

Agency Overview

The Texas Racing Commission regulates all aspects of pari-mutuel horse and greyhound racing through licensing, on-site monitoring, and enforcement. The Commission is required by statute and rule to:

- License racetracks that offer racing and the people who work at the racetracks or own race animals.
- Allocate race dates and supervise 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 equipment, 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 a healthy and vigorous breeding industry in the state.

Pari-mutuel racing was originally authorized by the legislature in 1986 and endorsed by statewide referendum in 1987. Currently, the agency is authorized to employ 75.5 FTEs in FY 2010 and in FY 2011. The agency structure features an Executive group headed by an Executive Director; a Division for Racing Oversight led by a Deputy Director for Racing Oversight; a Division for Wagering and Racing Review directed by a Deputy Director for Wagering and Racing Review; and a Division for Finance and Administration guided by a Deputy Director of Finance and Administration.

The Commission is self-funded by the entities it regulates and typically is appropriated only GR-Dedicated funds. The agency's revenue primarily comes from fees assessed to racetracks and occupational licensees and from revenue collected from uncashed winning tickets, commonly referred to as outstanding tickets or "OUTS." For FY 2010 and FY 2011, the legislature provided an additional \$1.5 million in General Revenue Funds. This additional funding compensates for fluctuations in the agency's cash flow caused by variations in the uncashed, or outstanding ticket revenue. Excluding Texas-Bred Incentive Program pass-through funds, approximately 80% of the agency's operating budget is used for salaries.

Agency Mission and Philosophy

The mission of the Texas Racing Commission is to enforce the Texas Racing Act and its rules to ensure the safety, integrity, and fairness of Texas pari-mutuel racing. The Texas Racing Commission performs its responsibilities in strict compliance with state laws. The agency conducts its regulatory activities fairly, consistently, efficiently, and courteously.

Strategic Goals and Objectives

Goal A.	Enforce Racing Regulation
Objective 1:	Regulate Pari-Mutuel Racetracks Effectively
Strategy 1:	Provide Regulatory and Enforcement Services to Racetrack Owners
Objective 2:	Increase the number of Texas Bred Race Animals Competing
Strategy 1:	Allocate Texas Bred Funds to Breed Registries
Objective 3:	Reduce the Rate of Rulings per Occupational Licensee
Strategy 1:	Supervise the Conduct of Racing through Enforcement and Monitoring
Strategy 2:	Monitor Occupational Licensees Activities.
Objective 4:	Reduce the Percentage of Race Animals Injury or Dismissed
Strategy 1:	Inspect and Provide Emergency Care.
Strategy 2:	Administer Drug Tests
Goal B.	Regulate Participation
Objective 1:	Maintain the Efficiency of the Occupational Licensing Process
Strategy 1:	Administer the Occupational Licensing Programs through Enforcement
Strategy 2:	TexasOnline
Goal C.	Regulate Pari-mutuel Wagering
Objective 1:	Increase Pass Rate for Initial Tote Test and Compliance Audits
Strategy 1:	Regulate Pari-mutuel Wagering to Maintain an Honest Racing Industry
Strategy 2:	Conduct Wagering Compliance Inspections
Goal D.	Indirect Administration
Objective 1:	Indirect Administration
Strategy 1:	Central Administration and Other Support Services
Strategy 2:	Information Resources

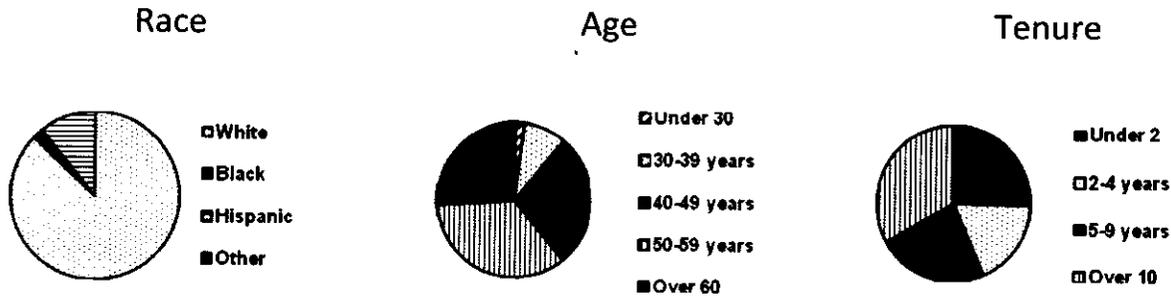
Anticipated Changes in Strategies

The agency may require changes to its goals or strategies over the next five years in order to mirror any changes to the Texas Racing Act that affect the Commission's regulatory responsibilities.

Current Workforce Profile (Supply Analysis)

Demographics (5/31/2010)

The Commission's workforce is 51% male, 49% female. The charts below further breakdown the Commission's workforce:



Compared to the statewide civilian figures supplied by the Texas Workforce Commission, Civil Rights Division, the Commission's workforce breaks down as follows:

		Administration	Professional	Service & Maintenance	Administrative Support
White	Agency	100.00%	92.86%	91.67%	50.00%
	State	73.89%	61.58%	43.04%	50.11%
African American	Agency	0.00%	0.00%	2.78%	11.11%
	State	9.05%	11.26%	30.12%	19.49%
Hispanic	Agency	0.00%	7.14%	2.78%	33.33%
	State	12.79%	14.86%	24.71%	27.53%
Female	Agency	54.55%	14.29%	33.33%	94.44%
	State	49.32%	55.16%	52.65%	88.16%
Male	Agency	45.45%	85.71%	66.67%	5.56%
	State	50.68%	44.84%	47.35%	11.84%

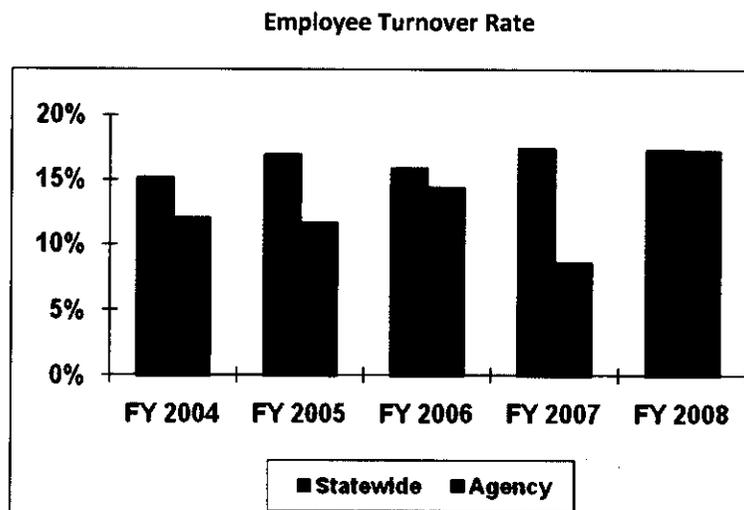
Source: The data in this chart was extrapolated from the Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment, 2008, for the state of Texas.

Retirement Eligibility

According to the information from the state's USPS payroll system using age and years of state service, 28 of the agency's current employees or 44.4 percent of the authorized FTEs will be eligible to retire between 2010 and 2015. During FY2010, the agency currently employs six 'return-to-work' retirees. Almost half of the agency occupies positions that require specialized skills or professional training that cannot be supplied by the agency through on-the-job training.

Employee Turnover

Turnover is an important issue in any organization and the Commission is no exception. In 2008, the Commission had a turnover rate of 17.2% up from 8.6% in 2007. The increase in turnover from 2007 to 2008 is due to involuntary staff separations after the closure of a greyhound racetrack. The biggest workforce challenge facing the Commission in the next five years is the retention of qualified and experienced staff. The following graph compares the average of the Commission turnover to the state as a whole.



Critical Workforce Skills

In addition to general administrative and clerical skills, the Commission's workforce must have the following skills to accomplish its mission:

- Monitoring/reviewing live races for interference/misconduct
- Inspecting race animals for fitness
- Performing audits on pari-mutuel wagering activity
- Conducting racing-related investigations
- Developing and maintaining a specialized database and agency-wide computer network
- Interpreting statutes/drafting rules
- Conflict resolution skills

Future Workforce Profile (Demand Analysis)

Critical Functions

Assuming no change in statutory responsibilities, the Commission expects its current functions to continue in the future:

- Licensing racetracks and the occupational licensees who own race animals or work at the racetracks.
- Monitoring activities by racetrack personnel and occupational licensees for compliance with regulatory requirements.
- Supervising the conduct of the races.
- Monitoring the health and safety of the race animals and collecting specimens for drug tests.
- Overseeing all pari-mutuel wagering activity and testing totalisator equipment.
- Investigating and resolving complaints about licensees.
- Auditing the operation of racetracks and official breed registries' incentive programs.

Expected Workforce Changes

The Commission has two workforce issues under review and action: (1) contract personnel to ensure the integrity of wagering data; and (2) reduction of liability for comp-time, FLSA-overtime and vacation time for staff that supervise live racing. The Commission is increasing its use of contract personnel when possible to fill staff positions.

Improved Controls for Integrity of Wagering Data

Complex computer systems called totalisators (“totes”) process all pari-mutuel wagering at Texas racetracks. The agency contracted with a certified testing laboratory in July 2008 to perform an independent review of tote systems operating at Texas racetracks. The final project report validated the integrity of the tote systems operating at the Texas racetracks. With this testing project, the agency satisfied a finding issued by the State Auditor’s Office (SAO) in May 2006 that the agency strengthen its EDP reviews of the tote systems to ensure the data coming from and stored within the systems is reliable. The review showed some areas for improvement in tote system operations and the need for wagering terminal standards and rule updates that reflect continuing advances in tote system technology. The agency requested and received additional appropriations to continue with these advancements during the 2010-11 biennium. The agency will include a request to continue funding for this project in the 2012-13 biennium.

Reduction of Cumulative Liability for Supervision of Racing Staff

Management is in the process of reviewing the agency’s \$500,000 cumulative liability of comp-time, FLSA-overtime and vacation time. The result may show that the Commission needs an additional FTE in Strategy A.3.1. - Supervise & Conduct Live Races to address this liability. Because of statutory requirements that set specific levels of staff at the racetracks during live race days and increased workloads, to date the agency has not been able to sustain an overall decrease in this liability. Specifically, the agency has had difficulty hiring staff veterinarians for race meets and has had to employ contract veterinarians to cover required positions.

Change in Number of Employees Required to Accomplish Mission

Assuming no significant increase in wagering or live racing activity, the Commission expects no increase in the number of FTEs required to accomplish its mission beyond what has been appropriated. For each new horse racetrack that begins simulcasting and live racing, the Commission will require up to an additional five FTEs to effectively regulate the wagering and racing activities in accordance with the Texas Racing Act and the Commission's rules. The Commission has approved live race dates for three class 2 racetrack licenses that could open in the next biennium. The additional

FTEs needed should these approved racetracks open for business are requested though contingency riders within the LAR.

Future Workforce Skills Required

In the future, the Commission will need to accomplish more with less in an increasingly tight budgetary environment. As the racing industry matures and changes with technology, the Commission's workforce must be keenly aware of its regulatory role. Therefore, Commission employees will be required to use more of the following skills:

- Creativity and problem solving
- Communication
- Commitment to learning
- Leadership and team-building
- Organizational awareness
- External awareness
- Flexibility
- Integrity and honesty

Gap Analysis

Anticipated Surplus/Shortage of Employees or Skills

With more than 44% of the Commission workforce eligible for retirement by FY 2015, the Commission projects a shortage in staffing and skill levels needed to meet future requirements. Anticipated shortages of employees that are most likely to be affected by the retirement eligibility include: veterinarians, stewards and judges. Additionally, the Commission continues to have difficulty retaining qualified veterinarians due to significant differences in salaries compared to the private sector.