

Section 1

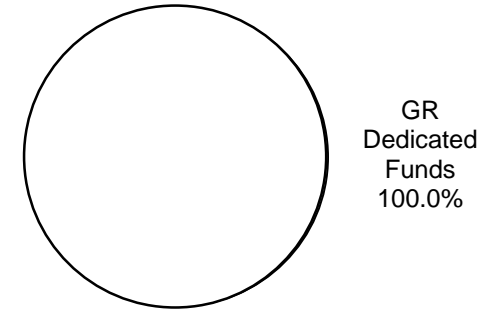
**Racing Commission
Summary of Recommendations - House**

Page VIII-56
Charles Trout, Executive Director

Julie Lindsey, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$15,392,432	\$16,663,706	\$1,271,274	8.3%
<i>Total GR-Related Funds</i>	<i>\$15,392,432</i>	<i>\$16,663,706</i>	<i>\$1,271,274</i>	<i>8.3%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$15,392,432	\$16,663,706	\$1,271,274	8.3%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	51.6	56.2	4.6	8.9%

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

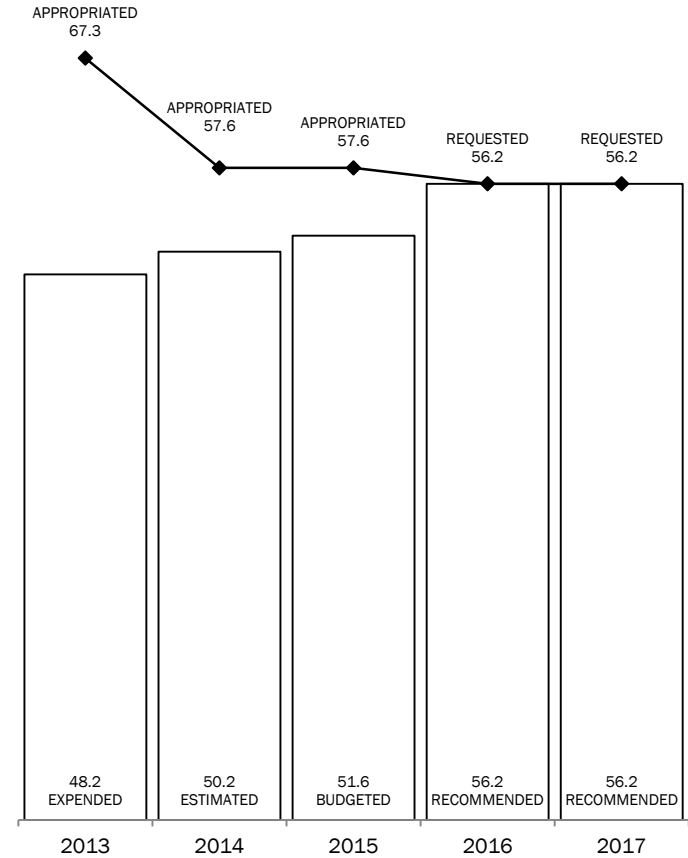
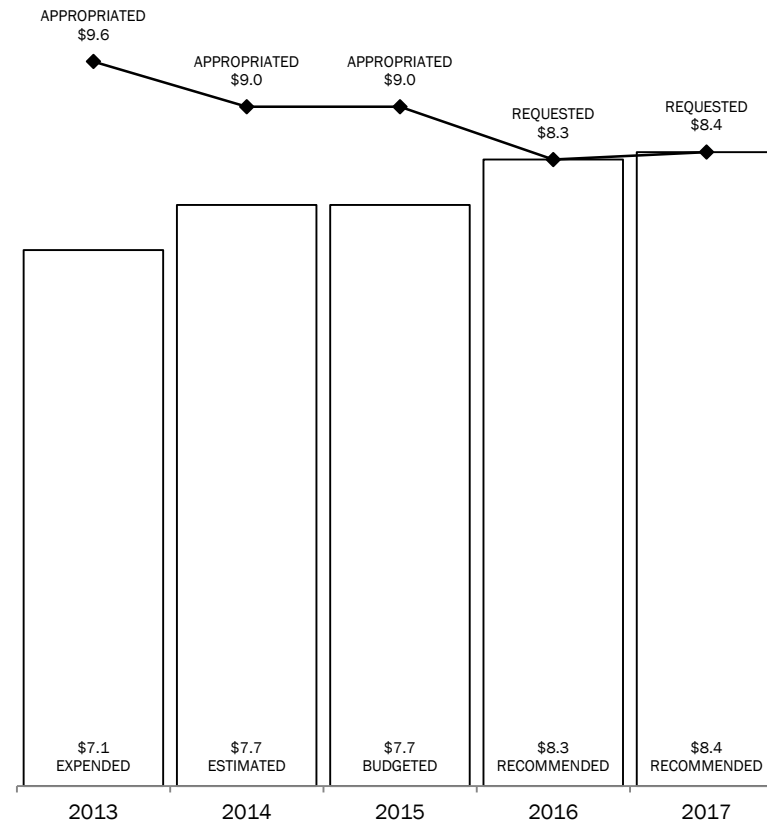
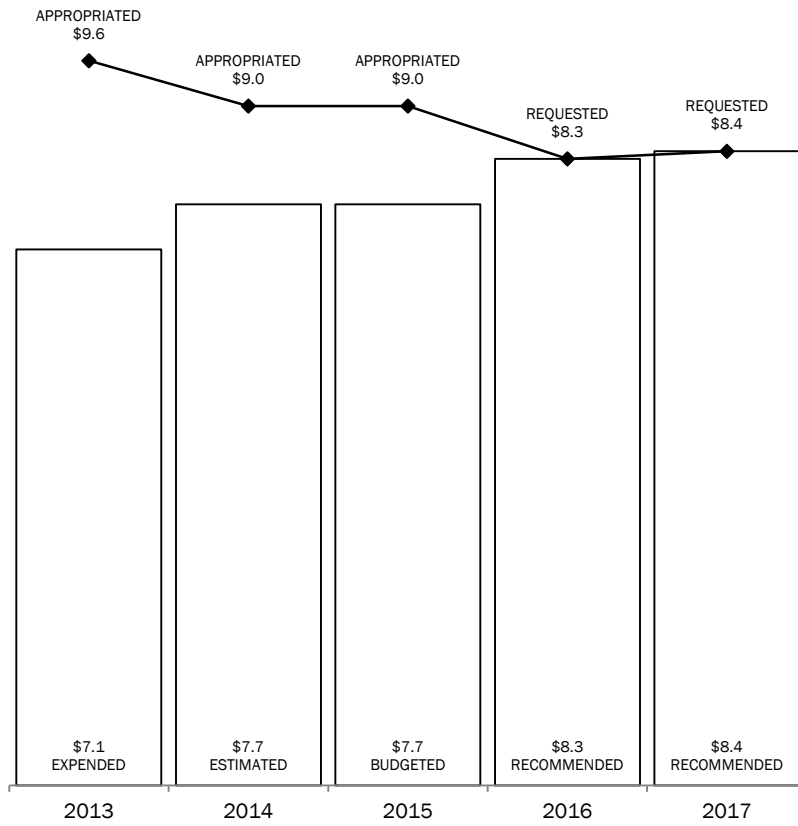
Section 1
Racing Commission
 2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$16.7 MILLION

ALL FUNDS

GENERAL REVENUE-DEDICATED FUNDS

FULL-TIME-EQUIVALENT POSITIONS



Section 2

**Racing Commission
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
LICENSE/REGULATE RACETRACKS A.1.1	\$714,149	\$719,290	\$5,141	0.7%	
TEXAS BRED INCENTIVE PROGRAM A.2.1	\$6,950,000	\$7,614,074	\$664,074	9.6%	
SUPERVISE & CONDUCT LIVE RACES A.3.1	\$1,290,932	\$1,578,728	\$287,796	22.3%	Recommendations include a reallocation of General Revenue-Dedicated funds from one time funding in the 2014-15 base to fund additional needs related to the agency's travel reimbursement policy (see Selected Fiscal and Policy Issues #3).
MONITOR LICENSEE ACTIVITIES A.3.2	\$501,900	\$594,124	\$92,224	18.4%	
INSPECT & PROVIDE EMERGENCY CARE A.4.1	\$603,064	\$791,798	\$188,734	31.3%	Recommendations include a reallocation of General Revenue-Dedicated funds from one time funding in the 2014-15 base to fund additional needs related to the agency's travel reimbursement policy and to shift a part-time veterinarian to a full-time position to assist with workload demands (see Selected Fiscal and Policy Issues #3).
ADMINISTER DRUG TESTS A.4.2	\$605,889	\$605,596	(\$293)	(0.0%)	
Total, Goal A, ENFORCE RACING REGULATION	\$10,665,934	\$11,903,610	\$1,237,676	11.6%	
OCCUPATIONAL LICENSING PROGRAM B.1.1	\$1,051,382	\$1,095,208	\$43,826	4.2%	
TEXAS.GOV B.1.2	\$45,000	\$45,000	\$0	0.0%	
Total, Goal B, REGULATE PARTICIPATION	\$1,096,382	\$1,140,208	\$43,826	4.0%	
MONITOR WAGERING AND AUDIT C.1.1	\$654,393	\$744,150	\$89,757	13.7%	
WAGERING COMPLIANCE INSPECTIONS C.1.2	\$461,751	\$334,842	(\$126,909)	(27.5%)	Recommendations include a reallocation of General Revenue-Dedicated funds from one time funding in the 2014-15 base of \$126,909 for the Wagering Integrity Compliance Project.
Total, Goal C, REGULATE PARI-MUTUEL WAGERING	\$1,116,144	\$1,078,992	(\$37,152)	(3.3%)	
CENTRAL ADMIN & OTHER SUPPORT SVCS D.1.1	\$1,475,162	\$1,488,372	\$13,210	0.9%	
INFORMATION RESOURCES D.1.2	\$1,038,810	\$1,052,524	\$13,714	1.3%	
Total, Goal D, INDIRECT ADMINISTRATION	\$2,513,972	\$2,540,896	\$26,924	1.1%	

Section 2

**Racing Commission
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
Grand Total, All Strategies	\$15,392,432	\$16,663,706	\$1,271,274	8.3%	<p>Recommendations include an increase in General Revenue-Dedicated funding for Rider 5. Contingent Appropriation: New Horse Racetrack or Re-opening Horse Racetrack and Accredited Texas Bred Program. The agency lapsed \$1,271,274 in General Revenue-Dedicated funds in their 2014-15 base due to funding not needed for this purpose. Recommendations continue funding in fiscal years 2016-17, including 5.0 FTEs each fiscal year, in alignment with the agency's request, to allow the agency to regulate new horse racetracks that may begin operations during the biennium (see Selected Fiscal and Policy Issues #1). Recommendations for this contingency appropriation include funding in the following strategies:</p> <ul style="list-style-type: none"> - \$664,074 in Texas Bred Incentive Program (A.2.1) - \$195,800 in Supervise & Conduct Live Races (A.3.1.) - \$105,000 in Monitor Licensee Activities (A.3.2.) - \$109,700 in Inspect & Provide Emergency Care (A.4.1.) - \$36,700 in Administer Drug Tests (A.4.2.) - \$70,000 in Occupational Licensing Program (B.1.1.) - \$90,000 in Central Admin & Other Support Svcs (C.1.1.)

Section 3

Racing Commission Selected Fiscal and Policy Issues - House

1. **Contingency Appropriation: New Horse Racetrack.** Recommendations continue contingency rider appropriations of \$1,271,274 in General Revenue-Dedicated funding (\$635,637 each fiscal year) and an increase of 5.0 Full-Time Equivalents (FTEs) each year to allow the agency to regulate each new horse racetrack that begins operations during the biennium. The rider provides \$303,600 per year for additional enforcement and regulation activities at the new racetrack, including appropriations for salary and travel costs for 5.0 additional FTEs. The rider also provides \$332,037 per year in additional appropriations for the Texas Bred Incentive Program. Newly generated revenue will offset these appropriations. The contingency appropriation and funding mechanism continues a legislative policy established by the 79th Legislature (see Rider Highlights #5).
2. **Full-time Equivalent Positions.** Recommendations provide 56.2 FTEs in fiscal years 2016 and 2017 in alignment with the agency's request. This net increase of 4.6 FTEs from the 2014-15 biennium is due to the following:
 - Increase of 5.0 FTEs in the contingency rider for new horse racetracks; and
 - Decrease of 0.4 FTEs to shift full-time employee to part-time status.
3. **Reallocation of One-time Funding.** Recommendations include \$126,909 in General Revenue-Dedicated funds reallocated for one-time funding appropriated to the agency in the 2014-15 biennium to complete the Wagering Integrity Compliance Project.

Recommendations reallocate this funding to the following two items:

Travel Reimbursements

\$99,697 to align the agency's travel reimbursement policy to the approved state rates for food, lodging, and mileage. The travel cap at the agency has not been adjusted since it was last reduced in 2011, which impacts all employees that are required to travel to race sites to ensure adequate supervision and inspection of live races.

Workload Demands

\$27,212 to move a part-time veterinarian to a full-time position. This veterinarian will provide inspections and emergency care of horses and greyhounds at live race events.

Section 3

**Racing Commission
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	61.3	52.6	52.6	56.2	56.2
Actual/Budgeted	48.2	50.2	51.6	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director	\$88,000	\$98,082	\$98,082	\$98,082	\$98,082

Note: Cap for fiscal years 2016-17 includes 5.0 FTEs in the contingency rider for new horse racetracks.

The agency requests an increase in authority and funding for the Executive Director Exempt Position from \$98,082 to \$122,603 per fiscal year and is requesting a change from the current Group 2 classification to Group 3. The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report No. 14-705, August 2014), indicates a market average salary of \$122,603 for the Executive Director position at the agency and recommends a change from the current Group 2 classification to Group 3.

Section 4

**Texas Racing Commission
Performance Review and Policy Report Highlights - House**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Racing Commission Rider Highlights - House

2. **Unexpended Balance Authority.** Recommendations limit certain budget flexibilities and remove exemptions from certain general provisions of the General Appropriations Bill to allow the legislature to consider continuation of this authority. Article IX, Section 14.05, Unexpended Balance Authority Between Fiscal Years within the Same Biennium, allows the agency to carry forward balances between fiscal years with Legislative Budget Board approval.

5. **Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program.** Recommendations retain this rider to allow the agency to regulate each new horse racetrack that begins operations during this biennium, in alignment with the agency's request. Newly generated revenue will offset these appropriations. The contingency appropriation and funding mechanism continues a legislative policy established by the 79th Legislature (see Selected Fiscal and Policy Issues Item #1).

Section 6

**Racing Commission
Items not Included in Recommendations - House**

Agency Exceptional Items - In Agency Priority Order

	2016-17 Biennial Total	
	GR & GR- Dedicated	All Funds
1. General Revenue-Dedicated funding for employee merit based salary increases.	\$ 200,000	\$ 200,000
2. The agency requests an increase in authority and funding for the Executive Director (ED) Exempt Position from \$98,082 to \$122,603 per fiscal year and is requesting a change from the current Group 2 classification to Group 3. The ED's current salary is \$88,000 each fiscal year. Additional funding (\$10,082) would increase the ED salary to the cap of \$98,082. The additional \$24,518 would increase the ED salary to \$122,600 each fiscal year. The State Auditor's Office Report, Executive Compensation at State Agencies (Report No. 14-705, August 2014), indicates a market average salary of \$122,603 for the Executive Director position at the agency and recommends a change from the current Group 2 classification to Group 3.	\$ 69,200	\$ 69,200
3. New rider to provide funding, in addition to amounts appropriated, to the agency from seized funds or assets collected in response to the agency's participation in federal investigations at racetracks throughout the state. Provisions under Article IX, Section 8.03(b) Reimbursements and Payments currently provide the agency with the authority to be appropriated additional funds collected.	\$ -	\$ -
4. Restore Rider 2. Unexpended Balance Authority to provide the agency the authority to transfer unexpended balances without prior written approval of the Legislative Budget Board (see Rider Highlights #2).	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ 269,200	\$ 269,200

Section 7

**Racing Commission
Summary of 10 Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts				Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss		
1	Texas Bred Incentive Program	This reduction would decrease Texas Bred Incentive Program grants that encourage the breeding and racing of animals in Texas.	\$695,000	\$695,000		\$0	10.0%	No
2	Accounting Services	This reduction would eliminate the agency's budget for preparing their annual financial report.	\$10,000	\$10,000		\$0	0.4%	No
3	Administration Program - Employee Training	This reduction would eliminate the agency's budget for employee training.	\$10,700	\$10,700		\$0	0.4%	No
	Racetrack & Occupational Licensing Program - Employee Training	This reduction would eliminate the agency's budget for employee training.	\$7,200	\$7,200		\$0	0.4%	No
	Regulate Greyhound & Horse Racing Program - Employee Training	This reduction would eliminate the agency's budget for employee training.	\$16,800	\$16,800		\$0	0.5%	No
	Regulate Wagering Program - Employee Training	This reduction would eliminate the agency's budget for employee training.	\$4,200	\$4,200		\$0	0.4%	No
4	ARCI Membership Dues	This reduction would eliminate the agency's budget for membership dues to the Association of Racing Commissioners International (ARCI). This membership provides access to a national database used to help monitor licensees' standings in other states, as well as current standards for racing regulation, medication policy, totalizator systems, and racetrack security.	\$34,150	\$34,150		\$0	1.3%	No
5	Administration Program - Travel Reimbursements	This reduction would decrease the agency's budget for travel reimbursements, decreasing the number of inspections on racetrack operations as well as the number of supervisors monitoring agency staff at the racetracks.	\$8,000	\$8,000		\$0	0.3%	No
	Racetrack & Occupational Licensing Program - Travel Reimbursements	This reduction would decrease the agency's budget for travel reimbursements, decreasing the number of inspections on racetrack operations as well as the number of supervisors monitoring agency staff at the racetracks.	\$11,300	\$11,300		\$0	0.6%	No
	Regulate Greyhound & Horse Racing Program - Travel Reimbursements	This reduction would decrease the agency's budget for travel reimbursements, decreasing the number of inspections on racetrack operations as well as the number of supervisors monitoring agency staff at the racetracks.	\$43,400	\$43,400		\$0	1.4%	No
	Regulate Wagering Program - Travel Reimbursements	This reduction would decrease the agency's budget for travel reimbursements, decreasing the number of inspections on racetrack operations as well as the number of supervisors monitoring agency staff at the racetracks.	\$15,200	\$15,200		\$0	1.5%	No
6	Racetrack & Occupational Licensing Program - Elimination of Staff	This reduction would eliminate 2.2 FTEs associated with licensing and regulation. The reduction would decrease the number of inspections on racetrack operations, greyhound racing supervision, and response time to public inquiries and open records requests.	\$47,736	\$47,736	2.2	\$0	2.7%	No

Section 7

**Racing Commission
Summary of 10 Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts				Included in Intro Bill?	
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss		Reduction as % of Program GR/GR-D Total
	Regulate Greyhound & Horse Racing Program - Elimination of Staff	This reduction would eliminate 2.2 FTEs associated with licensing and regulation. The reduction would decrease the number of inspections on racetrack operations, greyhound racing supervision, and response time to public inquiries and open records requests.	\$74,984	\$74,984		\$0	2.4%	No
	Regulate Wagering Program - Elimination of Staff	This reduction would eliminate 2.2 FTEs associated with licensing and regulation. The reduction would decrease the number of inspections on racetrack operations, greyhound racing supervision, and response time to public inquiries and open records requests.	\$93,350	\$93,350		\$0	9.4%	No
7	Administration Program - Reduction of Staff Work Hours	This reduction would decrease staff working hours by 10%, equal to 3.0 FTEs. This reduction excludes staff that works at the racetrack during live racing as that would impact race date allocations. The reduction would decrease regulatory oversight of all programs.	\$142,964	\$142,964	3.0	\$0	5.6%	No
	Racetrack & Occupational Licensing Program - Reduction of Staff Work Hours	This reduction would decrease staff working hours by 10%, equal to 3.0 FTEs. This reduction excludes staff that works at the racetrack during live racing as that would impact race date allocations. The reduction would decrease regulatory oversight of all programs.	\$117,392	\$117,392		\$0	6.6%	No
	Regulate Greyhound & Horse Racing Program - Reduction of Staff Work Hours	This reduction would decrease staff working hours by 10%, equal to 3.0 FTEs. This reduction excludes staff that works at the racetrack during live racing as that would impact race date allocations. The reduction would decrease regulatory oversight of all programs.	\$33,940	\$33,940		\$0	1.1%	No
	Regulate Wagering Program - Reduction of Staff Work Hours	This reduction would decrease staff working hours by 10%, equal to 3.0 FTEs. This reduction excludes staff that works at the racetrack during live racing as that would impact race date allocations. The reduction would decrease regulatory oversight of all programs.	\$49,724	\$49,724		\$0	5.0%	No
8	Texas Bred Incentive Program	This reduction would decrease Texas Bred Incentive program grants that encourage the breeding and racing of animals in Texas.	\$111,225	\$111,225		\$0	1.6%	No

TOTAL, 10% Reduction Options

\$1,527,265 **\$1,527,265** **5.2** **\$0**

Section 7

Racing Commission
Summary of 10 Percent Biennial Base Reduction Options - House
Agency 10% Reduction Options by Category of Reduction

