

# **SELF-EVALUATION REPORT**



**TEXAS RACING COMMISSION**  
**SEPTEMBER 2019**



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## Texas Racing Commission Self-Evaluation Report

### I. Agency Contact Information

A. Please fill in the following chart.

**Texas Racing Commission  
Exhibit 1: Agency Contacts**

	Name	Address	Telephone &	Email Address
<b>Agency Head</b>	Chuck Trout	8505 Cross Park Dr. #110	512-833-6699	chuck.trout@txrc.texas.gov
<b>Agency's Sunset</b>	Robert Elrod	8505 Cross Park Dr. #110	512-490-4032	robert.elrod@txrc.texas.gov

Table 1 Exhibit 1 Agency Contacts

### II. Key Functions and Performance

A. Provide an overview of your agency's mission, objectives, and key functions.

The mission of the Texas Racing Commission (TxRC) is to enforce the Texas Racing Act and the Rules of Racing to ensure the safety, integrity and fairness of Texas pari-mutuel racing.

TxRC regulates all aspects of pari-mutuel horse and greyhound racing through licensing, on-site monitoring and enforcement. Statute and rule require the Commission to:

- License racetracks that offer racing with pari-mutuel wagering, those who participate in racing with pari-mutuel wagering and the people directly involved with pari-mutuel wagering who work at the racetracks.
- Allocate race dates, supervise and officiate the conduct of all races, monitor the health and safety of the race animals and conduct drug tests to ensure the animals race without prohibited substances.
- Oversee all pari-mutuel wagering activity, approve simulcasts, test the totalisator systems (complex computer systems that register and calculate pari-mutuel payoffs [or winnings]) and ensure the proper allocation and distribution of revenue generated by pari-mutuel wagering.
- Administer the Texas-Bred Incentive Program, which provides economic incentives to support the horse and greyhound breeding industry in the state.

B. Do your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed.

Yes, each of TxRC's key functions, enforcing racing regulations, regulating participation, and regulating all aspects of pari-mutuel wagering, continues to serve the overall objective of protecting the health, safety and welfare of all racing participants, including race animals and ensuring fair and honest racing activities.

Eliminating any of these functions may result in physical harm to both human and animal racing participants and may increase the likelihood of dishonest activities, resulting in a loss of integrity in the sport of racing. The wagering public would ultimately be harmed.

**C. What, if any, functions does your agency perform that are no longer serving a clear and ongoing purpose? Which agency functions could be eliminated?**

Agency staff have not identified any TxRC functions that are no longer serving a clear and ongoing purpose.

**D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions?**

Yes, TxRC's enabling law continues to correctly reflect the agency's mission, objectives, and approach to performing its functions. The Texas Racing Act is the statute enacted by the Texas Legislature in 1986, and as subsequently amended and codified into the Texas Occupation Code. The legal citation is Subtitle A-1, Title 13, Tex. Occ. Code.

**E. Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?**

Yes, in its 2019-2023 Strategic Plan, the agency made recommendations staff believed would enable the agency to perform its functions in a significantly more effective and efficient manner, two of which were addressed by the 86<sup>th</sup> Legislature:

**Funding Structure** – The agency's revenue stream, based almost entirely on license fees, has not been reliable. In 2016, three tracks ceased paying fees totaling \$690,000, creating a funding shortfall that brought the agency perilously close to closing its doors in 2017 due to inadequate revenue. Agency staff recommended considering alternative funding structures (e.g., reallocate portion of outstanding ticket revenue, reallocate portion of simulcast tax). The 86<sup>th</sup> Legislature passed and the Governor signed [HB 1995](#), effective Sept. 1, 2019, which redirects the simulcast tax (approximately \$2.8 million in FY 2018) from General Revenue to TxRC, thereby providing an additional revenue source for the Commission and less of a burden on the remaining track licensees. Therefore, the Commission will revise its current license fee structure as soon as possible after the effective date of Sept. 1, 2019. However, HB 1995 does not solve the problem of the agency's reliance on its licensees for its funding, particularly the ten racetrack licensees that, even after the revisions to the fee structure, will still provide a significant portion of the agency's operating funds.

**Texas-Bred Pass-Through Funds** – Approximately \$3.3 million in Texas-Bred funds flow through the agency's budget, and TxRC is charged with oversight of these funds; however, the agency does not have sufficient staff to audit and administer these funds. Additionally, the \$3.3 million creates an inaccurate picture of the agency's actual operating budget. For example, the agency's 2018 appropriation was approximately \$7.1 million; however, of that amount, approximately \$3.3 million was a direct pass-through to the Texas-Bred Incentive Fund, leaving approximately \$3.8 million for actual agency operations. Agency staff recommended statutory and rule changes to permit the industry to administer Texas-Bred funds with minimal oversight by the Commission. The 86<sup>th</sup>

Legislature passed and the Governor signed [HB 3366](#), effective Sept. 1, 2019. This was intended to remove Texas-Bred Incentive funding from the TxRC appropriation and create a new Texas-Bred Incentive Fund. However, the bill created the fund within the state treasury, which keeps the funds within TxRC's budget pursuant to Article VIII, Sec. 6 of the Texas Constitution.

Other recommendations in the agency's 2019-2023 Strategic Plan that were not addressed by the Legislature included FTE funding for an Information Security Officer and granting the Commission authority to recoup costs of litigation from licensees found guilty of violations.

**F. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?**

Agency staff have not identified any TxRC functions that overlap or duplicate those of another state or federal agency.

**G. In general, how do other states carry out similar functions?**

Generally, the 37 other states that authorize pari-mutuel racing have similar regulatory agencies that carry out similar functions.

**H. What key obstacles impair your agency's ability to achieve its objectives?**

The decline of the racing industry in Texas directly affects the Commission's regulation of pari-mutuel racing and wagering. The decline does not mean less regulation, instead it often means more oversight is required to maintain industry integrity. As economic opportunities become more limited, rendering less purse money and fewer racing opportunities, some racing participants feel driven to take risks as they push to survive in the industry. The Commission needs to increase its presence and provide the most effective regulation of those individuals and entities that compromise the public's confidence in Texas racing.

The expansion of gaming opportunities in Texas' neighboring states of Arkansas, Louisiana, Oklahoma, and New Mexico places Texas racetracks at a competitive disadvantage for patrons and for high-quality race animals. With other states investing gaming revenues into breed incentive programs, Texas race animal breeding businesses are relocating to other states to take advantage of better economic opportunities. It is also having an impact on related agribusinesses as owners, trainers and breeders purchase feed, tack, etc. in other states.

In addition to the economic pressure from the bordering states, many racing participants view Texas as having stricter regulations than other jurisdictions. The Commission's pre-race veterinarian checks, zero tolerance in drug testing, backside requirements/prohibitions, and an active compliance inspection program create a different environment that racing participants must adjust to when operating in Texas. It is important and challenging to make sure that licensees who come to compete across state lines are aware of and understand Texas regulations.

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Responding to and regulating an industry experiencing change challenges the agency to rebalance its regulatory priorities in a timely, flexible manner. To remain viable, racetracks need to alter their business products and approaches for live and simulcast racing. Race animal owners, trainers, breeders and handlers modify their approaches as well. The Commission's challenge to provide staff and regulatory oversight under such conditions is unique among state agencies.

Additionally, the state's biennial planning and appropriations cycle is much longer than the racing industry's planning cycle. Mid-biennium changes in racing and wagering programs force the Commission to rebalance and shift its resources. If funding levels do not support the increased activity, the Commission must either reduce its regulatory programs to fit the available appropriation, which may have a negative effect on the integrity of racing, or disapprove the requested change in racing activity, which has a burdensome impact on the business economics of the racing industry.

### **I. Discuss any changes that could impact your agency's key functions in the near future (e.g., changes in federal law or outstanding court cases).**

The proposed federal Horse Racing Integrity Act ([HB 1754](#) and a nearly identical Senate bill) would create a private, independent horse racing anti-doping authority, the Horseracing Anti-Doping and Medication Control Authority (HADA), responsible for developing and administering a nationwide anti-doping and medication control program for horse racing. HADA will create a set of uniform anti-doping rules, including lists of permitted and prohibited substances and methods, after consulting racing industry representatives and the public, along with taking into consideration international anti-doping standards and veterinarian ethical standards. The new nationwide rules would replace the current patchwork of regulatory systems that govern horseracing's 38 separate racing jurisdictions. Similar federal legislation has been proposed in the past, but was not enacted into law.

### **J. Aside from additional staff or funding, what are your agency's biggest opportunities for improvement in the future?**

Bills passed by the 86<sup>th</sup> Legislature related to the agency's budget structure and a new funding source for horse racing purses are expected to have a significant positive impact on both TxRC operations and the viability of the pari-mutuel industry it regulates. However, TxRC executive staff remain vigilant in looking for more opportunities to provide better and more efficient regulation, both generally and, in the following example, specifically:

#### **Opportunity**

The statutorily required distribution of 2 percent of breakage funds (from the pari-mutuel pool) for equine research requires redirection due to legislative changes in Subchapter F, Chapter 88, Education Code.

Title 13, Ch 2028, Sec. 2028.105, mandates that TxRC allocate 2 percent of the horse racetrack association breakage from a pari-mutuel pool for purposes of Subchapter F, Chapter 88, Education Code.

These funds were transferred to Texas A&M AgriLife equine research accounts by the Comptroller's Office until 2005. In 2005, language in AgriLife's bill pattern was changed to an "out of funds above" rider

where they were directed to continue equine research, but were not provided funding specifically appropriated for this purpose. Hence, Texas A&M AgriLife began conducting equine research using General Revenue funds.

From 2005 to 2011, Texas A&M AgriLife funded research grants recommended by the Texas Equine Research Account Advisory Committee (TERAAC), which included membership representation from the horse-racing industry. Texas A&M AgriLife Research gifted the committee funds in the account equal to the revenue collected in the account.

The 82<sup>nd</sup> Legislature repealed SUBCHAPTER F. EQUINE RESEARCH Sec. 88.522. ACCOUNT, sub paragraph (c), effective Sept. 1, 2011. Subsequently, TERAAC was abolished. AgriLife now accepts proposals and funds projects from its General Revenue appropriation.

Since 2012, the racing industry, has contributed approximately \$57,500 annually to Texas A&M AgriLife for equine research, (a total of \$404,421 from 2012 to 2018). The horse-racing industry has not directly benefitted from this contribution (i.e., to date there have been no equine-research studies/projects specifically targeting horse racing in Texas).

**Past TxRC Funding Amounts transferred to Texas A&M AgriLife from FY 2012 - 2018:**

FY 2012 - \$59,251.57

FY 2013 - \$58,502.59

FY 2014 - \$59,984.96

FY 2015 - \$58,758.65

FY 2016 - \$58,200.27

FY 2017 - \$54,562.64

FY 2018 - \$55,160.79

**TOTAL \$404,421.47**

The Comptroller no longer transfers equine research funds from TxRC to Texas A&M AgriLife for Equine Research. However, TxRC is still statutorily mandated to allocate funds for equine research each year to Texas A&M AgriLife. The dilemma is, Texas A&M AgriLife is unable to directly use these funds. Therefore, each year TxRC transfers these funds to Texas A&M AgriLife, and then the Comptroller sweeps these funds into the general revenue account. Hence, the racing industry is indirectly funding Texas A&M AgriLife's general revenue account.

**Recommendation:**

Request the 2 percent of breakage funds (from the pari-mutuel pool) for equine research be redirected to the Texas A&M College of Veterinary Medicine & Biomedical Sciences for specific equine racing research studies.

**General Opportunities**

- **Combatting Organized Crime** – TxRC develops working relationships with local, state, and federal law enforcement agencies as well as other stake holders working within the industry to

identify, investigate, and disseminate intelligence critical in interdicting and halting organized crime. With the continued illegal activities of Mexican drug cartels and a sustained interest in the sport of horse racing, money laundering, hidden ownership by parties not legally qualified to participate in racing and illegal betting schemes continue to rise. Illegal “brush tracks” operating within the state attract these criminal elements and often times the participating racehorses and individuals migrate to licensed pari-mutuel racetracks in Texas.

- **Identifying/Eliminating the Abuse of Pain Masking and Performance Enhancing Substances –**

The abuse of pain masking drugs increase the challenge for the Commission’s veterinary staff to effectively identify horses unsound to race which in turn increases the risks of break downs on the track. The agency’s veterinary director researches drug information and partners with TxRC investigators in monitoring trending developments related to the use of prohibited substances in race animals. Prohibited substances can enhance an animal’s performance and influence the outcome of the race thereby threatening the integrity, safety, and fairness of racing. A partial list of emerging threats to the racing industry includes:

1. Gene doping
2. Designer steroids
3. Designer stimulants
4. Gene manipulation
5. Peptide hormones
6. Peptide drugs
7. Noble gases (e.g. cobalt, nickel, xenon, krypton)

- **Reducing Catastrophic Animal Injuries –** Catastrophic injuries (CI) in race animals are complex biomechanical events and their elimination remains the primary goal of the veterinary department. In 2013, there were 20 race related catastrophic injuries on Texas tracks, compared to 15 in 2018 – a 25 percent decline. Some contributing factors identified thus far include:

1. Pre-existing musculoskeletal injuries
2. Pharmaceuticals
3. Conditioning and training techniques
4. Track composition, maintenance and condition
5. Horse shoes and shoeing techniques\*
6. Rider Behavior\*
7. Racing accidents

\* Note: These factors only apply to horse racing.

- **Other –** Other opportunities for improvement include:

1. Better performance measures that reflect results of agency efforts instead of performance measures that tie to industry performance;
2. Increased use of technology for drug testing, fingerprinting, and detecting wagering fraud;

3. Improved coordination with racing veterinarians practicing on the backside to increase animal safety monitoring; and
4. Expanded knowledge and consideration of issues facing bettors.

**K. Overall, how does the agency measure its effectiveness in carrying out its objectives?**

The agency measures its effectiveness through its performance measure results and through the results of its biennial customer service survey conducted as part of the strategic planning process.

**Texas Racing Commission**  
**Exhibit 2: Key Performance Measures — Fiscal Year 2018**

Key Performance Measures	FY 2018 Target	FY 2018 Actual Performance	FY 2018 % of Annual Target
Number of Horse Racetracks Regulated	7	7	100.0%
Number of Greyhound Racetracks Regulated	3	3	100.0%
Number of Racetrack Inspections	55	42	76.4%
Number of Texas-bred Awards (Horses)	7,000	5,901	84.3%
Number of Texas-bred Awards (Greyhound)	1,920	1,245	64.8%
Number of Occupational Licenses Suspended or Revoked	106	179	168.9%
Number of Investigations Completed	141	169	119.9%
Percentage of Investigations Resulting in Disciplinary Action	90.00%	95.3%	105.9%
Percentage of Licensees with No Recent Violations	97.00%	96.3%	99.3%
Number of Race Animals Inspected Prior to Participating in a Race (Horses)	11,160	12,418	111.3%
(Greyhounds)	2,880	2,757	95.7%
Percentage of Race Horses that Sustain a Catastrophic Injury	0.20%	0.16%	80.0%
Percentage of Greyhounds that Sustain a Catastrophic Injury	0.20%	0.04%	20.0%
Number of New Occupational Licenses Issued	2,200	1,856	84.4%
Number of Occupational Licenses Renewed	4,500	4,123	91.6%
Percentage of Compliance Audits Passed	97.00%	98.7%	101.8%
Total Pari-Mutuel Handle (in millions)	\$303.00	\$287.29	94.8%
Total take to the State Treasury from Pari-mutuel Wagering	\$2,943,000	\$2,780,440	94.5%

Table 2 Exhibit 2 Key Performance Measures

**L. Please list all key datasets your agency maintains.**

TxRC posts a number of high-value data sets on its website and/or the Texas Open Data Portal. Information on licensees, rulings and track wagering handle is downloadable in a variety of formats, including .csv, .xls and .pdf. Additionally, the agency posts on its public website, its strategic plans, annual reports, legislative appropriations requests, audit plans, job vacancies and contracting information, all of which may be downloaded in a .pdf format.

**Texas Racing Commission  
Exhibit 3: Key Datasets**

<b>Dataset Reference Number</b>	<b>Dataset Name</b>	<b>Description of Data</b>	<b>Data Maintained By</b>	<b>Hyperlink (if publicly available)</b>	<b>Legal Prohibition to Disclosure</b>
1	Individual Licensees	List of current TxRC individual licensees	Texas Open Data Portal	<a href="https://data.texas.gov/Permits-and-Licensing/TxRC-Individual-Licensees/yqzs-yaft/data">https://data.texas.gov/Permits-and-Licensing/TxRC-Individual-Licensees/yqzs-yaft/data</a>	N
2	Business Licensees	List of current TxRC business licensees	Texas Open Data Portal	<a href="https://data.texas.gov/Permits-and-Licensing/TxRC-Businesses/ci3g-iw9p/data">https://data.texas.gov/Permits-and-Licensing/TxRC-Businesses/ci3g-iw9p/data</a>	N
3	Licensee Rulings	List of TxRC Rulings	Texas Open Data Portal	<a href="https://data.texas.gov/Permits-and-Licensing/TxRC-Rulings/uhvc-yngd/data">https://data.texas.gov/Permits-and-Licensing/TxRC-Rulings/uhvc-yngd/data</a>	N
4	Purchasing & Procurement	Agency contracts valued at \$15,000 or more	TxRC	<a href="http://www.txrc.texas.gov/agency/data/Procurement/procurement.php">http://www.txrc.texas.gov/agency/data/Procurement/procurement.php</a>	N
5	Wagering Statistics	Year-to-date wagering statistics	TxRC	<a href="http://www.txrc.texas.gov/agency/data/wagerstats/content-wagering_stats.php">http://www.txrc.texas.gov/agency/data/wagerstats/content-wagering_stats.php</a>	N
6	Monthly Handle	Monthly Handle - by track code and signal type	Texas Open Data Portal	<a href="https://data.texas.gov/Business-and-Economy/2019-TxRC-Monthly-Handle-by-Track-Code-and-Signal-/u6a4-js2h/data">https://data.texas.gov/Business-and-Economy/2019-TxRC-Monthly-Handle-by-Track-Code-and-Signal-/u6a4-js2h/data</a>	N
7	Daily Handle	Daily Handle & Commissions - by track code and signal type	Texas Open Data Portal	<a href="https://data.texas.gov/Business-and-Economy/2019-TxRC-Daily-Handle-and-Commissions/v6dz-uadb/data">https://data.texas.gov/Business-and-Economy/2019-TxRC-Daily-Handle-and-Commissions/v6dz-uadb/data</a>	N
8	Daily Purses	Daily Purses Paid - by Texas pari-mutuel racetracks as reported to TxRC	Texas Open Data Portal	<a href="https://data.texas.gov/Business-and-Economy/2019-TxRC-Purses-Paid/sjir-sz3h/data">https://data.texas.gov/Business-and-Economy/2019-TxRC-Purses-Paid/sjir-sz3h/data</a>	N
9	Cross-Species Activity	Recap of Cross-Species Simulcast Activity, Unaudited	TxRC	<a href="http://www.txrc.texas.gov/agency/data/data.php">http://www.txrc.texas.gov/agency/data/data.php</a>	N

Table 3 Exhibit 3 Key Datasets

### III. History and Major Events

#### Texas Racing Commission

- 1986 The Second Called Session of the 69<sup>th</sup> Legislature created the Texas Racing Commission. A unique funding structure provided for the agency to repay all start-up costs against future revenues, plus 12 percent interest. The pari-mutuel tax rate was one of highest in country. Called for Sunset review in 1995.
- 1987 A November statewide referendum approved pari-mutuel wagering in Texas.
- 1988 The first meeting of the Texas Racing Commission was held on Feb. 11, 1988. Rules process began.
- 1989 The Commission considered 22 racetrack license applications and granted 12 licenses. The first horse racetrack opened on Oct. 6, 1989.
- 1991 [HB 2263](#) made substantial changes to the Texas Racing Act. Proponents of change said high pari-mutuel tax coupled with difficult economic environment kept Class 1 horse track investors on the sideline. Changes included:
- significantly lowering the state’s portion of tax for horse racing;
  - increasing the purse structure for horses;
  - allowing tracks to simulcast to and from a licensed racetrack;
  - making racetrack licenses perpetual; and
  - additional incentives added to horse industry with added incentives to Texas-Bred Programs.
- As a result of the November 1991 referendum that authorized a state lottery, [HB 11](#) went into effect on Dec. 1, 1991. To offset potential negative wagering effect on greyhound racing, the greyhound tax rate was reduced and greyhound purse structure was increased.
- 1997 75<sup>th</sup> Legislature – [HB 1445](#), with all of the Sunset Commission’s recommendations, was adopted. Sunset provisions included:
- unifying the Commission structure by eliminating the designated horse and greyhound Commissioners;
  - expanding enforcement and regulatory authority;
  - removing all references to promotion of racing industry, focused Commission activities on regulation;
  - improving inspection and enforcement oversight;

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- instituting an annual competitive bidding process to select the official drug-testing laboratory (Texas Veterinary Medical Diagnostic Lab (TVMDL) had been designated as the official drug-testing laboratory for the Commission);
- providing for expanded oversight of Texas-Bred funds; and
- making all stewards and judges employees of Commission.

Other legislative changes added to HB 1445 focused on promoting economic growth in the racing industry. These changes included:

- authorizing cross-species simulcasting, horse tracks could offer wagering on greyhound races, greyhound tracks on horse races;
- authorizing additional forms of tax dedicated to repaying the agency's debt to the General Revenue Fund;
- making greyhound and horse tax rates the same and providing tax relief on live racing by making first \$100 million in wagering tax-free; and
- authorizing a Senate interim committee to study the racing industry.

2007 The 80<sup>th</sup> Legislature amended the Racing Act to:

- give TxRC flexibility to conduct drug testing either pre-race or post-race;
- establish that the agency is required, by rule, to recover costs through fees for the regulation, oversight and licensing of racetracks, including both live and simulcast racing;
- eliminate the provision that establishes 50 percent of the greyhound breakage as one of the agency's revenue sources;
- give the agency the authority to collect fees to cover the costs of doing criminal background checks on individuals requesting approval for a transfer of ownership in a race-track license;
- change the prohibition on a racetrack from employing former TxRC members and some former agency employees from a two-year restriction to a one-year restriction;
- increase the number of racetracks in which a person may hold a 5 percent or greater interest from two to three;
- allow a person holding a license as an alcohol distributor under the Texas Alcoholic Beverage Code and who holds an interest in two or more racetrack licenses to also hold a license as an alcohol retailer on the premises of the racetracks; and
- require the Commission to review the ownership and management of each racetrack license every five years, and permits the Commission to charge fees to pay for the review.

2008 In its Summary Report to the Sunset Commission, published in March 2008, Sunset staff concluded that "...while the Commission is well-managed and effectively meets its mission, the

Commission's statute has not kept pace with changes in the racing industry, specifically the decline in wagering and overall racing industry profits." According to the Sunset report, the recommendations made should provide clearer statutory authority and give the Racing Commission added flexibility to oversee today's racing industry. Sunset staff recommended seven statutory changes and four management actions to update and improve the Texas Racing Act. Sunset staff also recommended that the Racing Commission continue as an independent agency for six years, instead of the usual 12, in order to provide the legislature with an earlier opportunity to re-evaluate the agency's role in regulating a declining industry. The Sunset staff also evaluated whether other agencies could better regulate the pari-mutuel racing industry, considering both the Department of Public Safety and the Texas Lottery Commission. However, it concluded that neither agency had the infrastructure or expertise needed to regulate the racing industry. The agency implemented all of the recommendations, but the bill was not passed by the 81<sup>st</sup> Legislature.

- 2011 Culminating a process that began with an initial Sunset review in 2007, the 82<sup>nd</sup> Legislature passed a Racing Commission Sunset bill. Among the bill's major provisions, one altered the Commission's method of finance, eliminating outstanding pari-mutuel tickets and vouchers, or outstanding uncashed tickets (OUTs), as a source of revenue. OUTs are those tickets and vouchers that are not presented for payment before their expiration date. The OUTs had become an unreliable, unpredictable and diminishing funding source for agency operations. In place of the OUTs, which the tracks now retain, the agency worked with interested stakeholders to modify the fee structure. The new structure was intended to ensure adequate cash flow and revenue to cover the agency's expenses. In another notable change, the legislation provided the Executive Director broad authority to review and modify decisions of the stewards and judges.
- 2013 In its 2008 review of TxRC, the Sunset Commission took note of the unregulated entities that were taking wagers from Texans over the Internet. In Texas, the only place a person may place a legal wager on a horse or greyhound race is on the grounds of a licensed pari-mutuel racetrack. However, these unregulated companies were using a technology not contemplated when the Texas Racing Act was passed and using the resulting ambiguity in the law to defend their actions. The Texas Legislature amended the Texas Racing Act in 2011 to clarify that the existing prohibitions against off-track wagering also applied to the Internet. Accordingly, TxRC sent cease-and-desist letters to all the advance deposit wagering (ADW) companies that reportedly accepted these wagers from Texas residents. Most of the contacted companies voluntarily complied with the statute. However, TwinSpire.com refused and then filed a federal lawsuit against TxRC in September 2012. TwinSpire.com and at least one other company continued to do business in Texas until a federal district judge ruled in favor of the Commission and dismissed the suit on Sept. 23, 2013.
- 2015 Gulf Greyhound Park, the last remaining greyhound racetrack with live racing in Texas, ceased live racing on December 31.

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2016 At the April 2016 Commission meeting, industry representatives proposed a three-year plan for conducting live greyhound racing and simulcasting. The plan was approved by the Commission.

Also during 2016, the Commission declined to renew the license of Longhorn Downs and accepted the voluntary surrender of the Laredo Race Park and Saddle Brook Park licenses, resulting in the loss of approximately \$690,000 in licensing fee revenue.

2017 The 85<sup>th</sup> Legislature amended the Racing Act to replace the Comptroller with the Agriculture Commissioner as a statutory member of the Commission.

2018 In September, Governor Greg Abbott appointed Connie (Couch) McNabb, D.V.M. to the Texas Racing Commission for a term set to expire Feb. 1, 2021.

2019 During and shortly following the session of the 86<sup>th</sup> Legislature, three bills likely to have a significant impact on the Commission's operations were signed into law, effective Sept. 1, 2019, by Governor Greg Abbott:

- [HB 1995](#) : Relating to the distribution to the Texas Racing Commission of certain money deducted from simulcast pari-mutuel pools.

Impact: HB 1995 redirects the simulcast tax (approximately \$2.8 million in FY 2018) from General Revenue to TxRC, thereby providing an additional revenue source for the Commission. Therefore, the Commission will revise its current license fee structure.

- [HB 2463](#): Relating to the deposit and allocation of certain funds to the horse industry escrow account.

Impact: HB 2463 provides a mechanism for purse matching by requiring certain tax revenue to be deposited to a horse industry escrow account for the benefit of the state's horse industry, including purses.

- [HB 3366](#): Relating to the deposit and distribution by the Texas Racing Commission of certain pari-mutuel wagering funds to benefit the Texas-bred program.

Impact: This amends the Occupations Code as it relates to certain funds set aside for the Texas-bred program. It creates the Texas-bred Incentive Fund (fund) as an escrow account in the state treasury and requires TxRC to deposit money set aside for the Texas-bred program or set aside for use by state breed registries into the fund.

As of the date of this document's publication, TxRC staff are working to develop proposals to revise existing rules or adopt new rules as necessary to comply with the new legislation as soon as possible.

## IV. Policymaking Structure

### A. Complete the following chart providing information on your policymaking body members.

**Texas Racing Commission  
Exhibit 4: Policymaking Body**

Member Name	Term / Appointment Dates/ Appointed by	Qualification	City
John T. Steen III, Chair	10/3/2011-2/1/2019 Appointed as commissioner by Gov. Rick Perry, appointed chair by Gov. Greg Abbott on Jan. 12, 2017	Public	Houston
Ronald F. Ederer, Vice-Chair	7/17/2007-2/1/2019 Appointed by Gov. Rick Perry	Horse	Corpus Christi
Margaret Martin	11/6/2015-2/1/2021 Appointed by Gov. Greg Abbott	Public	Boerne
Connie McNabb, D.V.M.	9/11/2018-2/1/2021 Appointed by Gov. Greg Abbott	Veterinarian	Montgomery
Michael "Mike" Moore	4/4/2019-2/1/2023 Appointed by Gov. Greg Abbott	Public	Fort Worth
Robert C. Pate	4/4/2019-2/1/2023 Appointed by Gov. Greg Abbott	Public	Corpus Christi
Arvel "A.J." Waight Jr.	4/4/2019-2/1/2021 Appointed by Gov. Greg Abbott	Public	Willow City
<b>Ex-Officio Members</b>			
Sid Miller, Commissioner, Texas Department of Agriculture	N/A	N/A	Stephenville
Steven P. Mach, Chair, Public Safety Commission	N/A	N/A	Houston

Table 4 Exhibit 4 Policymaking Body

**B. Describe the primary role and responsibilities of your policymaking body.**

Under Tex. Occ. Code § 2023, the Commission regulates and supervises every race meeting in the state involving wagering on the result of greyhound or horse racing. This includes the authority to regulate and supervise all persons and things relating to the operation of those meetings.

The Commission adopts rules for conducting greyhound and horse racing and rules to administer the Act.

The Commission hears appeals of disciplinary decisions made by the stewards and appeals of preliminary reports issued by the Executive Director. Commission-level hearings on these matters are conducted by the State Office of Administrative Hearings.

The Commission employs the Executive Director to administer its rules and manage the agency.

**C. How is the chair selected?**

Under Tex. Occ. Code § 2022.008, the Governor designates a public member of the Commission to serve as the presiding officer. The designee serves in this capacity at the Governor's pleasure.

**D. List any special circumstances or unique features about your policymaking body or its responsibilities.**

Under Tex. Occ. Code § 2022.001, the Commission consists of seven members appointed by the Governor and two ex-officio members. The ex-officio members are the chair of the Public Safety Commission or a member of the Public Safety Commission designated by the chair, and the Commissioner of Agriculture or the Commissioner's designee.

Five of the seven appointed members represent the public and must have general knowledge of business or agribusiness. At least one of these five may be a veterinarian, and being licensed as a veterinarian satisfies the requirement to have general knowledge of business or agribusiness. One additional appointed member must have special knowledge or experience related to greyhound racing and one additional appointed member must have special knowledge or experience related to horse racing.

**E. In general, how often does your policymaking body meet? How many times did it meet in FY 2017? In FY 2018?**

Section 2022.009 of the Act requires the Commission to hold at least six regular meetings each year. The Commission met six times each in FY 2017 and FY 2018.

**F. Please list or discuss all training members of the agency's policymaking body receive. How often do these members receive training?**

Section 2022.006 of the Act provides that Commissioners must complete at least one course of a training program before taking the oath of office. The training program must provide information regarding the Commission's enabling legislation, programs, role and functions, rules, budget, and the most recent audit. In addition, the training program must address the requirements of the open meetings law, the open records law, the administrative procedures law, conflicts of interest laws, and applicable ethics policies. Each member receives this training before taking the oath of office.

**G. What information is regularly presented to your policymaking body to keep them informed about the agency's operations and performance?**

At each Commission meeting, the Chief Financial Officer provides an update on the agency's budget and finances, the Director of Investigations provides the results of the agency's racetrack inspections and an overview of the number and type of rulings issued against licensees, and the Director of Pari-mutuels presents the latest wagering statistics. Between Commission meetings, the Executive Director provides written updates to the Commissioners on an as-needed basis. Before each meeting, the Executive Director and staff brief the Chair and provide meeting materials and a written agenda briefing to all other commissioners on all agenda items. The Executive Director maintains frequent contact with the Chair to ensure that he/she is knowledgeable about the status of significant administrative and policy issues. Additionally, staff provide news articles relevant to the racing industry on a weekly basis.

**H. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?**

In accordance with 16 T.A.C. § 303.4(f), the Commission provides an opportunity for public comment at each Commission meeting, as well as posted committee and working group meetings (the agency posts all committee meetings, though it is not required). In addition, all proposed rule changes are posted for public review in a prominent place at each track concurrently with the posting in the Texas Register. Commission staff works closely with the breed registries and the designated horsemen's representative when developing rules and policy issues for presentation to the Commission. This includes soliciting written comments and conducting informal meetings both when developing rules for proposal and when taking comments during a proposed rule's official comment period.

**I. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart.**

**Texas Racing Commission**  
**Exhibit 5: Subcommittees and Advisory Committees**

Name of Subcommittee or Advisory Committee	Size / Composition / How are members appointed?	Purpose / Duties	Legal Basis for Committee	Creation and Abolishment Dates
Committee on Rules	2-3 commissioners appointed by chairman	The charge for the Committee on Rules is to provide a forum for an in-depth review of proposed new rules and rule changes relating to all aspects of racing. The committee has established working groups of experts, members of the public, or other interested parties and shares their recommendations for any proposed changes to the rules with the full Commission.	Tex. Occ Code § 2023.004 (f)	N/A
Ad-Hoc Committee on Finance	2-3 commissioners appointed by chairman	The Ad-Hoc Committee on Finance provides a forum for the racetracks, breed associations, horsemen’s organization, racing industry stakeholders, and the public to provide input on potential changes to the Commission’s financial policies and rules.	Tex. Occ Code § 2023.004 (f)	N/A
Safety and Medication Working Group.	2 commissioners appointed by chairman	The Safety and Medication Working Group provides a forum for representatives from Texas racetrack associations, breed registries, the Texas Horsemen’s Partnership, current practicing backside veterinarians, trainers, owners, and agency staff to discuss critical safety and medication issues.	Tex. Occ Code § 2023.004 (f)	N/A

Table 5 Exhibit 5 Subcommittees and Advisory Committees

## V. Funding

### A. Provide a brief description of your agency's funding.

The Texas Racing Commission (TxRC) is self-funded by the entities and individuals it regulates through the collection of racetrack license fees and occupational license fees. The FY 2018-19 Biennial appropriation for regulatory costs was \$7.6 million. This regulatory amount covers operation costs for the agency, costs for regulating racetrack operations, wagering and auditing oversight, investigation and legal costs, veterinary costs and costs for oversight and the issuing of licenses to race related personnel, as specified in the Texas Racing Act and regulations established by TxRC.

The 86<sup>th</sup> Legislature appropriated racing simulcast tax funds to TxRC for the FY 2020-21 Biennium. Revenue for each year is estimated to be approximately \$2.7 million. Simulcast revenue fluctuates upward or downward each year depending on racetrack activity nationwide. This revenue will partially offset the cost of racetrack fees.

TxRC also collects and distributes approximately \$3.3 million to authorized state horse and greyhound breed registries for distribution to horse and greyhound owners and breeders through the Texas-Bred Incentive Program. The funds are collected from racetrack wagering revenue as determined by the Texas Racing Act. Revenues are currently deposited to the TxRC fund (0597) and distributed as breed awards. TxRC does not keep any of the Texas-Bred Incentive Program revenue. The 86<sup>th</sup> Legislative Session created a new Texas-Bred Incentive Program fund (1327) for the FY2020-21 biennium to separate the agency's operating funds from the Texas-Bred Incentive fund.

### B. List all riders that significantly impact your agency's budget.

TxRC is self-funded, therefore all contingencies, provisions and riders related to the Commission's budget in the General Appropriations Act can have a direct impact on revenue. The items below are current as of the 86<sup>th</sup> Legislative Session, as passed in the final conference bill version of [HB 1](#).

#### Article VIII

##### 2. Texas-Bred Incentive Program Receipts.

The amounts appropriated in the Texas-Bred Incentive Program are estimated amounts set aside by the Texas Racing Act. If additional revenue is collected, this rider authorizes additional appropriations.

None of the funds appropriated above for Texas-Bred Incentive Program Awards may be expended for payments to a member serving on the Commission. The Commission shall take all necessary steps to ensure compliance with this provision.

##### 3. Criminal History Checks and Background Checks.

- a. Out of the funds appropriated in Strategy B.1.1, Occupational Licensing Program, \$124,217 in fiscal year 2020 and \$124,217 in fiscal year 2021 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 occupational 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 reimbursing DPS, FBI and/or any other entity authorized to conduct criminal history background checks.

- b. Before May 31, 2020, 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 2020-21 biennium.
- 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.

**4. Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas-Bred Program.**

- a. In addition to the amounts appropriated, the Texas Racing Commission is appropriated \$315,950 out of funds collected by the agency during each fiscal year of the 2020-21 biennium, 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. This appropriation is contingent upon the Texas Racing Commission assessing fees sufficient to generate revenue to cover direct appropriations and any other direct and indirect costs.

The number of FTE's shall be increased by 5.0 in each fiscal year for each new horse racetrack or reopening horse racetrack.

- b. The Texas Racing Commission shall be appropriated in Strategy A.2.1, Texas-Bred Incentive Program, revenue set aside by the Texas Racing Act for the Texas-Bred Incentive Program that is collected by the agency from each new horse racetrack or for each reopening horse racetrack in an amount not to exceed \$334,477. Any appropriations from revenue collected by the agency from new horse racetracks for the Texas-Bred Incentive Program during the 2020-21 biennium may be used only for that purpose and are not transferable to any other strategy.
- 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 and cannot have ceased operations during the same biennium.

**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.

**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.**

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. This appropriation is contingent upon the Texas Racing Commission assessing fees sufficient to generate \$5,346 for fiscal year 2020 and \$5,358 for fiscal year 2021 for each additional live race day added beyond the base to cover direct appropriations and any other direct and indirect costs.

The number of FTE's shall be increased by 0.1 FTE in each fiscal year for each additional live horse race day added beyond the base of 146 days.

b. The Texas Racing Commission shall be appropriated in Strategy A.2.1, Texas-Bred Incentive Program, revenue set aside by the Texas Racing Act for the Texas-Bred Incentive Program that is collected by the agency in an amount not to exceed \$2,275 for each additional live horse race day added.

**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.**

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. This appropriation is contingent upon the Texas Racing Commission assessing fees sufficient to generate, \$2,837 for fiscal year 2020 and \$2,837 for fiscal year 2021 for each additional live race day added beyond the base to cover direct appropriations and any other direct and indirect costs.

The number of FTE's shall be increased by 0.1 FTE in each fiscal year for each additional live greyhound race day added beyond the base of 36 days.

b. The Texas Racing Commission shall be appropriated in Strategy A.2.1, Texas-Bred Incentive Program, revenue set aside by the Texas Racing Act for the Texas-Bred Incentive Program that is collected by the agency in an amount not to exceed \$75 for each additional live greyhound race day added beyond the base.

**8. Lump Sum Annual Leave Payout.**

Included in amounts appropriated above is \$24,000 in GR Dedicated - Texas Racing Commission Account No. 597 that may only be used during the 2020-21 fiscal biennium to pay for retirement payouts due at the time of agency employees' retirement. The unexpended funds of no more than \$12,000 in GR Dedicated - Texas Racing Commission Account No. 597 remaining on August 31, 2020, may be expended during the fiscal year beginning September 1, 2020, only to pay for retirement

payouts due at the time of agency employees' retirement. Any part of the appropriation made for retirement payouts due at the time of agency employees' retirement that are not necessary for that purpose shall be lapsed by the agency at the end of the biennium.

**Article IX Contingency and Other Provisions**

**Sec. 18.38. Contingency for [HB 3366](#).**

(a) Contingent on enactment of HB 3366, or similar legislation relating to the deposit and distribution by the Texas Racing Commission of certain pari-mutuel wagering funds to benefit the Texas-bred program, by the 86<sup>th</sup> Legislature, Regular Session, the Texas Racing Commission is reduced by \$3,130,000 in General Revenue-Dedicated Funds Texas Racing Commission Account 597 in each fiscal year of the 2020-21 biennium in Strategy A.2.1, Texas-Bred Incentive Program and this strategy is deleted. The legislation creates the Texas-Bred Incentive Fund as an off-budget escrow account which would be administered by the Texas Racing Commission, and this strategy would no longer be needed.

(b) Contingent on enactment of House Bill 3366, or similar legislation relating to the deposit and distribution by the Texas Racing Commission of certain pari-mutuel wagering funds to benefit the Texas-Bred program, by the 86<sup>th</sup> Legislature, Regular Session, the Texas Racing Commission Rider 2, Texas-Bred Incentive Program Receipts, is deleted from the agency's bill pattern.

**C. Show your agency's expenditures by strategy.**

**Texas Racing Commission  
Exhibit 6: Expenditures by Strategy — 2018 (Actual)**

Goal / Strategy	Amount Spent	Percent of Total	Contract Expenditures Included in Total Amount
A.1.1.	\$302,282.92	4.72	\$1,885.81
A.2.1.	\$3,045,380.73	47.50	\$0.00
A.3.1.	\$469,666.32	7.32	\$7,857.50
A.3.2.	\$280,536.33	4.40	\$4,398.10
A.4.1.	\$335,853.04	5.23	\$79,049.34
A.4.2.	\$185,257.76	2.90	\$4,360.81
B.1.1.	\$322,785.95	5.03	\$94,841.36
B.1.2.	\$14,664.00	0.22	\$0.00
C.1.1	\$278,619.76	4.34	\$21,930.00
D.1.1.	\$675,833.67	10.54	\$204,063.75
D.1.2.	\$499,446.98	7.80	\$238,872.70
<b>GRAND TOTAL:</b>	<b>\$6,410,327.46</b>	<b>100</b>	<b>\$657,259.37</b>

Table 6 Exhibit 6 Expenditures by Strategy

- D. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

**Texas Racing Commission**  
**Exhibit 7: Sources of Revenue — Fiscal Year 2018 (Actual)**

Source	Amount
<b>Regulatory Program MOF (Fund 0597)</b>	
Annual License Racetrack Fees	\$3,837,862.01
Occupational License Fees	\$681,213.75
Other Revenue (such as fines)	\$22,409.79
<b>Texas-Bred Program MOF (Fund 0597 but will change to Fund 1327 in FY 2020-21)</b>	\$3,045,380.73
<b>TOTAL</b>	<b>\$7,586,866.28</b>

Table 7 Exhibit 7 Sources of Revenue

- E. If you receive funds from multiple federal programs, show the types of federal funding sources.

N/A

Table 8 Exhibit 8 Federal Funds

- F. If applicable, provide detailed information on fees collected by your agency.

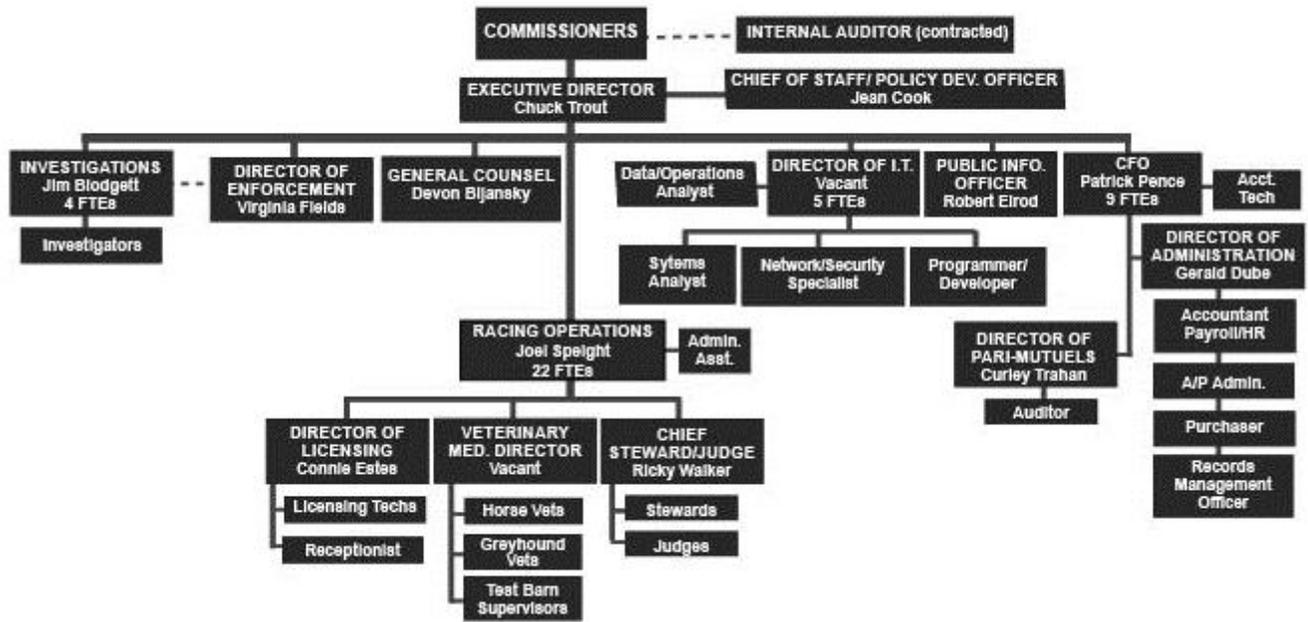
**Texas Racing Commission**  
**Exhibit 9: Fee Revenue — Fiscal Year 2018**

Fee Description/ Program/ Statutory Citation	Current Fee	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited
Inactive Horse Racetrack Fees/Sec. 2025.108, Texas Racing Act	Varies per rule	3	\$382,798	GR Dedicated Fund 0597
Horse Racetrack/Sec. 2025.108, Texas Racing Act	Varies per rule	4	\$2,842,539	GR Dedicated Fund 0597
Greyhound Track Fees -Race-track/ Sec. 2025.108, Texas Racing Act	Varies per rule	3	\$612,525	GR Dedicated Fund 0597
Administrative Occupational Licensee/ Sec. 2023.104, 2033.051, Texas Racing Act	Varies per rule	6,700	\$681,214	GR Dedicated Fund 0597

Table 9 Exhibit 9 Fee Revenue

## VI. Organization

- A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division.



- B. If applicable, fill in the chart below listing field or regional offices.

**Texas Racing Commission**  
**Exhibit 10: FTEs by Location — Fiscal Year 2019**

Headquarters, Region, or Field Office	Location	Co-Location? Yes / No	Number of Budgeted FTEs FY 2019	Number of Actual FTEs (as of SER submission)
Headquarters	Austin	No	37.8*	36.5*

Headquarters, Region, or Field Office	Location	Co-Location? Yes / No	Number of Budgeted FTEs FY 2019	Number of Actual FTEs (as of SER submission)
<b>Horse Racetracks</b>				
Gillespie County Fair & Festivals	Fredericksburg	Yes		
Lone Star Park	Grand Prairie	Yes		
Retama Park	Selma	Yes		
Sam Houston Race Park	Houston	Yes		
<b>Greyhound Tracks</b>				
Gulf Coast Racing	Corpus Christi	Yes		
Gulf Greyhound Park	La Marque	Yes		
Valley Race Park	Harlingen	No	N/A	N/A
			<b>TOTAL: 37.8</b>	<b>TOTAL: 36.5</b>

*\* Except for non-payroll contract personnel, the agency doesn't specifically assign staff to tracks as staff are continually shifted from track to track as needed.*

Table 10 Exhibit 10 FTEs by Location

**C. What are your agency's FTE caps for fiscal years 2017–2020?**

FY 2017 – 51.2

FY 2018 – 46.4

FY 2019 – 46.4

FY 2020 – 39.3

**D. How many temporary or contract employees did your agency have in fiscal year 2018? Please provide a short summary of the purpose of each position, the amount of expenditures per contract employee, and the procurement method of each position.**

The agency contracts for four veterinarians who provide testing, medical observation and medical assistance to race horses and greyhounds at racetracks on live race days. Although classified as professional services providers, the agency was requested in FY 2018 to use the RFQ methodology for procuring new veterinarians as contracts of more than \$25,000 expired and became vacant. The agency has complied with this request and any new vacancies over the \$25,000 threshold are procured using the RFQ methodology via postings on the state's ESB website.

The agency contracts for one test-barn supervisor. This person acts as the coordinator and manager for the horse barns where animals are medically tested. The agency posts RFQ's to the state ESB to procure professionals for this position.

The agency contracts for one steward/judge who makes race-winner and violation decisions at horse and greyhound tracks. The agency posts RFQ's to the state ESB to procure professionals for this position.

<b>FY18 Contract Labor for the Texas Racing Commission</b>			
<b>Contract Type</b>	<b>Contractor</b>	<b>Contract Amount</b>	<b>Contract Expense</b>
Racing official Judge/Steward	Kyler William Cuchens	\$12,500.00	\$7,137.50
Veterinary Services	Katherine Joos, DVM	\$44,500.00	\$28,600.00
Veterinary Services	Pat Martin, DVM	\$42,900.00	\$19,200.00
Veterinary Services	Ralph Wilkinson, DVM	\$24,500.00	\$19,200.00
Veterinary Services	Joseph Lawhon, DVM	\$16,000.00	\$9,600.00
Test Barn Supervisor	Flynn Race	\$10,000.00	\$4,063.75
	<b>Totals</b>	<b>\$150,400.00</b>	<b>\$87,801.25</b>

E. List each of your agency’s key programs or functions, along with expenditures and FTEs by program.

**Texas Racing Commission**  
**Exhibit 11: List of Program FTEs and Expenditures — Fiscal Year 2018**

<b>Program</b>	<b>Actual FTEs FY 2018</b>	<b>Budgeted FTEs FY 2019</b>	<b>Actual Expenditures FY 2018</b>	<b>Budgeted Expenditures FY 2019</b>
License/Regulate Racetracks	4	4	\$302,283	\$354,422
Texas-Bred Incentive Program	0	0	\$3,056,381	\$3,130,000
Supervise & Conduct Live Racing	5.6	5.5	\$470,501	\$465,349
Monitor Licensee Activities	3.7	3.7	\$283,818	\$259,169
Inspect & Provide Emergency Care	3	3.2	\$335,780	\$281,875
Administer Drug Tests	2.8	2.5	\$185,073	\$179,826
Occupational Licensing Program	4.8	5	\$322,734	\$343,610
Texas.gov	0	0	\$14,664	\$17,000
Monitor Wagering & Compliance	5	4	\$278,620	\$260,514
Central Admin & Other Support Svcs	5.9	6	\$676,861	\$687,786
Information Resources	3.8	3.8	\$500,474	\$515,428
<b>TOTAL</b>	<b>38.7</b>	<b>37.8</b>	<b>\$6,427,188</b>	<b>\$6,494,978</b>

Table 11 Exhibit 11 List of Program FTEs and Expenditures

## VII. Guide to Agency Programs

### A.1 Provide the following information at the beginning of each program description.

**Name of Program or Function:** License/Regulate Racetracks

**Location/Division:** Statewide

**Contact Name:** Devon Bijansky, General Counsel

**Statutory Citation for Program:** Chapter 2025, Texas Racing Act

### B.1 What is the objective of this program or function? Describe the major activities performed under this program.

The Commission's responsibilities for regulating pari-mutuel racetracks are contained in Chapter 2021 and Chapter 2023 of the Texas Racing Act. These responsibilities include approval of new racetrack applications, totalisator and concession contracts, racetrack construction, determination of active or inactive status of each racetrack, review and renewal of inactive racetrack licenses, conditions at the racetracks, and approving changes in ownership, plus defending the Commission's decisions on each of these issues.

### C.1 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.

All measures covered in Exhibit 2.

### D.1 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

Section III is sufficient.

### E.1 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

- Licensed racetracks – 7 horse, 3 greyhound
- Licensed training facility – 1
- Occupational licensees – approximately 6,700
- Breed Registries – 5
- Industry related organizations and stakeholders
- Other racing jurisdictions
- General public
- Racing animals

**F.1 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

Approval of new applications for racetrack licenses requires the application of several statutory criteria, plus a determination that the proposed license would serve the public interest.

The Commission must make a determination of active or inactive status of each racetrack and conduct subsequent annual reviews of the inactive racetracks to determine whether to renew the license as Inactive, re-designate as Active, or refer the license to SOAH for non-renewal proceedings. Additionally, the Commission is required to schedule and conduct ownership and management reviews of active race-track licenses every five years.

The agency accomplishes this strategy through its general counsel's office.

**G.1 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.1 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no other programs that provide identical or similar services in the state.

**I.1 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or inter-agency contracts.**

Not applicable.

**J.1 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

TxRC works with other racing jurisdictions to ensure that an occupational licensee is in good standing. For example, a trainer who has been suspended by a neighboring state is not eligible to participate in Texas racing until that suspension has been lifted.

**K.1 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;

- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The agency contracts for one steward/judge who makes race-winner and violation decisions at horse and dog tracks. The agency posts RFQ's to the state ESBD to procure professionals for this position. In 2018, this contract amount was \$12,500, of which \$7,137 was expended.

**L.1 Provide information on any grants awarded by the program.**

Not applicable.

**M.1 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

Not applicable.

**N.1 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

**O.1 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

A person must be licensed to participate in pari-mutuel racing in Texas. Once licensed, a person becomes subject to disciplinary actions for violations of the Racing Act or the Rules of Racing. Violations may occur both on and off the track. For example, during a race, a board of stewards may cite a jockey for interfering with the running of a race. Other violations include medication violations, both animal and human, and providing false information on a license application. The board of stewards or board of judges has the authority to fine a person up to \$25,000 and/or suspend a person's license for up to five years.

**P.1 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

**Texas Racing Commission**  
**Exhibit 13: Information on Complaints Against Regulated Persons or Entities**  
**Fiscal Years 2017 and 2018**

	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2018</b>
Total number of regulated persons (occupational licensees)	App. 6,800	App. 6,700
Total number of regulated entities (licensed tracks & training facility)	11	11
Total number of entities inspected	50	42
Total number of formal complaints received from the public	0	1
Total number of complaints initiated by agency	0	0
Number of complaints pending from prior years	0	0
Number of complaints found to be non-jurisdictional	0	0
Number of jurisdictional complaints found to be without merit	n/a	1
Number of complaints resolved	0	1
Average number of days for complaint resolution	n/a	8 Days
Complaints resulting in disciplinary action:	0	0
administrative penalty	0	0
reprimand	0	0
probation	0	0
suspension	0	0
revocation	0	0
other	0	0

**Table 13 Exhibit 13 Information on Complaints Against Persons or Entities**

**A.2 Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Texas-Bred Incentive Program

**Location/Division:** Austin

**Contact Name:** Curley Trahan, Director of Pari-Mutuels

**Statutory Citation for Program:** Sec. 2028.103, Texas Racing Act

**B.2 What is the objective of this program or function? Describe the major activities performed under this program.**

The objective of the Accredited Texas-Bred Incentive (ATB) Program is to administer the program established by the Texas Racing Act (Act) in a manner consistent with the purposes of the Act.

The major activities involved with the administering of the program include:

- reconciling funds received from the racetracks into the ATB accounts;
- allocating funds in accordance with the criteria approved by the Commission;
- issuing payments to the official breed organizations as provided in the Rules of Racing; and
- auditing the recipients of those payments for compliance with the Act and Rules.

**C.2 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

Through the ATB Program, the agency allocated and disbursed a total of \$3,045,380.73, to the official breed organizations in Texas during fiscal year 2018. Funds are collected, reconciled, allocated, and disbursed each month for the previous month. Payments are made to each of the official breed organizations by mid-month of the following month that the funds are received from the racetracks.

All measures covered in Exhibit 2.

**D.2 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

[HB 3366](#), passed by the 86<sup>th</sup> Legislature, was intended to remove Texas-Bred Incentive funding from the TxRC appropriation and create a new Texas-Bred Incentive Fund. However, the bill created the fund within the state treasury, which keeps the funds within the Racing Commission's budget pursuant to Article VIII, Sec. 6 of the Texas Constitution.

**E.2 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

The ATB Program affects many people and entities including the racetracks, the various official breed organizations in the state of Texas, the horse owners, the stallion and broodmare owners, the breeders,

and the greyhound owners. The racetracks must meet the many eligibility requirements set forth in the Act and Rules governing the ownership and operations of a pari-mutuel facility in the state of Texas. The animal owners must be licensed by the Texas Racing Commission and in doing so must submit to a criminal background investigation and the payment of a licensing fee.

**F.2 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The ATB Program is multifaceted. Each day that a racetrack is open for live or simulcast racing, the racetrack is required to deposit into the ATB accounts, which are collected by the Texas Comptroller of Public Accounts, the funds due to the program. The amount of funds due is determined by the amount of handle (wagers) made at the racetracks. Once the deposits are made with the Comptroller's office, the racetrack will submit a daily worksheet showing the amounts of their deposits. This worksheet is provided to both a field auditor and the ATB auditor in our Austin office. The field auditor verifies the figures contained on the racetrack's worksheet against the agency's database for accuracy. The Comptroller's office then sends a deposit record to the ATB auditor in our Austin office who then verifies the Comptroller's figures with the figures submitted by the racetrack and the figures in our database.

Once the month has ended and the agency has received all deposit records from the Comptroller's office and the figures have been reconciled, the allocation of the funds is done. The program auditor will gather and total all funds received by the various racetracks and summarize the figures, which are then verified and approved by the program administrator. Once the initial approval is granted, the program auditor will run the required reports from the agency's database and, using a spreadsheet program, will allocate the ATB funds in accordance with the Commission-approved "breed split" percentages. All worksheets used to calculate the allocations are printed and summarized. All information is provided to the program administrator who then verifies all the figures and allocations for accuracy.

Once the final approval is granted for the allocations, the payment requests are then submitted to the agency's accounting division for processing and notifications are emailed to each of the official breed organizations with the amount of funds they will be receiving from the ATB Program for the previous month. The entire process is usually completed by mid-month for the previous month's awards.

**G.2 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

All funds received for the ATB Program are pass-through funds. The ATB Program is administered by the Director of Pari-Mutuels.

**H.2 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no programs either internal or external to the agency that provide identical or similar services or functions to that of the ATB Program.

**I.2 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or inter-agency contracts.**

There are no duplications or conflicts with other programs.

**J.2 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The ATB Program funds are deposited in accounts collected by the Texas Comptroller of Public Accounts. Funds are held in these accounts until distributions are made each month.

**K.2 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

There were no contracted expenditures made through this program.

**L.2 Provide information on any grants awarded by the program.**

The Racing Act provides purse supplements and monetary awards to breeders and owners of accredited Texas-bred horses and greyhounds to encourage the horse and greyhound breeding industries. In FY 2018, a total of \$3,034,380.47 in ATB awards (5,901 awards through the horse program and 1,245 awards through the greyhound program).

**M.2 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

[HB 3366](#), passed by the 86<sup>th</sup> Legislature, was intended to remove Texas-Bred Incentive funding from the TxRC appropriation and create a new Texas-Bred Incentive Fund. However, the bill created the fund within the state treasury, which keeps the funds within the Racing Commission's budget pursuant to Article VIII, Sec. 6 of the Texas Constitution.

**N.2 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

**O.2 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

**P.2 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

**A.3 Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Supervise and Conduct Live Races

**Location/Division:** Austin, statewide

**Contact Name:** Joel Speight, Deputy Executive Director

**Statutory Citation for Program:** Tex. Occ. Code §§ 2023.001, 2023.101, 2025.251, 2025.262

**B.3 What is the objective of this program or function? Describe the major activities performed under this program.**

Tex. Occ. Code § 2023.001 requires the Commission to regulate and supervise every race meeting in the state involving wagering. It also makes all persons and things relating to the operation of those meetings subject to regulation and supervision by the Commission. Section 2023.101 requires the Commission to employ a board of three stewards or judges at each racetrack to supervise the conduct of each race meeting. Section 2025.251 provides that a person may not participate in racing, except as a spectator or patron, without first obtaining a license from the Commission. Section 2025.262 provides grounds on which the Commission may deny, revoke or suspend a license.

The Texas Racing Commission regulates and supervises every race meet in the state involving pari-mutuel wagering on greyhound or horse racing to ensure fair and honest racing activities.

A board of stewards for horse racing and a board of judges for greyhound races are present at each race meet. Each board consists of three members. They are responsible to the Executive Director for the conduct of the race meet and for performing the regulatory functions for the Texas Racing Commission.

The stewards' and judges' authority includes regulation of all racing officials, track management and all other licensed personnel.

The stewards and judges are responsible for overseeing all live racing operations including:

- conducting hearings into such matters as misconduct or rule violations;
- determining the eligibility of race animals;
- supervising the taking of entries and the drawing of post positions;
- supervising the taking of all declarations and scratches;
- viewing each race and acting on inquiries and objections;
- reviewing the video tapes of the races with the jockeys;
- verifying the complete order of finish and declaring the race official;
- answering questions and settling conflicts and disputes among the licensees;
- administering standard examinations to first time applicants for trainers, assistant trainers and jockey agents;
- monitoring and reviewing all documents pertaining to the sale or ownership of a horse or lease agreements of a horse;
- issuing and monitoring all apprentice jockey contracts;
- overseeing the locking of all pari-mutuel betting machines not later than the moment that the starting gate opens;
- verifying the accuracy of the official program; and
- making periodic inspections of the facilities including the restricted areas of the jockey quarters and paddock.

**C.3 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

All measures covered in Exhibit 2.

**D.3 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient.

**E.3 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

- Licensed racetracks – 7 horse, 3 greyhound
- Licensed training facility – 1
- Occupational licensees – approximately 6,700
- Breed Registries – 5
- Industry related organizations and stakeholders
- Other racing jurisdictions
- General public
- Racing animals

**F.3 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The Deputy Executive Director reports to the Executive Director. The Deputy Executive Director supervises all of the stewards and judges who are directly responsible for regulating the conduct of live racing. Each horse race meet is supervised by a panel of three stewards and each greyhound race meeting is supervised by a panel of three judges.

**G.3 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.3 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no other programs that provide identical or similar services in the state.

**I.3 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or inter-agency contracts.**

Not applicable.

**J.3 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

TxRC works with other racing jurisdictions to ensure that an occupational licensee is in good standing. For example, a trainer that has been suspended by a neighboring state is not eligible to participate in Texas racing until that suspension has been lifted.

**K.3 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

The agency had one contract for a judge to fill-in at a racetrack when the agency did not have enough staff to cover the greyhound race meet. The total FY 2018 expenditure for this contract was \$7,137.50.

**L.3 Provide information on any grants awarded by the program.**

Not applicable.

**M.3 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

Stewards and racing judges, as well as most of the other staff dedicated to regulating live racing, are an integral part of each day of live racing. Most of the hours they work are dedicated to the supervision of the race performance itself. With decreasing FTE and salary resources over the past several years, they now have little time to oversee the restricted areas of a racetrack on the days preceding or succeeding live race days. Over time this change has resulted in a significant loss of important communication between Commission employees and the occupational licensees, including racetrack personnel, horsemen, jockeys, veterinarians, kennelmen, and other racing participants, which in turn decreases the ability of the Commission to fully monitor and supervise racing activities.

This scheduling challenge is compounded by the fact that racetracks respond to changing market conditions on a much shorter time frame than the state's biennial planning process. Changing economic conditions and dynamic entertainment markets compel racetracks to adjust their schedules on a yearly, sometimes monthly, basis.

**N.3 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable

**O.3 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

A person must be licensed to participate in pari-mutuel racing in Texas. Once licensed, a person becomes subject to disciplinary actions for violations of the Racing Act or the Rules of Racing. Violations may occur both on and off the track. For example, during a race, a board of stewards may cite a jockey for interfering with the running of a race. Other violations include medication violations, both animal and human, and providing false information on a license application. The board of stewards or board of judges has the authority to fine a person up to \$25,000 and/or suspend a person's license for up to five years.

**P.3 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

**A.4 Provide the following information at the beginning of each program description.**

***Name of Program or Function:*** Monitor Licensee Activities

***Location/Division:*** Austin, statewide

***Contact Name:*** Joel Speight, Deputy Executive Director; Jim Blodgett, Director of Investigations

***Statutory Citation for Program:*** Tex. Occ. Code Chapters 2022, 2023, 2025 of the Texas Racing Act

**B.4 What is the objective of this program or function? Describe the major activities performed under this program.**

Tex. Occ. Code § 2023.002 requires the Commission to regulate and supervise every race meeting in the state involving wagering. It also makes all persons and things relating to the operation of those meetings subject to regulation and supervision by the Commission. Section 2025.251 provides that a person may not participate in racing, except as a spectator or patron, without first obtaining a license from the Commission. Section 2025.262 provides grounds on which the Commission may deny, revoke or suspend a license. Section 2022.053 authorizes the Commission to employ and Commission investigators as peace officers.

This strategy implements these sections by providing investigators that assist the stewards, judges, veterinarians, and licensing staff by monitoring the activities of licensees, conducting inspections, conducting investigations on animal drug positives, reviewing criminal histories returned on license applicants, and detecting illegal wagering, contraband, human drug abuse, narcotics trafficking, and other illicit activities that could affect the integrity of pari-mutuel racing.

**C.4 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

All measures covered in Exhibit 2.

**D.4 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient.

**E.4 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

- Occupational licensees – approximately 6,700

**F.4 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The Deputy Executive Director and Director of Investigations report to the Executive Director. The Deputy Executive Director supervises all of the stewards and judges who are directly responsible for regulating the conduct of live racing. The Director of Investigations supervises all investigations staff and coordinates with the stewards or judges and licensing staff.

**G.4 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.4 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no other programs that provide identical or similar services in the state.

**I.4 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

Not applicable.

**J.4 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

TxRC works with other racing jurisdictions to ensure that an occupational licensee is in good standing. For example, a trainer that has been suspended by a neighboring state is not eligible to participate in Texas racing until that suspension has been lifted.

Investigations staff establish and maintain a close working relationship with local law enforcement with jurisdiction of the racetrack locations. Local law enforcement is responsible for investigation of crimes not specifically related to violations of the Texas Racing Act. Investigators also coordinate and share information with DPS and the FBI.

**K.4 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Not applicable.

**L.4 Provide information on any grants awarded by the program.**

Not applicable.

**M.4 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

Over the past several years, decreasing FTE and salary resources, along with DPS having to redirect most of their racetrack support staff to concentrate on threats of terrorism and gang/drug violations, resulted in a reduced presence of enforcement personnel at the racetracks. However, while the visible presence has been reduced, a strong partnership remains through intelligence sharing and DPS' participation in periodic gate and barn searches or any other requested assistance.

The Commission has maintained its enforcement effort, but the demands on its resources will continue to increase.

**N.4 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

**O.4 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

**P.4 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

**A.5 Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Inspect and Provide Emergency Care

**Location/Division:** Austin, statewide

**Contact Name:** Joel Speight, Deputy Executive Director

**Statutory Citation for Program:** Tex. Occ. Code § 2023.103

**B.5 What is the objective of this program or function? Describe the major activities performed under this program.**

Tex. Occ. Code § 2023.103 authorizes the Commission to employ veterinarians to monitor the health and safety of the race animals. The Commission's veterinarians physically inspect each animal before it races to ensure the animal is sound and fit to race. This vital inspection safeguards the health of all racing participants and ensures a fair and competitive race for the wagering public.

A Commission veterinarian is readily available during each race to provide emergency care and attention as needed. Additionally, the veterinarians inspect the barns and kennel areas for health and safety issues.

**C.5 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

All measures covered in Exhibit 2.

**D.5 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient.

**E.5 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

- Licensed racetracks – 7 horse, 3 greyhound
- Licensed training facility – 1
- Occupational licensees – approximately 6,700
- Breed Registries – 5
- Industry related organizations and stakeholders
- Other racing jurisdictions
- General public
- Racing animals

**F.5 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

This division is supervised by the Veterinary Medical Director. The Veterinary Medical Director reports to the Deputy Executive Director and supervises the Commission's veterinarians and test barn supervisors. Additionally, there are a minimum of five part-time seasonal test technicians at each horse racetrack and a minimum of two part-time seasonal test technicians at each greyhound track during live meets who are employees of the tracks, but supervised by the Commission's veterinarians and test barn supervisors.

**G.5 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.5 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no other programs that provide identical or similar services in the state.

**I.5 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

Not applicable.

**J.5 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

TxRC cooperates with other racing jurisdictions to ensure that race animals are protected. For example, Texas will honor another racing jurisdiction's Veterinary List of injured or sick horses. Additionally, when requested, Texas Racing Commission Veterinarians will examine horses for the purpose of removing them from Veterinary Lists in other jurisdictions while accepting examination results from other jurisdictions for the purpose of removing animals from the Texas Veterinary List.

**K.5 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;

- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The agency contracts for four veterinarians who provide testing, medical observation and medical assistance to racehorses and greyhounds at racetracks on live race days. Although classified as professional services providers, the agency was requested in FY 2018 to use the RFQ methodology for procuring new veterinarians as contracts more than \$25,000 expired and became vacant. The agency has complied with this request and any new vacancies over the \$25,000 threshold are procured using the RFQ methodology via postings on the state's ESD website.

The agency contracts for one test-barn supervisor. This person acts as the coordinator and manager for the horse barns where animals are medically tested. The agency posts RFQ's to the state ESD to procure professionals for this position.

<b>Contract Type</b>	<b>Contractor</b>	<b>Contract Amount</b>	<b>Contract Expense</b>
Veterinary Services	Katherine Joos, DVM	\$44,500.00	\$28,600.00
Veterinary Services	Pat Martin, DVM	\$42,900.00	\$19,200.00
Veterinary Services	Ralph Wilkinson, DVM	\$24,500.00	\$19,200.00
Veterinary Services	Joseph Lawhon, DVM	\$16,000.00	\$9,600.00
Test Barn Supervisor	Flynn Race	\$10,000.00	\$4,063.75

**L.5 Provide information on any grants awarded by the program.**

Not applicable.

**M.5 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

With decreasing FTE and salary resources over the past several years, the veterinarians now have limited opportunities to evaluate horses for soundness and are restricted in the time allotted to oversee the daily training work-outs. However, in an effort to reduce catastrophic injuries and improve horse and rider safety, the Commission veterinarians recently (April 2019) began monitoring morning training sessions for signs of unsoundness and/or lameness. This training oversight assists Commission Veterinarians in identifying horses at risk of injury due to possible pre-existing conditions by providing them an opportunity to observe horses:

- with weight-on,
- before and after exercise, and
- while on the track surface.

A trainer may often be notified that a horse is either showing signs of unsoundness or lameness during morning training monitoring.

## TxRC Self-Evaluation Report

As the amount of money wagered declines at the racetracks and purses fall, the quality of the participating race animals also suffers. Struggling with the decline, some participants may be tempted to enter their animals in races when a rest is warranted or, to save money, they may lower their standard of care. The Commission's veterinarians must remain diligent and thorough in their inspections and monitoring to protect these animals.

To reduce the number of catastrophic injuries, in addition to the training oversight program, the Commission, in partnership with the Texas A&M School of Veterinary Medicine, has an equine necropsy program with the goal of identifying risk-factors that veterinarians will be able to assess and detect in pre-race examinations.

**N.5 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

**O.5 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

**P.5 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

**A.6 Provide the following information at the beginning of each program description.**

***Name of Program or Function:*** Administer Drug Tests

***Location/Division:*** Austin, statewide

***Contact Name:*** Joel Speight, Deputy Executive Director

***Statutory Citation for Program:*** Tex. Occ. Code § 2034.002

**B.6 What is the objective of this program or function? Describe the major activities performed under this program.**

Tex. Occ. Code § 2034.002 authorizes the Commission to conduct a comprehensive drug testing program for participating race animals. Under this strategy, Commission veterinarians and test barn staff collect blood and/or urine samples from the race animals, using strict protocols to ensure each sample's

integrity. Actual testing is done by the Texas Veterinary Medical Diagnostic Laboratory (TVMDL), as provided for under this section.

The testing program is designed to protect the health and welfare of the animals by detecting any inappropriate use of a wide range of drugs and substances, both therapeutic and non-therapeutic.

**C.6 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

All measures covered in Exhibit 2.

**D.6 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient

**E.6 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

- Licensed racetracks – 7 horse, 3 greyhound
- Licensed training facility – 1
- Occupational licensees – approximately 6,700
- Breed Registries – 5
- Industry related organizations and stakeholders
- Other racing jurisdictions
- General public
- Racing animals

**F.6 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

Under the Texas Racing Act, the Texas Veterinary Medical Diagnostic Laboratory (TVMDL) must perform all animal drug testing for the Texas Racing Commission. The Commission has a Memorandum of Understanding with TVMDL for up to \$5000 per year.

TVMDL bills the associations for drug testing costs. All billing statements sent to the associations are simultaneously sent to the Commission where they are reviewed for accuracy. After reviewing the statements, the Commission notifies the associations in writing to pay the charges.

**G.6 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state**

**funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.6 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no other programs that provide identical or similar services in the state.

**I.6 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or inter-agency contracts.**

Not applicable.

**J.6 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

TxRC cooperates with other racing jurisdictions to ensure that race animals are protected. For example, Texas will honor another racing jurisdiction's Veterinary List of injured or sick horses. Additionally, when requested, Texas Racing Commission Veterinarians will examine horses for the purpose of removing them from Veterinary Lists in other jurisdictions while accepting examination results from other jurisdictions for the purpose of removing animals from the Texas Veterinary List.

**K.6 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Under the Texas Racing Act, the Texas Veterinary Medical Diagnostic Laboratory (TVMDL) must perform all animal drug testing for the Texas Racing Commission. The Commission has a Memorandum of Understanding (contract) with TVMDL for up to \$5000 per year.

**L.6 Provide information on any grants awarded by the program.**

Not applicable.

**M.6 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

Texas has made significant progress in adopting national regulatory standards, particularly in the area of identifying and correcting the use of prohibited drugs in racing. Aligning Texas' rules and policies to match those of other national leaders should improve licensees' ability to comply with those expectations as they move their racing operations from state to state.

Unfortunately, there are always those who do not operate within established rules and regulations. Looking for an edge, some participants continue to experiment with new drugs and substances that could harm an animal, alter the outcome of a race, or interfere with the detection of illegal drugs. The agency continues to work with TVMDL to stay ahead of those that will try anything to gain a win.

Any significant change in TVMDL's budget and operations could affect the agency's drug testing program and any change that requires additional resources could affect the cost of drug testing.

**N.6 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

**O.6 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

**P.6 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

**A.7 Provide the following information at the beginning of each program description.**

***Name of Program or Function:*** Occupational Licensing Program

***Location/Division:*** Austin, statewide

***Contact Name:*** Connie Estes, Director of Licensing

***Statutory Citation for Program:*** Tex. Occ. Code, Chapter 2025

**B.7 What is the objective of this program or function? Describe the major activities performed under this program.**

Tex. Occ. Code, Chapter 2025 of the Texas Racing Act mandates a comprehensive occupational licensing program. Sec. 2025.251 provides that a person may not participate in racing, except as a spectator or patron, without first obtaining a license from the Commission. To ensure all participants in racing are properly licensed, the Commission has more than 50 categories, including stable and kennel area occupations, such as jockeys, owners, trainers, and grooms, as well as vendors, vendor employees or any employee of the racetrack whose position affords the employee an opportunity to influence racing, including association officers, directors, management personnel and mutuel tellers. Sec. 2025.255 requires the Commission to issue a license certificate in the form of an identification card with a photograph and other prescribed information. Sec. 2025.003 requires any applicant for a license to submit to the Commission fingerprints that are forwarded to DPS and the FBI for a criminal background check.

This strategy implements that program to ensure that all individuals who participate in pari-mutuel racing have successfully passed background checks and are qualified to perform their duties. The Commission has licensing offices at each track and at the Austin headquarters.

**C.7 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

All measures covered in Exhibit 2.

**D.7 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient.

**E.7 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

Approximately 6,700 occupational licensees.

**F.7 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The Director of Licensing reports to the Deputy Executive Director. The Director of Licensing supervises one license technician (1 FTE) and receptionist (.5 FTE) in the Austin office, one license technician (1 FTE) at Lone Star Park and one license technician (1 FTE) at Sam Houston Race Park. The Director of Licensing and all three licensing technicians also provide coverage at the four other active race tracks during live race meets.

**G.7 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state**

**funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.7 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are several other regulatory agencies that provide similar licensing functions. For example, the Texas Division of Licensing and Regulation (TDLR) provides licensing for a number of different professions. The main difference between TxRC's licensing functions and TDLR is being able to provide the services at the licensed racetracks around the state. Working in cooperation with the stewards and judges, the licensing technicians must determine who meets the eligibility requirements, verify that a person has successfully passed any required examination, and issue photo identification badges. Additionally, the licensing technicians are responsible for ensuring all racing participants are licensed before the races begin.

**I.7 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

Not applicable.

**J.7 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Occupational licensees must undergo fingerprinting to ensure no prior criminal history record would make them ineligible to receive a license. The Licensing division works with both DPS and the FBI regarding the fingerprinting and criminal history clearance.

The Licensing Department also works with the Texas Comptroller of Public Accounts to ensure revenue is deposited and transferred from accounts appropriately.

**K.7 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

The Occupational Licensing Program has primary responsibility for an interagency contract with the Department of Public Safety (DPS), appropriated in the amount of \$124,217 for each year of the FY 2018-

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19 Biennium, specifically for the purpose of conducting criminal history and background checks. The appropriation and specifications for contracting with DPS are included in the General Appropriations Act, 85<sup>th</sup> Legislative Session, Article VIII, Rider #3 appropriations for the Texas Racing Commission.

### **L.7 Provide information on any grants awarded by the program.**

Not applicable.

### **M.7 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

With decreasing FTE and salary resources over the past several years, this department has strived to maintain office hours tailored to the individual racetrack's racing schedule and the work schedules of racing participants.

The Commission works closely with the Department of Public Safety and utilizes its contract for electronic fingerprinting of the licensees. It is assumed the Department of Public Safety will continue to assist the Commission in fulfilling its statutory mandate. Any significant change in its strategies will affect the Commission.

Any significant change in the number of people who apply for an occupational license will affect the operations and funding of this strategy.

### **N.7 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

### **O.7 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

Licensing technicians check each race program to ensure that all participants, including owner, trainer, and in the case of horse racing, the jockey, hold a valid TxRC occupational license before the race. Additionally, they routinely check that racetrack employees hold a valid license. They refer any person not holding a valid license to the stewards or judges for action.

### **P.7 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

**A.8 Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Texas.gov

**Location/Division:** Austin

**Contact Name:** Chuck Trout, Executive Director

**Statutory Citation for Program:** Tex. Govt. Code. § 2054.111

**B.8 What is the objective of this program or function? Describe the major activities performed under this program.**

Participation in Texas.gov is authorized in accordance with Section 2054.252 of the Government Code. This online portal provides a licensing application for certain types of occupational licenses issued by the Commission.

**C.8 What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

All measures covered in Exhibit 2.

**D.8 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient.

**E.8 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

- Licensed racetracks – 7 horse, 3 greyhound
- Licensed training facility – 1
- Occupational licensees – approximately 6,700
- Breed Registries – 5
- Industry related organizations and stakeholders
- Other racing jurisdictions
- General public

**F.8 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

TxRC posts and regularly updates a number of high-value data sets on the Texas Open Data Portal through Texas.gov. Information on licensees, rulings and track wagering handle is downloadable in a variety of formats, including .csv, .xls and .pdf.

**G.8 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.8 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no other programs that provide identical or similar services in the state.

**I.8 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or inter-agency contracts.**

Not applicable.

**J.8 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Texas.gov is maintained by the state's Department of Information Resources.

**K.8 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Not applicable.

**L.8 Provide information on any grants awarded by the program.**

Not applicable

**M.8 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

While Texas.gov provides an excellent way of applying for a license 24/7 to a small segment of the Commission's service population, it does not eliminate the need for physically visiting a Commission licensing

office to obtain the identification badge needed for those working in or accessing the barn and kennel areas at a racetrack.

The number of individuals that use the service will affect the pass-through fund amounts.

**N.8 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

**O.8 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

**P.8 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

**A.9 Provide the following information at the beginning of each program description.**

***Name of Program or Function:*** Monitor Wagering and Compliance

***Location/Division:*** Austin

***Contact Name:*** Curley Trahan, Director of Pari-Mutuels

***Statutory Citation for Program:*** Tex. Occ. Code Chapters 2027, 2028, 2030 and Sec. 2026.007

**B.9 What is the objective of this program or function? Describe the major activities performed under this program.**

Tex. Occ. Code Chapters 2027, 2028 and 2030 of the Texas Racing Act authorizes the Commission to regulate all aspects of pari-mutuel wagering on horse and greyhound races. Tex. Occ. Code § 2026.007 requires the Commission to implement an inspection program for racetrack facilities and operations.

To protect the interest of the wagering public, the pari-mutuel and auditing division ensures the integrity of the wagering system.

The essential program functions include:

- conducting audits on pari-mutuel wagering activity;
- auditing the racetracks' daily deposits to the state treasury;
- entering pari-mutuel data into the agency database;

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- auditing simulcast requests and contracts for compliance;
- receiving and assisting the public with questions or complaints;
- serving as liaison between the agency and the racetrack's pari-mutuel division; and
- serving as liaison between the agency and the racetrack's accounting division.

**C.9 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

All measures covered in Exhibit 2.

**D.9 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient

**E.9 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

- Licensed racetracks – 7 horse, 3 greyhound
- Occupational licensees – approximately 6,700
- Breed Registries – 5
- Industry related organizations and stakeholders
- General public

**F.9 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The Director of Pari-Mutuels reports to the Chief Financial Officer and manages the field auditor.

**G.9 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.9 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no other programs that provide identical or similar services in the state.

**I.9 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable,**

**briefly discuss any memorandums of understanding (MOUs), interagency agreements, or inter-agency contracts.**

Not applicable.

**J.9 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Not applicable.

**K.9 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

The agency contracts with three totalizator companies to electronically provide daily wagering data.

COMPANY	CONTRACT VALUE FY 2018
AmTote International, Inc.	\$3,800.00
United Tote	\$3,800.00
Sportech Racing, LLC	\$3,800.00

**L.9 Provide information on any grants awarded by the program.**

Not applicable.

**M.9 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

In response to the unexpected loss of revenue during FY 2016 due to three racetracks' decision not to pay their annual fees, the agency reduced expenditures by not filling a position opened by retirement. Instead, the duties of the pari-mutuel manager, previously in strategy 3-1-2, were absorbed by the manager of wagering compliance. Additionally, three of the four field auditor positions were eliminated. These cutbacks have dramatically increased the workload on the two remaining department staff members, which has required some of the more time-consuming tasks to go uncompleted. Scaled-back operations allow only enough man hours to complete the most basic tasks. Owing to these cutbacks in the department, none of the 2018 live race meets had an auditor present to monitor pari-mutuel and totalizator operations during live racing and there continues to be no active audit presence at the race tracks during simulcasting.

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Since the regulation of pari-mutuel wagering relies so heavily on computerized networks and systems, the Commission continues to enhance and modify the specialized systems developed by the agency. Using this technology allows the auditors to audit the accuracy of and the distribution of the wagering pools on a daily basis.

### **N.9 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

### **O.9 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

Not applicable.

### **P.9 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

### **A.10 Provide the following information at the beginning of each program description.**

***Name of Program or Function:*** Central Admin and Other Support Services

***Location/Division:*** Austin

***Contact Name:*** Chuck Trout, Executive Director

***Statutory Citation for Program:*** Tex. Occ. Code Chapter 2022

### **B.10 What is the objective of this program or function? Describe the major activities performed under this program.**

In accordance with the Tex. Occ. Code 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 handle budget and finance (including payroll and accounting), purchasing, human resources, public information requests and fulfillment of state reporting requirements.

**C.10 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

All measures covered in Exhibit 2.

**D.10 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient.

**E.10 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

- Commissioners
- Licensed racetracks – 7 horse, 3 greyhound
- Licensed training facility – 1
- Occupational licensees – approximately 6,700
- Breed Registries – 5
- Industry related organizations and stakeholders
- Other racing jurisdictions
- Agency staff
- Other state agencies
- Texas Legislature
- General public
- Racing animals

**F.10 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The Executive Director serves as the chief executive officer of TxRC and reports directly to the Texas Racing Commission, composed of seven governor-appointed Commissioners, the Commissioner of the Department of Agriculture and the Chair of the Public Safety Commission. While the Commissioners determine the overall policy directions for the Texas Racing Commission, the Executive Director provides executive leadership and day-to-day management of the agency.

**G.10 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

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The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.10 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

While every state agency has similar administrative functions; the functions provided by this strategy are uniquely designed to serve and support TxRC's mission.

**I.10 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or inter-agency contracts.**

Not applicable.

**J.10 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Not applicable.

**K.10 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Central Administration covers costs for what are generally regarded as term contracts held by the Comptroller or Texas Facilities Commission, such as the building lease, shipping and postage costs, utilities, copier leases, and some non-fix phone system costs for participation in the state's ATT contract. Total costs for these general expense items are not "contracts" with the agency per se, but the agency does cover the expenses in Strategy B.1.1. (Central Administration). The costs for all of these items are included in the Contract Strategy costs table for Strategy B.1.1.

One major contract cost for this department to be noted here is a membership with the Association of Racing Commissioners International for \$18,700 each year of the biennium. Membership in this association gives the agency directors, managers, stewards and judges access to international racing rules, rulings, judgements, trends and other important communications used by racing organizations around the world.

The agency has outsourced the internal auditing function. The internal auditor reports to the Commission members who approve an audit plan provided by the contract auditor as required by the Internal Auditing Act (Texas Government Code, Section 2102.008). The total FY 2018 expenditure for this contract with Monday Rufus & Co. was \$15,000.

**L.10 Provide information on any grants awarded by the program.**

Not applicable.

**M.10 Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

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.

**N.10 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

**O.10 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable.

**P.10 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution..**

Not applicable.

**A.11 Provide the following information at the beginning of each program description.**

***Name of Program or Function:*** Information Resources

***Location/Division:*** Austin

***Contact Name:*** Chuck Trout, Executive Director

***Statutory Citation for Program:***

**B.11 What is the objective of this program or function? Describe the major activities performed under this program.**

The Commission's regulatory approach and program is based on effective implementation of information technology (IT), specifically its large, 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 and information distribution.

**C.11 What evidence can you provide that shows the effectiveness and efficiency of this program or function? Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

TxRC is a leader among national racing regulators in employing technology for licensing, regulation, pari-mutuels and information distribution. In particular, the agency's database system integrates information from the various departments in ways that allow them to be far more efficient and effective than is possible in most racing jurisdictions' systems. In addition, the agency continues its commitment to exploring technological enhancements for its customers. Initiatives related to technological modifications or upgrades include developing solutions to facilitate access to agency information for both internal and external customers and to enhance the productivity of staff.

The agency continues to enhance security measures that protect the access and storage of its extensive and vital database information.

**D.11 Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Section III is sufficient.

**E.11 List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

- Licensed racetracks – 7 horse, 3 greyhound
- Licensed training facility – 1
- Occupational licensees – approximately 6,700
- Breed Registries – 5
- Industry related organizations and stakeholders
- Agency employees
- Other racing jurisdictions
- General public

**F.11 Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary**

**to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

Currently, the Director of Information Technology position is vacant and, as of Sept. 1, 2019, the duties are temporarily being performed by the Executive Director. The Director also serves as the database and systems administrator. In addition to this position, the agency has a full-time database programmer/developer who maintains and assists in the development of any database applications as well as a full-time systems analyst to support the agency's PC hardware and software. The division also has a data/operations analyst. The network and IT security administration duties are currently shared by the IT Director and a part-time outside contractor. The agency has a policy for the use of IT resources posted on its intranet site.

**G.11 Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

The agency is self-funded through racing revenues including track license fees, occupational license fees and simulcast racing tax revenue.

**H.11 Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

While many agencies have IT divisions that maintain networks, servers, and databases, the services provided by the IT division are customized to the needs of the agency. The database itself, available 24/7, is unique to the agency and to other racing jurisdictions around the country.

**I.11 Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

Not applicable.

**J.11 If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Not applicable.

**K.11 If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;

IT contracts are made for the purchase, programming, servicing and maintenance of the TxRC servers, desktop computers, laptops, and related hardware and software. Contracts are also in place for broadband, phone communications, and security systems.

- the amount of those expenditures in fiscal year 2018;

IT contracts for TxRC in FY 2018 totaled \$297,746.69

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- **the number of contracts accounting for those expenditures;**

There were 66 IT contracts generated in FY 2018.

- **the method used to procure contracts;**

IT contract procurement is conducted in accordance with the state’s IT procurement regulations, which are primarily conducted through the DIR contracts and procurement department.

- **top five contracts by dollar amount, including contractor and purpose;**

<b>Contract</b>	<b>Purpose</b>	<b>Amount</b>
RFD & Associates	Oracle Backup & Cloud Svcs.	\$22,914
RFD & Associates	Rebuild Vet & Drug Application in Oracle	\$27,500
RFD & Associates	Oracle Database Mgmt. Svcs.	\$33,000
Shared Tech. Svcs.	TEX-AN Circuits for Racetracks	\$34,521
Team Informatics	M-Files Integration	\$10,570
	<b>Total</b>	\$128,513

- **the methods used to ensure accountability for funding and performance; and**

As stated above, the agency follows statutory regulations for procuring all IT services via DIR.

**L.11 Provide information on any grants awarded by the program.**

Not applicable.

**M.11 Are there any barriers or challenges that impede the program’s performance, including any out-dated or ineffective state laws? Explain.**

Not applicable.

**N.11 Provide any additional information needed to gain a preliminary understanding of the program or function.**

Not applicable.

**O.11 Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

Not applicable.

**P.11 For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution.**

Not applicable.

## VIII. Statutory Authority and Recent Legislation

- A. Fill in the following charts, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency.

**Texas Racing Commission**  
**Exhibit 14: Statutes / Attorney General Opinions**

### *Statutes*

Citation / Title	Authority / Impact on Agency
Subtitle A-1, Texas Occupations Code (Texas Racing Act)	Creates the Texas Racing Commission. Provides for the strict regulation of horse and greyhound racing and for the control of pari-mutuel wagering in connection with that racing.
Texas Penal Code, Chapter 47, § 47.09	Provides a defense to prosecution for gambling if the conduct was authorized by the Texas Racing Act.
Texas Government Code, Chapter 411, § 411.096	Provides that the Commission is entitled to obtain criminal history information from the Department of Public Safety.
Texas Education Code, Chapter 88, Subchapter F	Creates the Equine Research Account and the Equine Research Account Advisory Committee. (Since eliminated through Sunset)
15 U.S.C. § 3001 <i>et. seq.</i> (Interstate Horse Racing Act of 1978)	Authorizes and regulates interstate simulcasting.

Table 14 Exhibit 14 Statutes

### *Attorney General Opinions*

Attorney General Opinion No.	Impact on Agency
GA-0286 (Dec. 20, 2004) Regarding whether the Commission may grant a license for a racetrack without a formal certification of election results to the Secretary of State; and whether the Commission may initiate a license application process for a county following a formal election certification that occurs more than 10 days after the canvass of returns.	Certification of local option election results must be made to the Secretary of State before the Commission may accept or act on a license application. The Commission has the discretion to determine whether a given action or document preceding a license application constitutes certification.
LO 96-137 (Dec. 13, 1996) Whether the Commission may approve an application for wagering on simulcast races by a facility that is as yet incapable of hosting live racing events.	The Commission may approve the application of a licensed racetrack for wagering on simulcast races so long as the Commission has granted the racetrack live race dates. Under the statute, the fact that the racetrack facilities are under construction, incomplete, or otherwise incapable of accommodating a live race event at the time the racetrack begins accepting wagers on simulcast races is inconsequential.  Similarly, nothing in the act requires a licensed racetrack to conduct a live race event at the facility before it may offer simulcast racing. The only statutory prerequisite is that the Commission has granted live race dates to the licensed racetrack.

Table 15 Exhibit 14 Attorney General Opinions

- B. Provide a summary of significant legislation regarding your agency by filling in the charts below or attaching information already available in an agency-developed format. Briefly summarize the key provisions.**

**Texas Racing Commission  
Exhibit 15: 86<sup>th</sup> Legislative Session**

***Legislation Enacted***

Bill Number	Author	Summary of Key Provisions
<a href="#">HB 1995</a> *	King, Tracy O.	Redirects the tax collected on simulcast wagers placed at Texas racetracks to the Commission for the administration of the Racing Act (to offset license fees paid by racetrack associations).
<a href="#">HB 2463</a> *	King, Tracy O.	Allocates up to \$50 million per biennium of the sales tax related to the purchase of horse feed, tack, supplements, etc. to a Horse Industry Escrow Account (previously the Escrowed Purse Account) to be used for horse racing purses and events to support the horse industry.
<a href="#">HB 3366</a>	Kacal	Intended to remove Texas-Bred Incentive funding from the TxRC appropriation and create a new Texas-Bred Incentive Fund. However, the bill created the fund within the state treasury, which keeps the funds within the Racing Commission’s budget pursuant to Article VIII, Sec. 6 of the Texas Constitution.
<a href="#">SB 619</a> *	Paddie	Relating to the Sunset review process and certain governmental entities subject to that process. Among other things, moved TxRC’s Sunset date from 2023 to 2021.

Table 16 Exhibit 15 Legislation Enacted 86<sup>th</sup> Leg

***Legislation Not Passed***

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
None		

Table 17 Exhibit 15 Legislation Not Passed 86<sup>th</sup> Leg

## IX. Major Issues

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. Inclusion of an issue does not indicate support, or opposition, for the issue by the agency's board or staff. Instead, this section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency.

### A.1 Brief Description of Issue

Increased cost of litigation against licensees who are found guilty of violations.

### B.1 Discussion

TxRC hearings are becoming increasingly complex and costly as more licensees choose to contest penalties, which have increased in an effort to deter violations.

### C.1 Possible Solutions and Impact

Granting the Commission authority to recoup costs of litigation from licensees found guilty of violations could result in approximately \$10,000 to \$30,000 in annual savings to the agency.

### A.2 Brief Description of Issue

Definition, per Tex. Occ. Code § 2021.003(38), of the term "prohibited substance."

### B.2 Discussion

The statutory definition of 'prohibited substance' requires expert testimony to establish that the substance is, in its use or intended use, "reasonably capable of influencing or affecting the outcome of a race in a manner contrary to [the] Act or Commission rule." In a recent case the Commission was unable to find an expert witness until shortly before the hearing, calling into question the ability of the agency to prosecute what was otherwise a well-established and documented drug positive.

### C.2 Possible Solutions and Impact

Deleting subsection (A), leaving "is prohibited by a Commission rule regulating the unlawful influence of a race," would result in some potential cost savings, but more importantly, would plug a loophole that could jeopardize prosecution of otherwise clear drug cases.

### A.3 Brief Description of Issue

Requirement for occupational license renewals to resubmit fingerprints to the FBI every three years.

### B.3 Discussion

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The Act currently requires the Commission to resubmit fingerprints every three years for occupational license renewals. However, there is no longer a Federal Bureau of Investigations (FBI) requirement for resubmitting fingerprints submitted after June 1, 2015.

### **C.3 Possible Solutions and Impact**

Amending Tex. Occ. Code § 2025.003 to remove the requirement to resubmit fingerprints every three years for occupational license renewals will result in no savings to the Commission, per se, but will make the Act consistent with current FBI requirements. It will also result in a savings (currently \$28.25) every three years for occupational license applicants.

### **A.4 Brief Description of Issue**

Agency cost to fund health insurance premiums for employees who retire from the agency and for their dependents.

### **B.4 Discussion**

The agency is required to pay for health insurance premiums for employees who retire from the agency and for their dependents. The length of service at the agency is not a consideration; e.g., one employee retired after one month of service at TxRC. The cost for employee retiree insurance premiums in FY 2020 is budgeted at \$409,000 and this expense is almost certain to increase in the future.

### **C.4 Possible Solutions and Impact**

Allowing the agency to contribute proportionately for this benefit depending upon the employee's length of service with TxRC would result in a significant annual savings.

### **A.5 Brief Description of Issue**

Requirement for agency to designate an Information Security Officer.

### **B.5 Discussion**

The Texas Government Code mandates designation of an Information Security Officer, but provides no additional appropriations to fund this position.

### **C.5 Possible Solutions and Impact**

Providing sufficient appropriation and FTE to fund this position would benefit operations and bring the agency into compliance with the Code.

### **A.6 Brief Description of Issue**

Listing the specific occupations requiring a license from TxRC.

### **B.6 Discussion**

FBI policies regarding background checks performed on behalf of state agencies require specific statutory authority in state law. That authority is expressed in Tex. Gov't Code 411.096 ("The Texas Racing Commission is entitled to obtain from the department (DPS) criminal history record information maintained by the department that pertains to a person who is ...an applicant for a license under the Texas Racing Act"); however, in the Racing Act the Texas Legislature delegated to the Racing Commission the determination of which occupations should be required to obtain licenses to engage in racing.

#### **C.6 Possible Solutions and Impact**

The FBI has asked that the Texas Racing Act be amended to specifically list the occupations requiring licenses.

#### **A.7 Brief Description of Issue**

Retaining and recruiting a well-qualified workforce is an issue that will only continue to grow even more challenging over time.

#### **B.7 Discussion**

With approximately 30 percent of its workforce eligible for retirement by FY 2023 and with another 30 percent consisting of return-to-work retirees, the Commission projects a shortage in staffing and skill levels needed to meet future requirements. These shortages will be across the agency staffing in all departments. Additionally, the Commission continues to have difficulty retaining qualified veterinarians due to significant differences in agency salaries compared to those in the private sector.

#### **C.7 Possible Solutions and Impact**

In the future, the Commission will need to accomplish more with less in an increasingly tight budgetary environment. As the state's racing industry matures and changes with technology, the Commission's workforce must remain keenly aware of its regulatory role.

## X. Other Contacts

- A. Fill in the following charts with updated information on people with an interest in your agency, and be sure to include the most recent email address.

**Texas Racing Commission  
Exhibit 16: Contacts**

***Interest Groups***

*(groups affected by agency actions or that represent others served by or affected by agency actions)*

<b>Group or Association Name/ Contact Person</b>	<b>Address</b>	<b>Telephone</b>	<b>Email Address</b>
Gulf Coast Racing/ Steve Lamb	5302 Leopard Street Corpus Christi, TX 78408	361-289-9333	<a href="mailto:slamb@gulfcoastracetrack.com">slamb@gulfcoastracetrack.com</a>
Gillespie Co. Fair & Festivals Assn./Henry Sagebiel	P.O. Box 526 Fredericksburg, TX 78624	830.997.2359	<a href="mailto:info@gillespiefair.com">info@gillespiefair.com</a>
Gulf Greyhound Park/Sally Briggs	P.O. Box 488 La Marque, TX 77568	409-986-9500	<a href="mailto:sbriggs@gulfgreyhound.com">sbriggs@gulfgreyhound.com</a>
Laredo Downs/ Greg LaMantia	7220 CPL Road Laredo, TX 78041	956-723-6354	<a href="mailto:greg.lamantia@Infdist.com">greg.lamantia@Infdist.com</a>
Lone Star Park/Scott Wells	1000 Lone Star Parkway Grand Prairie, TX 75050	972-263-7223	<a href="mailto:scott.wells@remington-park.com">scott.wells@remington-park.com</a>
Manor Downs/Andrea Young	P.O. Box 141309 Austin, TX 78714	512-272-5581	<a href="mailto:ayoung@shrp.com">ayoung@shrp.com</a>
Retama Park/Angela Cooper	P.O. Box 47535 San Antonio, TX 78265	210-651-7000	<a href="mailto:angela.cooper@pnkmail.com">angela.cooper@pnkmail.com</a>
Sam Houston Race Park/Andrea Young	7575 N. Sam Houston Pkwy W Houston, TX 77064	281-807-8700	<a href="mailto:ayoung@shrp.com">ayoung@shrp.com</a>
Valle de Tesoros Race Park/Greg LaMantia	L&F Distributions, Ltd. 3900 N. McColl Road McAllen, TX 78501	956-687-7751	<a href="mailto:greg.lamantia@Infdist.com">greg.lamantia@Infdist.com</a>
Valley Race Park/Andrea Young	2601 South Ed Carey Dr. Harlingen, TX 78552	281-807-8747	<a href="mailto:ayoung@shrp.com">ayoung@shrp.com</a>
1015 Victoria Parkway/Eloy Gonzalez	22100 FM 1015 Edcouch, TX 78538	956-342-5144	<a href="mailto:1015racepark@gmail.com">1015racepark@gmail.com</a>
Texas A&M College of Agriculture & Veterinary Medicine/Dr. Jim Heird	600 John Kimbrough Blvd. 2142 TAMU, Texas A&M College Station, TX 77843	979-845-6098	<a href="mailto:jimheird@tamu.edu">jimheird@tamu.edu</a>

<b>Group or Association Name/ Contact Person</b>	<b>Address</b>	<b>Telephone</b>	<b>Email Address</b>
Texas Agrilife Research/Dr. Craig Nessler	100 Centeq Building A, 1500 Research Parkway College Station, TX 77843	979-845-8486	<a href="mailto:cnessler@tamu.edu">cnessler@tamu.edu</a>
Texas Board of Veterinary Examiners/ John Helenberg	333 Guadalupe Street Suite 3- 810 Austin, TX 78701	512-305-7561	<a href="mailto:john.helenberg@veterinary.texas.gov">john.helenberg@veterinary.texas.gov</a>
Texas Veterinary Medical Diagnostic Laboratory/ Dr. Bruce Akey	P.O. Drawer 3040 College Station, TX 77843	979-845-3414	<a href="mailto:bakey@tvmdl.tamu.edu">bakey@tvmdl.tamu.edu</a>
AmTote International, Inc./Keith Johnson	11200 Pepper Road Hunt Valley, MD 21031	410-785-5259	<a href="mailto:keith.johnson@amtote.com">keith.johnson@amtote.com</a>
Sportech Racing, LLC/Richard McGuire	600 Long Wharf Drive New Haven, CT 06511	203-361-3413	<a href="mailto:richard.mcguire@sportech.net">richard.mcguire@sportech.net</a>
United Tote/Benjamin Murr	600 N. Hurstbourne Ln. Ste. #400 Louisville, KY 40222	502-636-4840	<a href="mailto:ben.murr@kyderby.com">ben.murr@kyderby.com</a>

Table 18 Exhibit 16 Interest Groups

***Interagency, State, or National Associations****(that serve as an information clearinghouse or regularly interact with your agency)*

<b>Group or Association Name/ Contact Person</b>	<b>Address</b>	<b>Telephone</b>	<b>Email Address</b>
American Quarter Horse Assn./Trey Buck	P.O. Box 200 Amarillo, TX 79168	806-376-4888	<a href="mailto:tbuck@aqha.org">tbuck@aqha.org</a>
Association of Racing Commissioners International/Ed Martin	2365 Harrodsburg Rd St B-450 Lexington, KY 40504	859-224-7070	<a href="mailto:info@rci.com">info@rci.com</a>
Federal Bureau of Investigation/S.A. Forrest Bennett	12515-7 Research Blvd #400, Austin, TX 78759	512-345-1111	
Jockey's Guild/John Beech	P.O. Box 426 Buda, TX 78610	512-826-3344	<a href="mailto:jbeech@jockeysguild.com">jbeech@jockeysguild.com</a>
Texas Arabian Breeders' Assn./Ed Wilson	P.O. Box 215 Forney, TX 75126	972-564-9430	<a href="mailto:wetaba@swbell.net">wetaba@swbell.net</a>
Texas Greyhound Assn./Lois Orta	P.O. Box 40 Lorena, TX 76655	254-857-4377	<a href="mailto:loisorta@tgagreyhounds.com">loisorta@tgagreyhounds.com</a>

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Group or Association Name/ Contact Person	Address	Telephone	Email Address
Texas Horsemen’s Partnership/ Marsha Rountree	119 North Main Street Elgin, TX 78621	512-467-9799	<a href="mailto:hbpa@aol.com">hbpa@aol.com</a>
Texas Paint Horse Breeders Assn./Lex Smurthwaite	P.O. Box 163794 Fort Worth, TX 76161	817-222-6444	<a href="mailto:lsmurthwaite@apha.com">lsmurthwaite@apha.com</a>
Texas Quarter Horse Assn./Rob- ert Werstler	14 N. Main Street, Ste. B Elgin, TX 78621	512-458-5202	<a href="mailto:rwerstler@tqha.com">rwerstler@tqha.com</a>
Texas Thoroughbred Assn./Mary Ruyle	192 Cimarron Park Lp., Ste. A Buda, TX 78610	512-458-6133	<a href="mailto:maryr@texasthoroughbred.com">maryr@texasthoroughbred.com</a>

Table 19 Exhibit 16 Interagency, State, and National Association

***Liaisons at Other State Agencies***

*(with which your agency maintains an ongoing relationship, e.g., the agency’s assigned analyst at the Legislative Budget Board, or attorney at the Attorney General’s office)*

Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Legislative Budget Board/ Melitta Berger	Robert E. Johnson Building Fifth Floor 1501 North Congress Austin, TX 78701	512-463-1569	<a href="mailto:melitta.berger@lbb.texas.gov">melitta.berger@lbb.texas.gov</a>
Office of the Attorney Gen- eral/Ted Ross, Assistant AG	300 W. 15th Street Austin, TX 78701	512-475-4191	<a href="mailto:ted.ross@oag.texas.gov">ted.ross@oag.texas.gov</a>
Texas Animal Health Commis- sion/ Dr. Andy Schwartz	P.O. Box 12966 Austin, TX 78711	512-719-0715	<a href="mailto:execdir@tahc.texas.gov">execdir@tahc.texas.gov</a>
Texas Department of Public Safety/ Maj. Justin Owen	6100 Guadalupe, Bldg. E, Aus- tin, TX 78752	512.424.2130	<a href="mailto:justin.owen@dps.texas.gov">justin.owen@dps.texas.gov</a>

Table 20 Exhibit 16 Liaisons at Other State Agencies

## XI. Additional Information

- A. Texas Government Code, Section 325.0075 requires agencies under review to submit a report about their reporting requirements to Sunset with the same due date as the SER. Include a list of each agency-specific report that the agency is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place.

**Texas Racing Commission**  
**Exhibit 17: Evaluation of Agency Reporting Requirements**

Report Title	Legal Authority	Due Date and Frequency	Recipient	Description	Is the Report Still Needed? Why?
N/A					

*Table 21 Exhibit 17 Agency Reporting Requirements*

- B. Does the agency’s statute use "person-first respectful language" as required by Texas Government Code, Section 325.0123? Please explain and include any statutory provisions that prohibit these changes.

Yes.

- C. Please describe how your agency receives and investigates complaints made against the agency.

The Commission investigates each complaint filed with the agency that alleges a Commission employee has violated a Commission rule. It is preferred that complaints be filed on the complaint form prescribed by the Commission. After receiving a written complaint, staff will investigate to determine whether a violation occurred. If it is determined a violation has occurred, staff will institute an original disciplinary proceeding at the Commission level. However, TxRC rarely receives written complaints against the agency. Typically, the agency receives complaints from a party to an investigation if the investigation did not have the desired outcome. Most of these complaints are phone calls and agency staff does track them. Any serious issues would be reflected in the customer service survey results.

Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate.

**Texas Racing Commission**  
**Exhibit 18: Complaints Against the Agency — Fiscal Years 2017 and 2018**

	Fiscal Year 2017	Fiscal Year 2018
Number of complaints received	0	1
Number of complaints resolved	0	1
Number of complaints dropped / found to be without merit	0	1

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	Fiscal Year 2017	Fiscal Year 2018
Number of complaints pending from prior years	0	1
Average time period for resolution of a complaint	n/a	7 days

Table 22 Exhibit 18 Complaints Against the Agency

D. Fill in the following charts detailing your agency’s Historically Underutilized Business (HUB) purchases. See Exhibit 19 Example. Sunset is required by law to review and report this information to the Legislature.

**Texas Racing Commission  
Exhibit 19: Purchases from HUBs**

***Fiscal Year 2016***

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal*	Statewide Goal
Heavy Construction	\$0	\$0	NA	NA	11.2%
Building Construction	\$0	\$0	NA	NA	21.1%
Special Trade	\$5,430	\$0	NA	NA	32.9%
Professional Services	\$12,446	\$12,446	100%	23.7%	23.7%
Other Services	\$325,164	\$80,546	24.77%	26.0%	26.0%
Commodities	\$179,482	\$71,117	39.62%	21.1%	21.1%
<b>TOTAL</b>	<b>\$522,522</b>	<b>\$164,109</b>	<b>31.41%</b>		

Table 23 Exhibit 19 HUB Purchases for FY 2016

\* If your goals are agency specific-goals and not statewide goals, please provide the goal percentages and describe the method used to determine those goals. (TAC Title 34, Part 1, Chapter 20, Rule 20.284)

***Fiscal Year 2017***

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
Heavy Construction	\$0	\$0	NA	NA	11.2%
Building Construction	\$0	\$0	NA	NA	21.1%
Special Trade	\$352	\$352	100.00%	32.9%	32.9%
Professional Services	\$14,837	\$14,837	100.00%	23.7%	23.7%
Other Services	\$356,569	\$94,606	26.53%	26.0%	26.0%
Commodities	\$41,966	\$33,208	79.13%	21.1%	21.1%

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
<b>TOTAL</b>	\$413,724	\$143,003	34.56%		

Table 24 Exhibit 19 HUB Purchases for FY 2017

**Fiscal Year 2018**

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
Heavy Construction	\$0	\$0	NA	NA	11.2%
Building Construction	\$0	\$0	NA	NA	21.1%
Special Trade	\$0	\$0	NA	NA	32.9%
Professional Services	\$16,242	\$16,242	100.00%	23.7%	23.7%
Other Services	\$291,258	\$119,842	41.15%	26.0%	26.0%
Commodities	\$9,640	\$6,492	67.35%	21.1%	21.1%
<b>TOTAL</b>	\$317,141	\$142,577	44.96%		

Table 25 Exhibit 19 HUB Purchases for FY 2018

**E. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Section 2161.003; TAC Title 34, Part 1, Rule 20.286(c))**

TxRC makes a good-faith effort to purchase and contract with small and HUB businesses to achieve the goals established for the agency.

In so doing, solicitations for delegated purchases made by TxRC shall obtain at least three informal bids, two of which must be certified HUBs for purchases of \$5,000.01 to \$25,000. Over \$25,000, the agency shall solicit bids from all required vendors on the CMBL, which serves the agency's geographic region.

In accordance with Texas Government Code Chapter 2161.252, all contracts with an "expected value" of \$100,000 or more shall state the probability of subcontracting opportunities and if probability is found, require a HUB subcontracting plan (HSP). The \$100,000 for contracts shall be determined based on the estimated value of the initial contract term and any optional renewal periods. The HSP is sent with the solicitation as an attachment. Regardless if a vendor can fulfill the entire contract work specified in the contracting agency's solicitation, the prime contractor (respondent) must complete and submit an HSP with their response. TxRC may clarify the HSP once they are submitted.

**F. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Section 2161.252; TAC Title 34, Part 1, Rule 20.285)**

TxRC does not have any agency-initiated contracts at or above this value. Any contracts of more than \$100,000 are generated by legislative mandate and through interagency contracting agreements; for example, the agency’s lease contract is through the Texas Facilities Commission and its background checking contract is legislatively mandated through Department of Public Safety and Department of Information Resources contracts, which are required by the Legislature.

**G. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.**

This section not applicable to TxRC.

**H. Fill in the charts below detailing your agency’s Equal Employment Opportunity (EEO) statistics. See Exhibit 20 Example. Sunset is required by law to review and report this information to the Legislature. Please use only the categories provided below. For example, some agencies use the classification “paraprofessionals,” which is not tracked by the state civilian workforce. Please reclassify all employees within the appropriate categories below.**

**Texas Racing Commission  
Exhibit 20: Equal Employment Opportunity Statistics**

*1. Officials / Administration*

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	8	12.5%	7.4%	0.0%	22.1%	50.0%	37.4%
2017	6	16.6%	7.4%	0.0%	22.1%	33.33%	37.4%
2018	6	16.6%	7.4%	0.0%	22.1%	33.33%	37.4%

Table 26 Exhibit 20 EEO Statistics for Officials/Administration

*2. Professional*

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	44	2.27%	10.4%	4.54%	19.3%	11.0%	55.3%
2017	32	3.1%	10.4%	0.0%	19.3%	21.9%	55.3%
2018	31	3.2%	10.4%	3.2%	19.3%	22.6%	55.3%

Table 27 Exhibit 20 EEO Statistics for Professionals

*3. Technical*

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	N/A	N/A	14.4%	N/A	27.2%	N/A	55.3%

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2017	N/A	N/A	14.4%	N/A	27.2%	N/A	55.3%
2018	N/A	N/A	14.4%	N/A	27.2%	N/A	55.3%

Table 28 Exhibit 20 EEO Statistics for Technical

4. Administrative Support

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	19	15.8%	14.8%	33.3%	34.8%	94.7%	72.1%
2017	12	16.7%	14.8%	33.3%	34.8%	91.6%	72.1%
2018	15	20.0%	14.8%	33.3%	34.8%	93.3%	72.1%

Table 29 Exhibit 20 EEO Statistics for Administrative Support

5. Service / Maintenance

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	N/A	N/A	13.0%	N/A	54.1%	N/A	51.0%
2017	N/A	N/A	13.0%	N/A	54.1%	N/A	51.0%
2018	N/A	N/A	13.0%	N/A	54.1%	N/A	51.0%

Table 30 Exhibit 20 EEO Statistics for Service and Maintenance

6. Skilled Craft

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	N/A	N/A	10.6%	N/A	50.7%	N/A	11.6%
2017	N/A	N/A	10.6%	N/A	50.7%	N/A	11.6%
2018	N/A	N/A	10.6%	N/A	50.7%	N/A	11.6%

Table 31 Exhibit 20 EEO Statistics for Skilled Craft

I. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

a) Yes, the agency has published employment policies and has a policy manual. TxRC includes state and federal equal opportunity employment policies required by state and federal law in its policies.

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b) Performance evaluations are conducted annually. In keeping with the agency's performance policies, employees are counseled on performance shortfalls. If performance issues persist, the policy is to provide training as needed and place the employee on a performance improvement plan to try to achieve performance standards.

## XII. Agency Comments

The Texas Racing Commission enforces the Texas Racing Act and the Rules of Racing to ensure the safety, integrity, and fairness of Texas pari-mutuel racing. Seven licensed racetracks operate throughout the state. More than 1 million patrons wagered \$285 million at these tracks in 2018 during 145 days of live horse racing and 37 days of live greyhound racing. To effectively regulate the operations at a racetrack, TxRC employees participate in the presentation and oversight of horse and greyhound racing operations throughout the year. Regulation at the racetrack involves veterinary, licensing staff, stewards and judges, and law enforcement investigators. There are approximately 6,700 active racing participants under the jurisdiction of TxRC. All agency regulatory efforts are directed towards protecting the health, safety and welfare of every racing participant, including race animals, and protecting patrons from any illegal, dishonest, or corrupt activities that potentially could occur.

As mentioned multiple times in this report, legislation passed by the 86<sup>th</sup> Texas Legislature, specifically [HB 1995](#) and [HB 2463](#) are likely to have a significant positive impact on the state's pari-mutuel racing industry, which has been in serious decline for more than a decade. However, though this legislation goes into effect on Sept. 1, 2019, it is likely to take at least until the end of FY 2021 before the true impact of the changes will even begin to be apparent. In the interim, if as expected, the health of the industry improves and more Texas trainers and race animal owners return to the state, TxRC staff, already stretched precariously thin, will likely be facing even more challenges to successfully achieving its mission. Regardless, the Commission and agency staff remain committed to performing its responsibilities in strict compliance with state laws and conducting its regulatory activities in a fair, consistent, efficient and courteous manner.

Additional information will be provided upon request. Site visits to the operating racetracks will provide an excellent opportunity to observe the Commission's regulatory functions and the racetrack operations.