINANCING:		
1 General Revenue Fund	2,933,386	7,227,000
Total, Method of Finance	\$2,933,386	\$7,227,000

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Legacy Modernization

5.B. Capital Budget Project Information

Agency Code:	476	Agency name:	Racing Commission
Category Number:	9500	Category Name:	Legacy Modernization
Project number:	1	Project Name:	Legacy Modernization

PROJECT DESCRIPTION

General Information

The projected cost in 2024 is \$2,993,386.00 to re-establish the online licensing portal and to join the ongoing pilot project that the Texas Department of Licensing is working on with the Department of Information Resources known as Texas by Texas (TxT). In 2025, the projected cost to build the back-end aspects of the enforcement database is: \$7,227,000.00. These are the high end of the cost estimates, which should be mitigated by TDLR's efforts that will be designed before our agency is brought into the project.

PLCS Tracking Key	1119670
Number of Units / Average Unit Cost	13,213,772
Estimated Completion Date	8/31/2026

Additional Capital Expenditure Amounts Required	2026	2027
	309,000	309,000

Type of Financing	CA CURRENT APPROPRIATIONS
Projected Useful Life	15 years
Estimated/Actual Project Cost	\$13,213,772
Length of Financing/ Lease Period	15 years

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2024	2025	2026	2027	Total over project life
	3,613,500	3,613,500	309,000	309,000	16,921,772

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
R	1	1,128,118.00

Explanation: The projected cost in 2024 is \$2,993,386.00 to re-establish the online licensing portal and to join the ongoing pilot project that the Texas Department of Licensing is working on with the Department of Information Resources known as Texas by Texas (TxT). In 2025, the projected cost to build the back-end aspects of the enforcement database is: \$7,227,000.00.

Project Location: Agency HQ and field offices, Texas.gov online portal (world wide access for licensees)

Beneficiaries: State of Texas, Racing Commission Licensees

Frequency of Use and External Factors Affecting Use:

24 hours a day, 365 days a year

*5.B. Capital Budget Project Information
(continued)*

Agency Code:	476	Agency name:	Racing Commission
Category Number:	5006	Category Name:	TRANSPORTATION ITEMS
Project number:	2	Project Name:	Transportation

PROJECT DESCRIPTION

General Information

The agency cannot effectively perform its statutory, statewide enforcement mission using privately-owned or rental vehicles. Implementing a transportation program will be more cost effective than paying mileage and it will improve the agency's ability to deter, investigate and adjudicate violations of the Texas Racing Act.

PLCS Tracking Key	Transportation
Number of Units / Average Unit Cost	102,000
Estimated Completion Date	August 31, 2033

Additional Capital Expenditure Amounts Required	2026	2027
	212,500	212,500
Type of Financing	ML MASTER LEASE PURCHASE PRG	
Projected Useful Life	10 Years	
Estimated/Actual Project Cost	\$1,052,000	
Length of Financing/ Lease Period	10 years	

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>				Total over project life
2024	2025	2026	2027	
526,000	526,000	212,500	212,500	3,177,000

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
R.	1	317,700.00

Explanation: The agency cannot effectively perform its statutory, statewide enforcement mission using privately-owned or rental vehicles. Implementing a transportation program will be more cost effective than paying mileage and it will improve the agency's ability to deter, investigate and adjudicate violations of the Texas Racing Act.

Project Location: State wide use - jurisdictional boundaries of Texas

Beneficiaries: State of Texas

Frequency of Use and External Factors Affecting Use:

365 days a year

6.A. Historically Underutilized Business Supporting Schedule

A. Fiscal Year - HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2020			Total Expenditures FY 2020		HUB Expenditures FY 2021			Total Expenditures FY 2021	
			% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$	% Goal	% Actual	Diff
23.7%	Professional Services	10.0 %	0.0%	-10.0%	\$0	\$0	10.0 %	0.0%	-10.0%	\$0	\$0	
	Total Expenditures		0.0%		\$0	\$0		0.0%		\$0	\$0	

B. Assessment of Attainment of HUB Procurement Goals

Attainment:

The agency understands that the Historically Underutilized Business (HUB) program is a State of Texas initiative designed to increase the opportunities available to businesses owned by minorities and women in the area of state procurement and contracting Eligible entities are identified in 34 Texas Administrative Code (TAC) Rule §20.294. The agency does not have a funded Contract Management Specialist position, therefore, our General Counsel is assisting the agency in contracting efforts for Fiscal Year 2023. The agency does not anticipate any major procurement actions over \$100,000 in Fiscal Year 2023. We will develop a HUB program as quickly as possible to achieve compliance by FY2024.

Applicability:

The agency understands that the Historically Underutilized Business (HUB) program is a State of Texas initiative designed to increase the opportunities available to businesses owned by minorities and women in the area of state procurement and contracting Eligible entities are identified in 34 Texas Administrative Code (TAC) Rule §20.294. The agency does not have a funded Contract Management Specialist position, therefore, our General Counsel is assisting the agency in contracting efforts for Fiscal Year 2023. The agency does not anticipate any major procurement actions over \$100,000 in Fiscal Year 2023. We will develop a HUB program as quickly as possible to achieve compliance by FY2024.

Factors Affecting Attainment:

Agency was scheduled to Sunset in 2021. Agency was not in compliance with state procurement law and as the new Executive Director, we have focused on terminating inappropriate contracts, so we can rebuild not only the agency, but our procurement program.

C. Good-Faith Efforts to Increase HUB Participation

Outreach Efforts and Mentor-Protégé Programs:

The agency understands that the Historically Underutilized Business (HUB) program is a State of Texas initiative designed to increase the opportunities available to businesses owned by minorities and women in the area of state procurement and contracting Eligible entities are identified in 34 Texas Administrative Code (TAC) Rule §20.294. The agency does not have a funded Contract Management Specialist position, therefore, our General Counsel is assisting the agency in contracting efforts for Fiscal Year 2023. The agency does not anticipate any major procurement actions over \$100,000 in Fiscal Year 2023. We will develop a HUB program as quickly as possible to achieve compliance by FY2024.

*6.A. Historically Underutilized Business Supporting Schedule
(continued)*

possible to achieve compliance by FY2024.

HUB Program Staffing:

No funded FTEs. General Counsel is overseeing development of the program.

Current and Future Good-Faith Efforts:

The agency understands that the Historically Underutilized Business (HUB) program is a State of Texas initiative designed to increase the opportunities available to businesses owned by minorities and women in the area of state procurement and contracting. Eligible entities are identified in 34 Texas Administrative Code (TAC) Rule §20.294. The agency does not have a funded Contract Management Specialist position, therefore, our General Counsel is assisting the agency in contracting efforts for Fiscal Year 2023. The agency does not anticipate any major procurement actions over \$100,000 in Fiscal Year 2023. We will develop a HUB program as quickly as possible to achieve compliance by FY 2024.

6.C. Federal Funds Supporting Schedule

CFDA NUMBER/ STRATEGY	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
21.019.119 COV19 Coronavirus Relief Fund					
3 - 1 - 2 INFORMATION RESOURCES	8,245	0	0	0	0
TOTAL, ALL STRATEGIES	\$8,245	\$0	\$0	\$0	\$0
ADDL FED FNDS FOR EMPL BENEFITS	0	0	0	0	0
TOTAL, FEDERAL FUNDS	\$8,245	\$0	\$0	\$0	\$0
ADDL GR FOR EMPL BENEFITS	\$0	\$0	\$0	\$0	\$0
<u>SUMMARY LISTING OF FEDERAL PROGRAM AMOUNTS</u>					
21.019.119 COV19 Coronavirus Relief Fund	8,245	0	0	0	0
TOTAL, ALL STRATEGIES	\$8,245	\$0	\$0	\$0	\$0
TOTAL, ADDL FED FUNDS FOR EMPL BENEFITS	0	0	0	0	0
TOTAL, FEDERAL FUNDS	\$8,245	\$0	\$0	\$0	\$0
TOTAL, ADDL GR FOR EMPL BENEFITS	\$0	\$0	\$0	\$0	\$0

SUMMARY OF SPECIAL CONCERNS/ISSUES

Assumptions and Methodology:

Actual reimbursements made for expended cost made by agency on bullet proof vest.

Potential Loss:

6.E. Estimated Revenue Collections Supporting Schedule

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
327 Texas-bred Incentive Fund					
Beginning Balance (Unencumbered):	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
Estimated Revenue:					
Ending Fund/Account Balance	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000

REVENUE ASSUMPTIONS:

Simulcast Revenue

CONTACT PERSON:

Executive Director

FUND/ACCOUNT	Act 2021	Exp 2022	Est 2023	Est 2024	Est 2025
597 Texas Racing Comm Acct					
Beginning Balance (Unencumbered):	\$3,000,000	\$4,580,000	\$5,038,000	\$5,496,000	\$5,954,000
Estimated Revenue:					
Ending Fund/Account Balance	\$3,000,000	\$4,580,000	\$5,038,000	\$5,496,000	\$5,954,000

REVENUE ASSUMPTIONS:

Assumption is based on industry inquires about opening or re-opening four racetracks in Laredo, Austin, Corpus Christi, McAllen, TX and one pending application in Beaumont, TX in the next 3 years. 10% growth in revenue based on racetrack fees, licenses, and ATM charges.

CONTACT PERSON:

Executive Director

Capital Budget Project Schedule – Exceptional

			476 Racing Commission	
Category Code / Category Name	Project Number / Name	OOE / TOF / MOF CODE	Excp 2024	Excp 2025
9500	Legacy Modernization			
	<u>1 Legacy Modernization</u>			
	Objects of Expense			
	5000 CAPITAL EXPENDITURES		2,933,386	7,227,000
	Subtotal OOE, Project	1	2,933,386	7,227,000
	Type of Financing			
CA	1 General Revenue Fund		2,933,386	7,227,000
	Subtotal TOF, Project	1	2,933,386	7,227,000
	Subtotal Category	9500	2,933,386	7,227,000
	AGENCY TOTAL		2,933,386	7,227,000
	METHOD OF FINANCING:			
	1 General Revenue Fund		2,933,386	7,227,000
	Total, Method of Financing		2,933,386	7,227,000
	TYPE OF FINANCING:			
CA	CURRENT APPROPRIATIONS		2,933,386	7,227,000
	Total, Type of Financing		2,933,386	7,227,000