

Oklahoma Horse Racing Commission 353

Lead Administrator: Kelly Cathey, Executive Director

FY'16 Projected Division/Program Funding By Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
General Operations	\$577,605	\$0	\$0	\$0	\$0	\$577,605
Race Day Expenses	\$1,232,540	\$0	\$1,303,000	\$0	\$0	\$2,535,540
Law Enforcement	\$10,000	\$0	\$37,400	\$0	\$0	\$47,400
Oklahoma Bred	\$58,034	\$0	\$125,963	\$0	\$0	\$183,997
Gaming Regulation	\$0	\$0	\$714,238	\$0	\$0	\$714,238
IT Consolodation	\$95,600	\$0	\$149,799	\$0	\$0	\$245,399
Total	\$1,973,779	\$0	\$2,330,400	\$0	\$0	\$4,304,179

*Source of "Other" and % of "Other" total for each.

FY'15 Carryover by Funding Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
FY'15 Carryover	\$35,788	\$0	\$0	\$0	\$0	\$35,788

*Source of "Other" and % of "Other" total for each.

What Changes did the Agency Make between FY'15 and FY'16?

1.) Are there any services no longer provided because of budget cuts?
None at this time

2.) What services are provided at a higher cost to the user?
None at this time

3.) What services are still provided but with a slower response rate?
Stewards and Veterinarian office hours have been reduced. Their availability to the horsemen has been reduced.
Reduction in staff for licensing and law enforcement has reduced the turn around time for licensing.
Reduction in law enforcement has reduced the turn around time for installation and verification of gaming machines.
Reduction in Oklahoma-Bred Staff has slow turn around time for payment of purse supplements and breeders awards

4.) Did the agency provide any pay raises that were not legislatively/statutorily required? If so, please provide a detailed description in a separate document.
The agency has had no pay raises since FY2005 with the except of pay increases for Law Enforcement as approved by the Legislature.
The only changes in pay status for any employee has been whe the job/job duites change. (example License Clerk replaces vacated Chief License Clerk Position)

FY'17 Requested Division/Program Funding By Source						
	Appropriations	Federal	Revolving	Other	Total	% Change
General Operations	\$577,605	\$0	\$0	\$0	\$0	0.00%
Race Day Expenses	\$1,232,540	\$0	\$1,303,000	\$0	\$0	0.00%
Law Enforcement	\$10,000	\$0	\$37,400	\$0	\$0	0.00%
Oklahoma Bred	\$58,034	\$0	\$125,963	\$0	\$0	0.00%
Gaming Regulation	\$0	\$0	\$714,238	\$0	\$0	0.00%
IT Consolodation	\$95,600	\$0	\$149,799	\$0	\$0	0.00%
Total	\$1,973,779	\$0	\$2,330,400	\$0	\$0	-100.00%

*Source of "Other" and % of "Other" total for each.

FY'17 Top Five Appropriation Funding Requests

Note the following items were included in the budget request without funding attached. These are items of concern that the Commission and Legislature will need to address in the future when the State Budget and Economy recovers. Estimated cost for discussion.	\$ Amount
Request 1: Records Management/Computer Equipment/IT Project (1 FTE)	\$153,041
Request 2: Retirement Liability and replacement salary	\$366,000
Request 3: Pre-Race Veterinarians (2 FTE)	\$250,000
Request 4: Executive Director Salary (to attract candidates)	\$17,450
Request 5: Description	
Total Increase above FY-17 Request	786,491

How would the agency handle a 5% appropriation reduction in FY'17?

See attached

How would the agency handle a 7.5% appropriation reduction in FY'17?

See attached

How would the agency handle a 10% appropriation reduction in FY'17?

See attached

Is the agency seeking any fee increases for FY'16?

Increase 1 Not at this time.
 Increase 2 N/A
 Increase 3 N/A

\$ Amount
\$0
\$0
\$0

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?

Request 1: Records Management/Computer Equipment/IT Project (1 FTE)
 The agency has suggested that a records management / computer equipment / IT project be discussed and implemented.

The main area of concern for the Commission has been in the area of technology. Funding shortfalls has not allowed the agency to expanded and grasp the full use of technology. The IT project would include the following plan.

Records Management - Implementation of scanning documents and the expansion of databases. Currently, many documents are being scanned and stored, but this is only the "tip of the iceberg" for utilization.

Expansion of current databases. Expanding the currently maintained databases for additional reporting, this would require additional data entry, data entry screens and report building in the areas of Oklahoma Bred Claims, Oklahoma Bred Registry, Licensing and Race Day Reporting.

Computer Equipment. The Commission's equipment is slow and antiquated. Replacement only occurs when a machine completely fails or cannot be updated with new software. None of the current Commission computers are Windows 10 compatible or ready.

IT Projects - 1 FTE. None of the Commission's software is off-the-shelf/shrink-wrapped ready. All has had to be created and built by Commission Staff; this consists of one OMES FTE (formerly an OHRC employee before consolidation). The Commission and Staff agree that this has become a liability. If anything should happen to this employee or he chooses to retire, there is not adequate staff to take over the responsibilities of this position. The Commission and Staff have suggested the hiring of assistant to learn the position, who would in the future be able to take over the division with the current IT FTE retires.

Federal Government Impact

1.) How much federal money received by the agency is tied to a mandate by the Federal Government?

Not applicable. This agency does not receive Federal Funding.

2.) Are any of those funds inadequate to pay for the federal mandate?

Not applicable. This agency does not receive Federal Funding.

3.) What would the consequences be of ending all of the federal funded programs for your agency?

Not applicable. This agency does not receive Federal Funding.

4.) How will your agency be affected by federal budget cuts in the coming fiscal year?

Not applicable. This agency does not receive Federal Funding.

5.) Has the agency requested any additional federal earmarks or increases?

Not applicable. This agency does not receive Federal Funding.

Division and Program Descriptions

General Operations

General Operations is not a "program" per se, but is rather a division of the agency or as defined by the Oklahoma Horse Racing Act and the Oklahoma Legislature. General Operations also includes the costs of Administrative staff and general operation of the Commission. Within this activity of the agency, the following duties are performed by 9 FTE (including IT staff from OSF), including but not limited to:

- A. Issuance of Organization Licenses.
- B. Issuance of Occupation Licenses.
- C. Development, revision and implementation of Administrative and Commission Rules of Racing, Regulations and Directives.
- D. Communicating and corresponding with the Governor's office, Legislature and Courts on behalf of the Commission.
- E. Development and implementation of the agency budget.
- F. Finance, accounting, budget and statistics for agency activities.
- G. Supervision of agency personnel.
- H. Payroll and Benefits.
- I. Records management
- J. Public relations.
- K. Supervise and Develop all aspects of computers and data information.

Race Day Expenses

Race Day Expenses is not a "program" per se, but is rather a division of the agency or, as defined by the Office of State Finance Budget division, an "activity."

Race Day Expenses encompasses all Commission activities that incur at Commission-licensed racing facilities. Within this agency activity, the following duties are performed by 5 full-time employees (FTE) and 11 permanent part-time employees (PPTE). Those duties include, but are not limited to:

License Clerks

- A Perform the actual licensing, fingerprinting, screening of racing rulings through a national computer system database, and digital badge processing of all occupation license applicants issued licenses by the Commission.
- B Proof all official races for licensure verification of owners, trainers, jockeys, grooms, etc. prior to race participation.
- D Process daily deposits, daily reports and monthly reports of occupation licensing activity.
- D Administer the written portion of the trainers test.
- E Complete required verifications through the Department of Homeland Security/Immigration and Naturalization Program (SAV).

Stewards

- A Approve certain occupation licenses such as trainers, blacksmiths, etc.
- B Administer the hands-on portion of the trainers test.
- C Officiate over all Commission-licensed racing facilities for live, simulcast and schooling/training races.
- D Act as Hearing Officers during Stewards' administrative hearings regarding alleged violations of Commission Rules of Racing.
- E Function as liaison between the Commission, racetrack management, horsemen, and the wagering public.
- F File daily reports with the Commission regarding racing activities at a racetrack.
- G File end of meet reports with the Commission regarding race activities at a racetrack.
- H Hearing Officers regarding gaming licensees applications.

Official Veterinarian and Veterinary Assistant

- A Provides direct Commission administration and supervision over Commission-licensed practicing Veterinarians and veterinary practices within the racetrack enclosure.
- B Supervises the administration of all injectables and authorized drugs within the enclosure.
- C Supervises and administers the Commissions equine drug testing program in the Test Barn.
- D In cooperation with the Racing Veterinarian, determines the soundness and health of horses prior to racing.
- E Supervises the health and well-being of all equines within the racetrack enclosure and those horses entering the enclosure.

Horse Identifier

- A Provides direct Commission administration and supervision of horses entered into a race.
- B Identifies and verifies horses papers as entered into the race.
- C Identifies and verifies horses as they are brought to the paddock.
- D Reviews soundness and health of horses just prior to being saddled and taken to the gate.
- E Provides expert identification of horses in criminal cases.
- F Identifies and tattoos horses prior to racing careers.

Law Enforcement Division (See also Gaming Regulation)

Law Enforcement is not a "program" per se, but is rather a division of the agency or, as defined by the Office of State Finance Budget division, an "activity." See also Gaming Regulation.

Law Enforcement Division relates to the activities by the Commission for the operation of such a division within the Commission as mandated by the Oklahoma Horse Racing Act. Within this division, specific Law Enforcements duties are performed by five FTE. Those duties include, but are not limited to:

- A A. Investigating organization license applicants.
- B B. Investigating occupation license applicants.
- C C. Reviewing OSBI and FBI fingerprint reports for criminal records as they may pertain to Commission mandates.
- D D. Overseeing and regulating the human and equine drug testing programs.
- E E. Maintaining confidential investigation information.
- F F. Acting as liaison for the Commission with all local, state and federal law enforcement agencies.
- G G. Investigating and monitoring of off-track betting facilities operated by Commission-licensed racetracks.
- H H. Investigate eligibility and location of Oklahoma-Bred broodmares and stallions.
- I I. Investigate illegal pari-mutuel horse racing and gambling operations.

OK-Bred Division (OBDFSA)

The Oklahoma Breeding Development program is administered by the agency pursuant to a direct mandate from the Oklahoma Horse Racing Act. (Title 3A O.S. Section 208.3.)

Oklahoma Breeding Development activity relates to expenses incurred by the Oklahoma-Bred Official Registering Agency (Registry) and Oklahoma-Bred Claims Processing departments within the Horse Racing Commission. This activity is funded by the Oklahoma Breeding Development Fund Special Account and appropriated funds. Within this division of the agency, the registration of horses is performed by three FTE and claims processing duties are performed by one FTE. Those duties include:

Registry Department

- A Registers eligible Oklahoma-Bred racing stock, broodmares, and stallions.
- B Transfers ownership of accredited Oklahoma-Bred horses as it pertains to the Program and eligibility.
- C Charts and verifies ownership of accredited Oklahoma-Bred winning/qualifying owners and breeders of accredited Oklahoma-Bred races for payment of purse supplements, stallion and broodmare awards by the Claims Department.
- D Co-chairs the Oklahoma-Bred Advisory Council.

Claims Department

- A Records and maintains racing information on all accredited Oklahoma-Bred races.
- B Proofs and verifies proper ownership of accredited Oklahoma-Bred winners, owners and breeders of accredited Oklahoma-Bred horses participating in Oklahoma-Bred races.
- C Requests and processes affidavits and W-9 forms for all accredited Oklahoma-Bred winning/qualifying owners and breeders. Maintains these records and files.
- D Processes and mails all purse supplements and breeders awards.
- E Assists in the preparation and distribution of 1099's.
- F Co-chairs the Oklahoma-Bred Advisory Council.

The Oklahoma Breeding Development program is a legislatively-mandated program which encourages the owning, breeding, foaling, training and racing of horses in the State of Oklahoma. As of December 31, 2012, and since 1984, the Oklahoma-Bred Program has paid to owners and breeders of accredited Oklahoma-Bred horses over \$71.8 million in purse supplements, stallion and broodmare awards. Oklahoma Breeding Development Fund Special Account funds are not appropriated and do not affect the State's budget. Funding for all purse supplements, stallion and broodmare awards, marketing/advertising, equine research, annual auditing by the State Auditor and Inspector, and payroll for the abovementioned four employees derives from breakage, unclaimed tickets and a portion of exotic wagering handle as designated by statute.

Gaming Regulation (See also Law Enforcement Division)

Gaming Regulation is not a "program" per se, but is rather a division of the agency or, as defined by the Office of State Finance Budget division, an "activity." See Law Enforcement Division.

Gaming Regulation activity relates to the expense incurred by the Commission for the operation of such a division within the Commission as mandated by the Oklahoma Horse Racing Act and the State Tribal-Gaming Act as enacted with the passage of State Question 712 on November 2, 2004.

Within this division, specific Law Enforcement and Gaming Regulation duties are performed by four (plus two vacant positions due to budget shortfalls and funding issues) FTE . Those duties include, but are not limited to:

- A Investigating organization license applicants.
 - B Investigating occupation license applicants.
 - C Reviewing OSBI and FBI fingerprint reports for criminal records as they may pertain to Commission mandates.
 - D Overseeing, regulate and inventory the gaming machines within the enclosure of the racing facility.
 - E Maintaining confidential investigation information.
 - F Acting as liaison for the Commission with all local, state and federal law enforcement agencies.
- The first gaming machines were delivered to Blue Ribbon Downs on September 19, 2005.

IT Consolidation

IT and database staffing, equipment and expenditures.
 1 Staff member provided by OMES
 Employee is previously OHRC employee.

FY'17 Budgeted FTE						
	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
General Operations	\$ 285,461.64	\$ -	\$ 368,391.84	\$ 115,815.24	\$ 165,321.60	\$ 87,255.00
Race Day Expenses	\$ 138,924.24	\$ -	\$ 773,511.28	\$ 157,181.28	\$ 470,396.16	\$ 145,933.84
Law Enforcement	\$ 50,984.04	\$ -	\$ 157,359.64	\$ 106,375.60	\$ 50,984.04	\$ -
Oklahoma Bred	\$ 32,239.92	\$ -	\$ 114,466.08	\$ 114,466.08	\$ -	\$ -
Gaming Regulation	\$ 36,316.20	\$ -	\$ 100,448.76	\$ 64,132.56	\$ 36,316.20	\$ -
IT Consolodation	\$ -	\$ -	\$ 59,950.80	\$ -	\$ 59,950.80	\$ -
Total	\$ 543,926.04	\$ -	\$ 1,574,128.40	\$ 557,970.76	\$ 782,968.80	\$ 233,188.84

*Salaries only

FTE History					
	2016 Budgeted	2015	2012	2009	2005
General Operations	8.00	8.54	9.70	10.00	8.30
Race Day Expenses	16.00	14.83	15.10	16.00	16.00
Law Enforcement	2.00	2.00	1.20	5.00	3.00
Oklahoma Bred	4.00	4.00	4.00	4.00	3.80
Gaming Regulation	5.00	5.25	5.70	5.00	0.02
IT Consolodation	1.00	1.00	0.30	0.00	0.00
Total	36.00	35.62	36.00	40.00	31.12

Performance Measure Review					
Measure I	FY'15	FY'14	FY'13	FY'12	FY'11
Gaming Revenue Generated for Education	\$ 20,615,259.88	\$ 20,674,674.16	\$ 20,590,635.88	\$ 18,764,232.11	\$ 17,097,365.10
Measure II Oklahoma Bred Funds paid to public Calendar Year figures.	\$ 8,077,702.00	\$ 9,117,769.99	\$ 7,277,920.00	\$ 7,075,632.00	\$ 6,452,600.99
Measure III Number of occupation licensees Calendar Year figures.	8,447	8,441	8,764	8,460	8,707

Revolving Funds (200 Series Funds)			
Revolving Fund I	FY'13-15 Avg. Revenues	FY'13-15 Avg. Expenditures	June '15 Balance
Fund 200 - Equine Drug Testing Fund 200 is the Equine Drug Testing Revolving Fund. Revenue for this fund comes from reimbursement of equine drug testing fees invoiced to the racetracks.	\$ 435,244.07	\$ 434,128.45	\$ 24,485.23
Revolving Fund II Fund 205 - Oklahoma Bred Administrative Fund 205 is the OKB Administrative Fund as prescribed by Title 3A. Revenue for this fund comes from 15% of all receipts to Agency Special Account 1353B Oklahoma Breeding Development Fund Special Account. Quarterly payments are made to this account from 1353B. Funds generated pursuant to Title 3A, Section 263 are not subject to the 15% withholding. Expenditures from this account are only for the Commissions cost of administration of the Oklahoma Breeding Development Program. The 15% of receipts from 1353B only partially covers the salaries of those employees directly working in those departments.	\$ 150,000.00	\$ 149,935.88	\$ 5,547.89
Revolving Fund II Fund 210 - Forfeit and Seizure Any funds seized or forfeited will be deposited to this fund. In addition for FY-16 Fingerprint Fees will be added to this fund for the processing of digital fingerprints when available.	\$ 4,823.24	\$ 19,302.33	\$ 76,788.54
Revolving Fund IV Fund 215 - Gaming Regulation Funds generated from gaming license fees are to be transferred to Fund 215 for the administrative expenses of the agency.	\$ 846,948.75	\$ 844,035.80	\$ 625,343.08
Revolving Fund V Fund 220 - Oklahoma Quarter Horse License Plate Fund		\$ -	\$ 19,340.00