

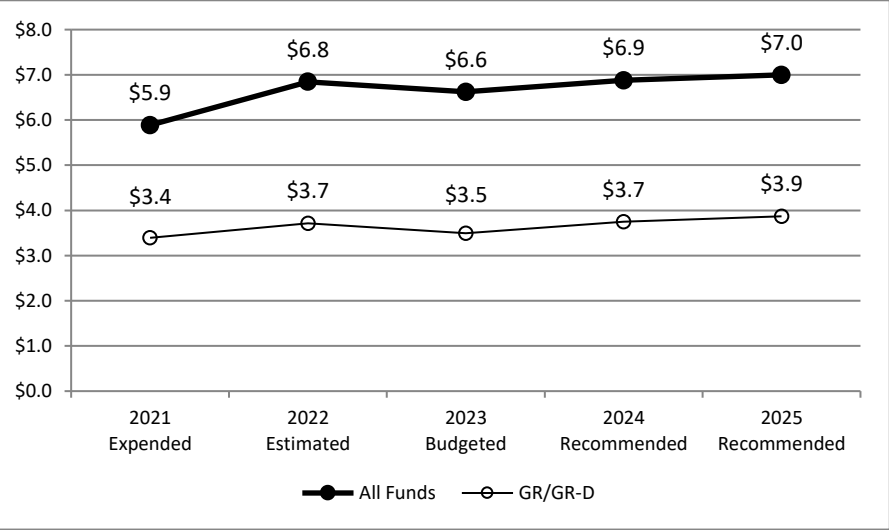
# **Racing Commission** **Summary of Budget Recommendations - Senate**

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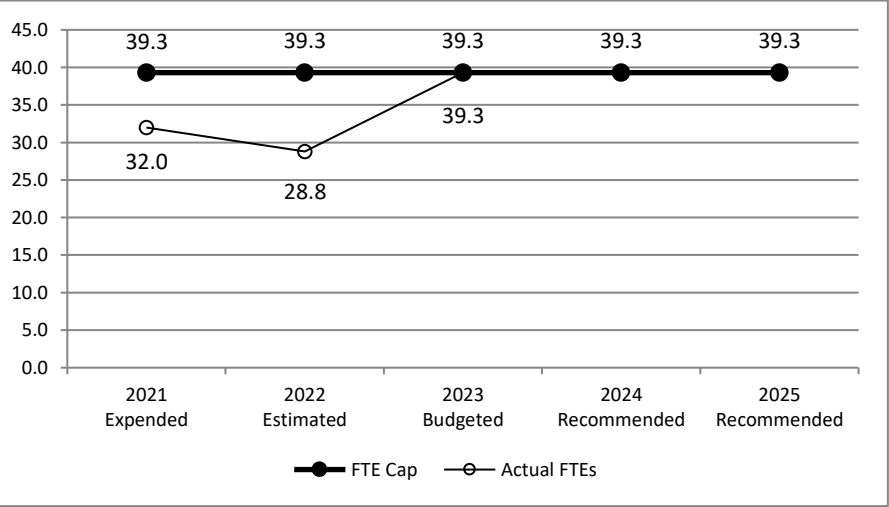
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$7,207,745	\$7,614,508	\$406,763	5.6%
<i>Total GR-Related Funds</i>	<i>\$7,207,745</i>	<i>\$7,614,508</i>	<i>\$406,763</i>	<i>5.6%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$6,260,000	\$6,260,000	\$0	0.0%
<b>All Funds</b>	<b>\$13,467,745</b>	<b>\$13,874,508</b>	<b>\$406,763</b>	<b>3.0%</b>

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	39.3	39.3	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2024-25 Recommended) represents an estimated 21.7% of the agency's estimated total available funds for the 2024-25 biennium.

**Racing Commission**  
**Summary of Funding Changes and Recommendations - Senate**

**Section 2**

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i><b>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</b></i>							
1)	Increase in GR-Dedicated Funds to maintain Data Center Services at current obligation levels.	\$0	\$232,830	\$0	\$0	\$232,830	C.1.2
<i><b>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</b></i>							
A)	Increase in GR-Dedicated Funds for a general state employee salary increase and Executive Director exempt salary increase.	\$0	\$378,240	\$0	\$0	\$378,240	C.1.1; E.1.1
B)	Decrease one-time funding for Capitol Complex relocation costs.	\$0	(\$204,307)	\$0	\$0	(\$204,307)	C.1.2
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations</b>		<b>\$0</b>	<b>\$406,763</b>	<b>\$0</b>	<b>\$0</b>	<b>\$406,763</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$0	\$611,070	\$0	\$0	\$611,070	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		\$0	(\$204,307)	\$0	\$0	(\$204,307)	As Listed

**Racing Commission  
Selected Fiscal and Policy Issues - Senate**

**1. Information Resources.**

- a. **Legacy Enforcement Database.** The Racing Commission's agency headquarters was relocated to the George H.W. Bush Building in the Capitol Complex in May 2022. Prior to the move, the agency consulted with the Department of Information Resources (DIR) regarding relocation of the agency's physical servers from its former headquarters facility. The agency reports that the physical servers were deemed to be too fragile to move. The agency then elected to migrate the data from the physical servers to DIR cloud services. However, the agency's legacy enforcement database was nonfunctional after the migration. The agency is currently using basic Microsoft applications and paper to manage its data tracking needs. The agency reports that efforts are underway to restore connectivity and functionality to its legacy database and key business applications and has requested exceptional item funding and capital budget authority for a legacy database replacement project in the 2024–25 biennium (see Items Not Included in Recommendations #4). Additionally, as an interim data tracking solution for the enforcement database, the agency has requested funding from the Technology Improvement and Modernization Fund and supplemental legislative appropriations to acquire and implement a Legal Files Case and Document Management System (\$60,000 estimated cost).
- b. **DIR Data Center and Shared Technology Services.** Recommendations include an increase of \$232,830 in GR-Dedicated Texas Racing Commission Account No. 597 for Data Center Services (DCS) based on DIR's forecast of current obligations costs for the 2024–25 biennium. In fiscal year 2022, the agency purchased private cloud services and Microsoft 365 email through the DCS program and began migration of the agency's legacy enforcement database to the cloud in DCS. DIR's narrative summary of the 2024–25 forecast states that costs include ongoing Microsoft 365 services and continued consumption of cloud services for the agency's legacy database until that functionality can be decommissioned.

2. **General Revenue Funds and Statutory Reimbursement Requirement.** Recommendations do not include \$25.9 million in agency exceptional item requests from General Revenue Funds for the 2024–25 biennium, including funding requests for one-time information technology and transportation capital projects and ongoing personnel and operating expenses (see Items Not Included in Recommendations). The Racing Commission's sole source of funding for agency operations and administration is the GR-Dedicated Texas Racing Commission Account No. 597. The agency requests a change in its method of financing to include General Revenue Fund appropriations for indirect administrative functions and employee benefits and to use GR-Dedicated Account No. 597 funds (consisting of agency licensing fees and pari-mutuel wagering taxes) for direct regulatory functions. For this change in method of financing to be effective, the agency's enabling statute would need to be amended to remove a provision requiring GR-Dedicated Account No. 597 to reimburse any amount of General Revenue Fund appropriations.

Occupations Code §2023.053 authorizes the Legislature to appropriate money from the General Revenue Fund for administration and enforcement of the Texas Racing Act. However, this provision requires the GR-Dedicated Texas Racing Commission Account No. 597 to reimburse the amount appropriated within one year of the date the General Revenue Funds are appropriated, with 6.75 percent interest.

3. **Budget Structure Changes.** Based on the Racing Commission's request to revise the agency's Goals, Objectives, and Strategies in its Strategic Plan for Fiscal Years 2023 to 2027, LBB and Governor's Office staff approved changes to the Racing Commission's appropriations bill pattern structure for the 2024–25 biennium. The revised budget structure aligns the agency's occupational licensing and business licensing strategies that are currently divided between Goals A and B in the 2022–23 General Appropriations Act (GAA) under one new Goal A, Enable Industry Growth, and establishes a new criminal history background check Strategy separate from the occupational licensing Strategy. The revised 2024–25 budget structure also aligns the agency's regulatory and safety compliance strategies currently divided among Goals A and C in the 2022–23 GAA under one new Goal B, Protect Racing Safety and Integrity. The recommendations include minor conforming changes to riders to reflect the new Strategy structure for the 2024–25 biennium.

**Racing Commission  
Rider Highlights - Senate**

**New Riders**

2. **Capital Budget.** Recommendations include a rider providing \$232,830 in capital budget authority for Data Center Services for the 2024–25 biennium.

**Deleted Riders**

Recommendations delete Riders 4, 5, 6, and 7 because none of them have been implemented since their introduction into the agency's General Appropriations Act bill pattern. The agency requests deletion of these riders.

4. **Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program.** Per the agency's request, recommendations delete this regulatory contingency rider that authorizes additional appropriations of funds and FTEs if a new racetrack begins operations for the first time or if a racetrack reopens during the biennium.
5. **Contingent Appropriation: New Racetrack Application.** Per the agency's request, recommendations delete this rider that appropriates revenue from fees collected to cover the cost of the racetrack application review process.
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.** Per the agency's request, recommendations delete this regulatory contingency rider that authorizes additional appropriations of funds and FTEs for additional live horse race days above a base of 146 days in each fiscal year, contingent upon the Comptroller's certification of the agency generating sufficient revenue to cover the cost of the additional appropriation.
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.** Per the agency's request, recommendations delete this regulatory contingency rider that authorizes additional appropriations of funds and FTEs for additional Greyhound race days beyond a base of 36 days in each fiscal year, contingent upon the Comptroller's certification of the agency generating sufficient revenue to cover the cost of the additional appropriation.
8. **Sunset Contingency.** Recommendations remove this rider because the agency was continued for six years (through September 1, 2027) by the enactment of SB 713, Eighty-seventh Legislature, Regular Session, 2021.

**Racing Commission**  
**Items Not Included in Recommendations - Senate**

		2024-25 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
Agency Exceptional Items Not Included (in agency priority order)							
1)	General Revenue Funds for Employee Retirement System (ERS) assessments for employee benefits (retirement and group insurance costs)	\$1,008,000	\$1,008,000	0.0	No	No	\$1,008,000
2)	General Revenue Funds for the statutorily required 6.75 percent interest payment on General Revenue appropriations for implementation of the Texas Racing Act that is contingent upon adoption of other agency exceptional item requests from General Revenue in the 2024-25 biennium. (See Selected Fiscal and Policy Issues #2.)	\$1,236,680	\$1,236,680	0.0	No	No	\$0
3)	General Revenue Funds and authority for 56.7 additional Full-Time Equivalent (FTE) positions (Salary, Benefits, Training, and Travel), including: <ul style="list-style-type: none"><li>• 8.0 FTEs in licensing;</li><li>• 10.0 FTEs for investigations and enforcement;</li><li>• 8.0 FTEs for pari-mutuel wagering oversight;</li><li>• 10.0 FTEs for injury prevention and medical response; and</li><li>• 20.7 FTEs for central administration and other support services.</li></ul>	\$5,520,918	\$5,520,918	56.7	No	No	\$5,520,918
4)	General Revenue Funds and capital budget authority for a Legacy Modernization information technology project to replace the agency's legacy enforcement database (\$7.2 million) and establish an online licensing portal via the Department of Information Resources' Texas by Texas project (\$3.0 million).	\$10,160,386	\$10,160,386	0.0	Yes	Yes	\$618,000
5)	General Revenue Funds and capital budget authority for Transportation Items for the Enforcement Program, including four pickup trucks, one patrol vehicle, and two mobile testing and evidence collection trailers.	\$1,052,000	\$1,052,000	0.0	No	Yes	\$425,000

**Racing Commission**  
**Items Not Included in Recommendations - Senate**

**Section 5**

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
6)	General Revenue Funds to fund an equine drug testing program at the Texas A&M Veterinary Medical Diagnostic Laboratory	\$5,516,070	\$5,516,070	0.0	No	Yes	\$6,933,467
7)	General Revenue Funds for an Exempt position salary increase for Executive Director position from the current annual cap of \$137,367 in Group 3 to \$197,415 in Group 5. (Recommendations provide an authorized annual salary cap of \$139,851 for FY 2024 and \$142,335 for FY 2025.)	\$120,096	\$120,096	0.0	No	No	\$120,096

**Agency Rider Requests Not Included**

8)	New Rider, Contingent Appropriation: Greyhound Licensing, to (1) appropriate \$720,000 and authorize an additional 12.0 FTEs if the Racing Commission approves live race dates for a Greyhound track during the 2024-25 biennium and (2) appropriate additional occupational licensing fee revenue received to cover the cost of live Greyhound races for the licensing program in Strategy A.1.1, Modernize Licensing Services. [Note: The requested rider text does not specify a method of financing (MOF) for the appropriation.]	\$720,000	\$720,000	12.0	No	No	\$0
9)	New Rider, Criminal Background Checks: Occupational and Business Licensing, to appropriate any additional revenue received from occupational and business license fees to cover the cost of criminal history checks or background checks. [Note: Recommendations continue an existing Criminal History Checks and Background Checks rider and Strategy A.1.2, Criminal History and Background Checks, for the same purposes.]	\$0	\$0	0.0	No	No	\$0
10)	New Rider, Department of Information Resources - Texas.gov, to appropriate additional occupational license fee revenue collections to pay Texas.gov fees to the Department of Information Resources. [Note: Recommendations continue the existing estimated and nontransferrable appropriation in Strategy A.1.3, Texas.gov, for the same purposes.]	\$0	\$0	0.0	No	No	\$0

**Racing Commission**  
**Items Not Included in Recommendations - Senate**

**Section 5**

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
11)	New Rider, Contingent Appropriation: Simulcast Revenue, to provide an appropriation of General Revenue Funds if simulcast tax revenue collected in any fiscal quarter during the 2024-25 biennium is less than the amount received for the same quarter during fiscal year 2022. The amount of the appropriation would be equal to the difference between revenue collected for the current fiscal quarter and the amount collected for the same quarter in fiscal year 2022. [Note: The cost of the potential General Revenue appropriation cannot be estimated at this time.]	\$0	\$0	0.0	No	No	\$0
12)	New Rider, Equine Education and Research Council, to appropriate \$500,000 for the 2024-25 biennium (a) for professional trainee and internship program to hire specialized staff in equine regulatory medicine, in an amount not to exceed 10.0 FTEs, which would be exempt from the FTE cap during the third and fourth quarters of each fiscal year; (b) establish a scholarship match program with Texas A&M University Veterinary School and Texas Tech University and internships for future equine regulatory veterinary technicians and veterinarians; and (c) establish an aftercare recovery fund for injured or retired racehorses. [Note: The requested rider text does not specify an MOF for the appropriation.]	\$500,000	\$500,000	10.0	No	No	\$500,000
13)	New Rider, Witness Fees, to authorize the agency to use appropriated funds to pay the witness fees and travel expenses for out-of-state witnesses for violations under investigation.	\$0	\$0	0.0	No	No	\$0
14)	New Rider, Clothing and Equipment Provisions, to appropriate any additional revenue received from license fees to cover the costs of deterring, investigating, and adjudicating violations to provide a \$1,200 clothing allowance and \$500 cleaning allowance for a commissioned officer and a \$1,200 clothing allowance for any employee assigned to work in the veterinary or laboratory test barn or stable areas of a racetrack for the purpose of purchasing certain protective clothing and items.	\$0	\$0	0.0	No	No	\$0

**Racing Commission**  
**Items Not Included in Recommendations - Senate**

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
15)	New Rider, Moving Expenses, to allow the use of appropriations, with the approval of the Executive Director, to pay the costs of moving the household goods and effects of an agency employee who is transferred from one designated field office / headquarters location to another.	\$0	\$0	0.0	No	No	\$0
16)	New Rider, Commissioner Travel, to establish a limit of \$5,000 per fiscal year for payment or reimbursement of travel expenses of the seven appointed members of the Racing Commission.	\$0	\$0	0.0	No	No	\$0
17)	New Rider, Horseracing Economic Impact Study, to specify that \$75,000 is appropriated in Strategy C.1.1, Central Administration and Other Support, to conduct a study on the economic impact of the horseracing industry to Texas in urban and rural communities and counties.	\$0	\$0	0.0	No	No	\$0
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$25,834,150</b>	<b>\$25,834,150</b>	<b>78.7</b>			<b>\$15,125,481</b>



**Racing Commission  
Appendices - Senate**

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\* Appendix is not included - no significant information to report

Racing Commission					
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments (Optional)
MODERNIZE LICENSING SERVICES A.1.1	\$1,246,868	\$1,246,868	\$0	0.0%	Decrease in GR-Dedicated Texas Racing Commission Account No. 597 due to agency anticipated decrease in Texas.gov pass-through expenses.
CRIMINAL HISTORY & BACKGROUND CHECK A.1.2	\$180,000	\$180,000	\$0	0.0%	
TEXAS.GOV A.1.3	\$26,647	\$20,000	(\$6,647)	(24.9%)	
<b>Total, Goal A, ENABLE INDUSTRY GROWTH</b>	<b>\$1,453,515</b>	<b>\$1,446,868</b>	<b>(\$6,647)</b>	<b>(0.5%)</b>	
DETER, INVESTIGATE, AND ADJUDICATE B.1.1	\$1,358,308	\$1,358,308	\$0	0.0%	
WAGERING INTEGRITY AND SECURITY B.1.2	\$561,732	\$561,732	\$0	0.0%	
PREVENT INJURIES/EMERGENCY RESPONSE B.1.3	\$679,154	\$679,154	\$0	0.0%	
ADMINISTER DRUG TESTS B.1.4	\$394,654	\$394,654	\$0	0.0%	
<b>Total, Goal B, PROTECT RACING SAFETY &amp; INTEGRITY</b>	<b>\$2,993,848</b>	<b>\$2,993,848</b>	<b>\$0</b>	<b>0.0%</b>	
CENTRAL ADMIN & OTHER SUPPORT SVCS C.1.1	\$1,546,417	\$1,566,416	\$19,999	1.3%	Increase in GR-Dedicated Texas Racing Commission Account No. 597 includes an increase of \$7,452 for a salary increase for the Executive Director exempt position and reallocations of funds from Strategies A.1.3 and C.1.2 in alignment with the agency's request.
INFORMATION RESOURCES C.1.2	\$1,213,965	\$1,236,588	\$22,623	1.9%	Increase in GR-Dedicated Texas Racing Commission Account No. 597 includes an increase of \$232,830 to maintain current Data Center Services obligations in the 2024-25 biennium offset by a decrease of \$204,307 for onetime costs for relocation of the agency's Austin headquarters to the Capitol Complex.
<b>Total, Goal C, INDIRECT ADMINISTRATION</b>	<b>\$2,760,382</b>	<b>\$2,803,004</b>	<b>\$42,622</b>	<b>1.5%</b>	
TEXAS BRED INCENTIVE PROGRAM D.1.1	\$6,260,000	\$6,260,000	\$0	0.0%	
<b>Total, Goal D, TEXAS BRED INCENTIVE PROGRAM</b>	<b>\$6,260,000</b>	<b>\$6,260,000</b>	<b>\$0</b>	<b>0.0%</b>	
SALARY ADJUSTMENTS E.1.1	\$0	\$370,788	\$370,788	100.0%	Increase in GR-Dedicated Texas Racing Commission Account No. 597 for a general state employee salary increase.
<b>Total, Goal E, SALARY ADJUSTMENTS</b>	<b>\$0</b>	<b>\$370,788</b>	<b>\$370,788</b>	<b>100.0%</b>	
<b>Grand Total, All Strategies</b>	<b>\$13,467,745</b>	<b>\$13,874,508</b>	<b>\$406,763</b>	<b>3.0%</b>	

Racing Commission  
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2021	Estimated 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	39.3	39.3	39.3	39.3	39.3
Actual/Budgeted	32.0	28.8	39.3	NA	NA

Schedule of Exempt Positions					
Executive Director, Group 3	\$109,033	\$130,000	\$137,367	\$139,851	\$142,335

- Note:
- a) The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report 22-706, August 2022) indicates an average market salary of \$142,335 for the Executive Director position on the Racing Commission. The agency is requesting to increase the salary cap for the Executive Director from \$137,367 in Group 3 to \$197,415 in Group 5.
  - b) The State Auditor's Office is the source for the FY 2021 and FY 2022 annual average (actual) FTE levels.