

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

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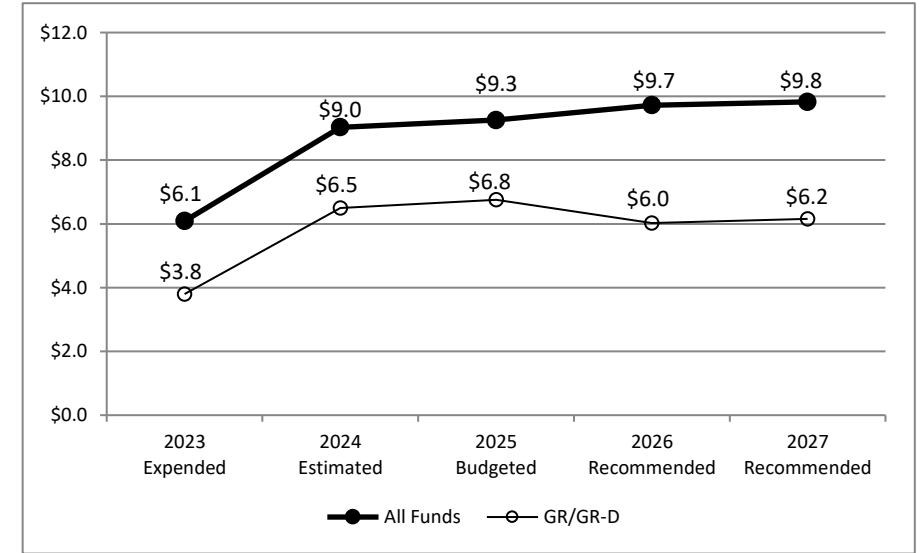
Amy F. Cook, Executive Director

Thomas Galvan, LBB Analyst

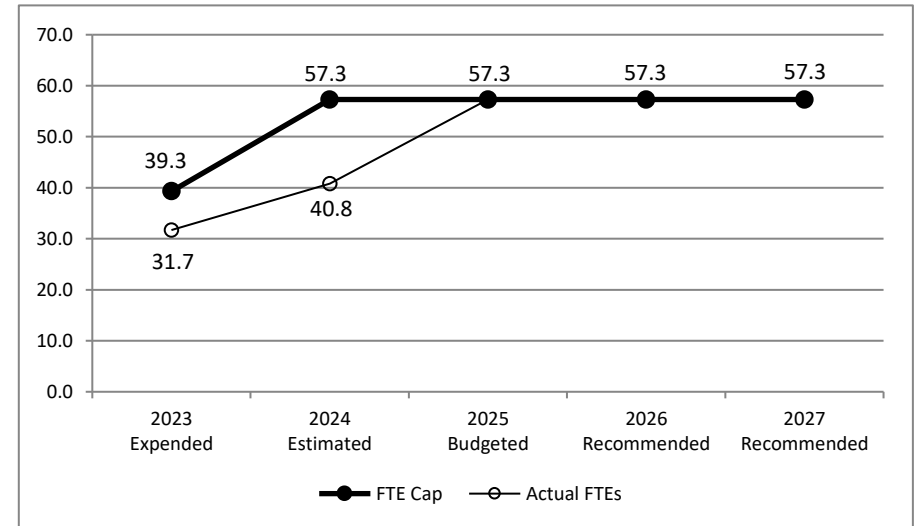
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$2,758,035	\$3,770,691	\$1,012,656	36.7%
GR Dedicated Funds	\$10,494,812	\$8,411,157	(\$2,083,655)	(19.9%)
<i>Total GR-Related Funds</i>	<i>\$13,252,847</i>	<i>\$12,181,848</i>	<i>(\$1,070,999)</i>	<i>(8.1%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$5,030,000	\$7,362,820	\$2,332,820	46.4%
All Funds	\$18,282,847	\$19,544,668	\$1,261,821	6.9%

	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	57.3	57.3	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2026-27 Recommended) represents an estimated 28.1% of the agency's estimated total available funds for the 2026-27 biennium.

Racing Commission
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Increase in Other Funds and MOF Swap for Medication and Drug Testing Laboratory Services.	(\$2,332,820)	\$2,332,820	\$0	\$2,332,820	\$2,332,820	B.1.4, B.1.5
B)	MOF Swap: General Revenue Funds for Indirect Administration and GR-Dedicated Funds for direct administration of pari-mutuel racing licensing and regulatory programs.	\$3,151,462	(\$3,151,462)	\$0	\$0	\$0	B.1.4, C.1.1, C.1.2
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
C)	Decrease one-time funding for GR-Dedicated Texas Racing Commission Account reimbursement to General Revenue Fund	\$0	(\$1,236,680)	\$0	\$0	(\$1,236,680)	A.1.1, A.1.2, B.1.4, C.1.1, C.1.2
D)	Increase in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$149,731	\$105,889	\$0	\$0	\$255,620	A.1.1, B.1.1, B.1.2, B.1.3, B.1.4, C.1.1, C.1.2
E)	Increase in General Revenue Funds to maintain current obligations for Data Center/Shared Technology Services.	\$44,283	\$0	\$0	\$0	\$44,283	C.1.2
F)	Decrease in miscellaneous operating expenses.	\$0	(\$134,222)	\$0	\$0	(\$134,222)	A.1.1, B.1.1, B.1.2, B.1.3, B.1.4
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations		\$1,012,656	(\$2,083,655)	\$0	\$2,332,820	\$1,261,821	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$3,345,476	\$2,438,709	\$0	\$2,332,820	\$2,632,723	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$2,332,820)	(\$4,522,364)	\$0	\$0	(\$1,370,902)	As Listed

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

1. **Pari-mutuel Racing Animal Medication and Drug Testing Services.** Pursuant to Occupations Code, Section 2034.002, medication or drug testing performed on a race animal is required to be conducted by the Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) or another laboratory selected by the Racing Commission after consultation with TVMDL. TVMDL has performed race animal medication and drug testing on a fee-for-service basis since the enactment of the Texas Racing Act in 1986. In fiscal year 2024, TVMDL informed the Racing Commission of its intent to cease race animal laboratory testing services at the end of the agencies' interagency contract term for fiscal year 2024. For fiscal year 2025, TVMDL and the Racing Commission have executed an interagency contract that provides for drug testing to be conducted by a third-party laboratory, University of California – Davis (UC Davis). Recommendations assume drug testing services will continue to be outsourced to UC Davis or another out-of-state laboratory in the 2026–27 biennium.

Occupations Code, Section 2034.003, specifies that a racetrack receiving animal drug testing services is responsible for the costs of the services. The Racing Commission currently pays the laboratory test fees and obtains a reimbursement for the costs from the racetracks. The reimbursements are deposited to the GR-Dedicated Texas Racing Commission Account No. 597 (Object Code 3802 – Third Party Reimbursements). Recommendations provide \$4.6 million in All Funds for the 2026–27 biennium for medication and drug testing laboratory services, including \$2.3 million in GR-Dedicated Funds and \$2.3 million in Appropriated Receipts from racetrack reimbursements for drug testing costs with unexpended balance authority between fiscal years within the 2026–27 biennium. In addition, recommendations include a new rider, Appropriation of Reimbursements for Medication or Drug Testing, to specify that all revenue from racetrack reimbursements for medication or drug testing costs is appropriated as Appropriated Receipts for the same purpose (see Rider Highlights, New Rider #10).

2. **Method of Finance Swap.** Prior to the 2024–25 biennium, the agency's sole appropriation source for its direct and indirect administrative operating budgets was the GR-Dedicated Texas Racing Commission Account No. 597. The Eighty-eighth Legislature, Regular Session, 2023, appropriated \$2.8 million in General Revenue Funds for the 2024–25 biennium to supplement funding for the agency's medication and drug testing program. Recommendations for the 2026–27 biennium include a method of finance (MOF) swap to reallocate General Revenue Funds to the agency's Indirect Administration budget and reallocate GR-Dedicated Account No. 597 to fund the direct administration of its pari-mutuel racing licensing and regulatory programs.

**Racing Commission
Rider Highlights - Senate**

Modification of Existing Riders

2. **Capital Budget.** Recommendations modify this rider to align capital budget authority for Data Center / Shared Technology Services with recommendations to maintain current obligations in the 2026–27 biennium.

4. **Criminal History and Background Checks.** Recommendations update the estimated amounts for reimbursements for background checks with the agency's estimates (from \$90,000 to \$2,500 per fiscal year) due to the agency restructuring the process to allow licensees to pay background check fees directly to the service provider instead of pass-through payments to the agency.

New Riders

10. **Appropriation of Reimbursements for Medication or Drug Testing.** Recommendations add a new rider to specify the estimated amounts of Appropriated Receipts included in Strategy B.1.5, Forensic Laboratory Services, from racetrack reimbursements for medication or drug testing, appropriate any additional revenue collected from such reimbursements, and authorize unexpended balance appropriation authority between fiscal years within the 2026–27 biennium. (See Selected Fiscal and Policy Issues #1)

11. **Indirect Administration.** Recommendations add a new rider to specify that General Revenue Fund appropriations in Goal C, Indirect Administration, are not subject to provisions in Article VIII, Section 2, Appropriations Limited to Revenue Collections.

Racing Commission
Items Not Included in Recommendations - Senate

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	General Revenue Funds and capital budget authority to replace the agency's nonfunctioning legacy database.	\$3,737,795	\$3,737,795	0.0	Yes	Yes	\$622,000
2)	General Revenue Funds and capital budget authority for acquisition of 12 replacement fleet vehicles and associated maintenance and operating costs.	\$2,003,495	\$2,003,495	0.0	No	No	\$566,000
3)	General Revenue Funds and capital budget authority for acquisition of two mobile drug and evidence testing trailers and associated maintenance and operating costs.	\$238,340	\$238,340	0.0	No	Yes	\$140,000
4)	General Revenue Funds for procurement of contracted forensic laboratory and drug testing services following the discontinuation of services previously performed by the Texas A&M Veterinary Medical Diagnostic Laboratory under an interagency contract. (See Selected Fiscal and Policy Issues #1.)	\$7,300,000	\$7,300,000	0.0	No	Yes	\$7,700,000
5)	General Revenue Funds (\$55,000 each fiscal year) to increase the Executive Director exempt salary within Group 5, for an annual amount not to exceed \$197,415.	\$110,000	\$110,000	0.0	No	No	\$110,000

Agency Rider Requests Not Included

6)	New Rider, Asset Forfeiture Appropriations Authority, to appropriate in Strategy B.1.1, Deter, Investigate, and Adjudicate, all funds received from seized or forfeited property under Code of Criminal Procedure, Chapter 59, and Property Code, Chapter 71, and provide unexpended balance authority (UB) between fiscal years within the biennium for such appropriated funds.	\$0	\$0	0.0	No	No	\$0
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Racing Commission
Items Not Included in Recommendations - Senate

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
7)	New Rider, Unexpended Balance Authority: Seized Assets, to (1) provide UB authority between fiscal years within the biennium for unobligated and unexpended balances of forfeited money, proceeds from the sale of forfeited property, or similar monetary awards related to the agency's participation in the seizure of controlled substances or other contraband that are appropriated under Article IX, Section 8.02, of the General Appropriations Act; (2) authorize the agency to spend these appropriations for purposes authorized by the Texas Racing Act, including capital budget purposes; and (3) require the agency to provide a report to the Legislative Budget Board, Governor, and Comptroller of Public Accounts of the UB amounts carried forward and the purposes for which UB funds would be used.	\$0	\$0	0.0	No	No	\$0
8)	New Rider, Clothing and Equipment Provision, to appropriate any additional revenue received from license fees 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
9)	New Rider, to authorize the Racing Commission to pay its peace officer personnel in the Schedule C classification schedule.	\$0	\$0	0.0	No	No	\$0
10)	New Rider, Recruiting Officers with Previous Experience, to authorize the Racing Commission, at the time a commissioned officer is hired, to elect to credit up to four years of experience as a peace officer in any state within the United States as years of service for the purpose of calculating the officer's salary under Salary Classification Schedule C.	\$0	\$0	0.0	No	No	\$0
11)	New Rider, Cash Flow Contingency, to allow the agency, with prior approval from the Legislative Budget Board, to access additional appropriations from the General Revenue Fund in the amount of annual license fee revenue lost as a result of actions taken by the Texas Racing Commission to revoke or suspend an active or inactive greyhound or horse racetrack license.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$13,389,630	\$13,389,630	0.0			\$9,138,000

**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	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
PROVIDE LICENSING SERVICES A.1.1	\$1,534,316	\$1,272,752	(\$261,564)	(17.0%)	Decrease of \$281,866 in GR-Dedicated Funds, including \$204,019 from the reduction of 2024-25 one-time funding and \$77,847 reallocated to other strategies, offset by an increase of \$20,302 to biennialize the statewide salary adjustments included in the 2024-25 appropriations.
CRIMINAL HISTORY & BACKGROUND CHECK A.1.2	\$180,000	\$5,000	(\$175,000)	(97.2%)	Decrease of \$175,000 in GR-Dedicated Funds for the pass-through of background check fees due to a restructuring of the process to allow licensees to pay background check fees directly to the service provider instead of pass-through payments to the agency.
TEXAS.GOV A.1.3	\$20,000	\$20,000	\$0	0.0%	
Total, Goal A, ENABLE LICENSED ACTIVITIES	\$1,734,316	\$1,297,752	(\$436,564)	(25.2%)	
DETER, INVESTIGATE, AND ADJUDICATE B.1.1	\$2,267,647	\$2,296,859	\$29,212	1.3%	Increase of \$40,720 in GR-Dedicated Funds to biennialize the statewide salary adjustments included in the 2024-25 appropriations offset by the reallocation of \$11,508 to other strategies.
WAGERING INTEGRITY AND SECURITY B.1.2	\$930,918	\$930,918	\$0	0.0%	
PREVENT INJURIES/EMERGENCY RESPONSE B.1.3	\$1,127,593	\$1,127,593	\$0	0.0%	
ADMINISTER DRUG TESTING PROGRAMS B.1.4	\$3,152,689	\$425,215	(\$2,727,474)	(86.5%)	Net decrease of \$2.7 million includes: <ul style="list-style-type: none"> • a decrease of \$2.3 million in General Revenue Funds for medication and drug testing laboratory services reallocated to new Strategy B.1.5, Forensic Laboratory Services, and converted to GR-Dedicated Funds; • a decrease of \$0.4 million from the reduction of 2024-25 one-time funding; and • an increase of \$17,725 to biennialize the statewide salary adjustments included in the 2024-25 appropriations.
FORENSIC LABORATORY SERVICES B.1.5	\$0	\$4,665,640	\$4,665,640	100.0%	Increase of \$2.3 million in GR-Dedicated Funds reallocated from Strategy B.1.4, and an increase of \$2.3 million in Appropriated Receipts (Other Funds) from racetrack reimbursements for medication and drug testing laboratory expenses (see Fiscal and Policy Issues #1 and Rider Highlights, New Rider 10).
Total, Goal B, PROTECT RACING SAFETY & INTEGRITY	\$7,478,847	\$9,446,225	\$1,967,378	26.3%	

Racing Commission
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
CENTRAL ADMIN & OTHER SUPPORT SVCS C.1.1	\$2,803,096	\$2,733,180	(\$69,916)	(2.5%)	Decrease of \$217,659 in GR-Dedicated Funds from 2024-25 one-time funding offset by an increase of \$147,743 in General Revenue Funds to biennialize the statewide salary adjustments included in the 2024-25 appropriations.
INFORMATION RESOURCES C.1.2	\$1,236,588	\$1,037,511	(\$199,077)	(16.1%)	Decrease of \$245,348 in GR-Dedicated Funds from 2024-25 one-time funding offset by General Revenue Funds increases of \$44,283 to maintain current Data Center Services obligations in the 2026-27 biennium and \$1,988 to biennialize the statewide salary adjustments included in the 2024-25 appropriations.
Total, Goal C, INDIRECT ADMINISTRATION	\$4,039,684	\$3,770,691	(\$268,993)	(6.7%)	
TEXAS BRED INCENTIVE PROGRAM D.1.1	\$5,030,000	\$5,030,000	\$0	0.0%	
Total, Goal D, TEXAS BRED INCENTIVE PROGRAM	\$5,030,000	\$5,030,000	\$0	0.0%	
Grand Total, All Strategies	\$18,282,847	\$19,544,668	\$1,261,821	6.9%	

**Racing Commission
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2023	Estimated 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	39.3	57.3	57.3	57.3	57.3
Actual/Budgeted	31.7	40.8	57.3	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 3	\$137,367	\$139,851	\$142,335	\$142,335	\$142,335

Note:
 The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report 25-702, October 2024) indicates an average market salary of \$147,005 for the Executive Director position at the Racing Commission. The agency is requesting to increase the salary cap for the Executive Director from \$142,335 in Group 3 to \$197,415 in Group 5.