



STRATEGIC PLAN
for the
2005-2009 Period

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AGENCY STRATEGIC PLAN

For the 2005-2009 Period

by the TEXAS RACING COMMISSION

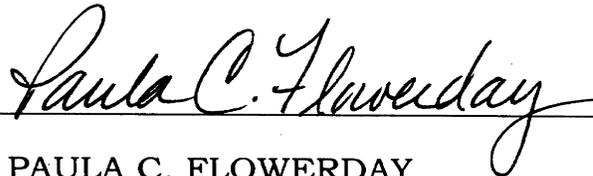
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Submitted July 2, 2004

Signed:



PAULA C. FLOWERDAY
Executive Secretary

Approved:



R. DYKE ROGERS
Chair

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Planning for Progress

The Honorable Rick Perry, Governor
February 2004

Mission

Texas State Government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

AIM HIGH ... WE ARE NOT HERE TO DO INCONSEQUENTIAL THINGS!

Philosophy

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local governments closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. And just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Relevant Statewide Goals and Benchmarks

Economic Development: To foster economic opportunity, job creation, capital investment, and infrastructure development by promoting a favorable business climate, addressing transportation and housing needs, and developing a productive workforce.

- Benchmarks:**
- Strive to maintain and improve the state's economic development initiatives through the use of the Texas Enterprise Fund
 - Per capita gross state product
 - State taxes per capita as a percent of personal income
 - Texas unemployment rate
 - Median household income
 - Net number of new non-government, non-farm jobs created
 - Number of new community and economic development contracts awarded annually
 - Number of employees in the biotechnology industry
 - Number of new small businesses created
 - Texas Housing Affordability Index
 - Percent of the small communities' population benefiting from public facility, economic development, housing assistance, and planning projects
 - Percent of state highway system rated good or better based on the Pavement Management Information System Condition Score
 - Number of lane miles contracted to increase capacity

General Government: To support effective, efficient, and accountable state government operations and to provide citizens with greater access to government services while reducing service delivery costs.

- Benchmarks:**
- Total state taxes per capita
 - Total state spending per capita
 - Percent change in state spending, adjusted for population and inflation
 - State and local taxes per capita
 - Ratio of federal dollars received to federal tax dollars paid
 - Number of state employees per 10,000 population
 - Number of state services accessible by Internet
 - Savings realized in state spending by making

- reports/documents/processes available on the Internet
- Strive to maintain and improve the state's high quality credit rating
- Manage the state's use of debt conservatively to protect the fiscal resources of current and future taxpayers
- Maintain efficient and cost-effective operations in debt issuance and administration to lower the cost of borrowing and the cost of on-going administration of the state's debt
- Ensure that Texas state bonds attain the highest possible bond rating and that these bonds are issued in a cost-effective manner
- Ensure that retirement programs and pension funds are actuarially sound and well-managed

Regulatory:	To ensure Texans are effectively and efficiently served by high-quality professionals and businesses through clear standards, compliance, and market-based solutions.
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- Benchmarks:
- Average annual homeowners and automobile insurance premiums as a percent of the national average
 - Percent of state professional licensee population without documented violations
 - Percent of documented complaints to licensing agencies resolved within six months
 - Number of utilization reviews conducted for treatment of occupational injuries
 - Percent of individuals given a test for licensure who receive a passing score
 - Percent of new and renewed licenses issued via Internet
 - Ratio of supply to electricity generation capacity to demand
 - Average annual residential electric bill as a percent of the national average
 - Average annual residential telephone bill as a percent of the national average
 - Percent of state financial institutions and credit providers rated "safe and sound" and/or in compliance with state requirements

Mission and Philosophy

Mission

The Texas Racing Commission will vigorously enforce the Texas Racing Act and its rules to ensure a consistent and accurate revenue stream to the state and racing participants, safe racing facilities, fair and honest racing activities, and accountable use of economic incentives funded through pari-mutuel racing. The Commission will conduct its regulatory activities courteously and efficiently and will facilitate communication and cooperation among and between the public and the various interests within the racing industry.

Philosophy

The Texas Racing Commission accepts and affirms its responsibility to perform its duties in strict compliance with applicable state laws and with the highest integrity. We will conduct our regulatory activities consistently, courteously, and efficiently while remaining sufficiently flexible to adjust to the distinctive and changing needs of and influences on the racing industry.

External-Internal Assessment

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:

- ♦ Licenses racetracks that offer racing and the people who work at the racetracks or own race animals.
- ♦ Supervises the conduct of all races, monitors the health and safety of the race animals, and conducts drug tests to ensure the animals race without the benefit of prohibited substances.
- ♦ Oversees all pari-mutuel wagering activity, approving all simulcasts, testing the totalisator equipment, and ensuring the proper allocation and distribution of revenue generated by pari-mutuel wagering.
- ♦ Administers the Texas Bred Incentive Program, which supplies the Texas breeding industry with economic incentives to produce more, higher quality race animals.

STAFF

The Commission is authorized to have 81.4 full-time equivalent positions, approximately 3/4 of which are headquartered at the racetracks. Many of these employees work only seasonally when the racetracks conduct live racing. The Commission workforce is comprised of several different professions, including auditors, veterinarians, stewards and racing judges, and investigators, as well as licensing staff and support personnel.

The Commission has a field office at each of the greyhound racetracks and each of the operating Class 1 and 2 horse racetracks. As required by the Texas Racing Act (Act), the Commission's headquarters is in Austin.

FINANCES

The Commission is funded through occupational and racetrack license fees and fines, one-half of the breakage from wagering at greyhound racetracks, and the uncashed winning wagers.

For FY 2004, the Commission has an appropriation of approximately \$11.8 million. This includes a direct pass-through of \$5.4 million for the Texas Bred Incentive Program and up to \$2 million in economic development funds to a racetrack that hosts the Breeders' Cup races.

SERVICE POPULATIONS

The patrons (the wagering public) desire confidence in the integrity of the pari-mutuel racing offered in this state. These individuals supply the revenue that drives the industry; therefore, they deserve pari-mutuel wagering activity that is free from manipulation and races that are conducted fairly and honestly. Overall, on-track attendance has declined by 15% over the past five years; this trend is not expected to change unless a new racetrack becomes operational.

The breeders of race animals seek an active industry in which to sell their product. Breeders invest millions of dollars in real estate, construction, and operations to supply the industry with native-bred race animals. The breeders benefit from pari-mutuel racing through the Texas Bred Incentive Program. This program provides economic incentives to these individuals, encouraging them to invest more in their breeding operations and produce higher quality animals. If this program is successful, the number of breeders receiving incentive awards should increase.

The occupational licensees make their living through pari-mutuel racing. Many of these licensees work long hours, often seven days a week, at the state's eight operating racetracks and desire job security and a chance to better their lives. The Commission believes the total number of active occupational licensees should remain fairly constant over the next five years.

This population also includes the totalisator (tote) companies which design, provide, and operate the complex computer systems that tally and calculate the pari-mutuel wagers. A licensed racetrack will contract with one company to provide totalisator services at its facility. Only three totalisator companies operate in North America, each of which provides services in Texas.

The associations (licensed racetracks) provide the arena for the racing and wagering - the racetrack facilities. These companies have built or renovated facilities, at the cost of tens of millions of dollars, for the privilege of inviting patrons to wager. The Act limits the number of Class 1 and greyhound licenses the Commission may issue. Therefore, under current law the only possibility for an increase in the number of associations is if the Commission issues additional Class 2, 3, or 4 licenses. As of early 2004, two Class 2 racetrack licensees have not yet constructed their facilities, and two applications for a Class 2 license in Webb County are pending Commission action.

In considering whether to grant a racetrack license, the Commission must determine whether the granting of the license will be in the public interest. Some of the factors the Commission considers when determining whether a new license is in the public interest are the potential licensee's financial stability, the location of the proposed track, the facilities for patrons, licensees, and race animals, and the potential for conflict between the proposed new racetrack and other licensed race meetings.

The citizens of Texas profit from the tax dollars and overall economic benefits derived from pari-mutuel racing. Although the amount of direct revenue to the state treasury from pari-mutuel wagering is a small part of the state's total revenues, the public may rely on the Commission to regulate the industry in a manner that secures that revenue.

In 2003, more than \$550 million was wagered at Texas racetracks.

Race animals are the foundation of the pari-mutuel racing industry. Without their efforts, no wagering product would exist. Although the animals are not a service population in the traditional sense, the Commission recognizes its responsibility to protect the health and safety of these animal athletes.

OTHER AFFECTED POPULATIONS

In addition to these direct service populations, the Commission has identified other populations that affect how the Commission functions or that are affected by the Commission's operations:

- ♦ Law enforcement agencies rely on Commission investigators to share information regarding licensees and to assist with arrests when necessary.
- ♦ Racing related businesses, such as hay suppliers, tack vendors, and food service businesses, provide products or services either to the associations or to the occupational licensees.
- ♦ Other racing jurisdictions rely on the profitability of their own racetracks, which are affected by Commission decisions on race dates and simulcasting. In addition, neighboring racing jurisdictions often license many of the same occupational licensees as the Commission, and seek to exchange licensing and enforcement information with the Commission.
- ♦ Other Texas governmental entities, such as the Legislature, the judicial system, and local governments, shape the Commission's duties and the legal parameters for performing those duties.

EXTERNAL ASSESSMENT

A COMMON VISION

Because the Commission is charged with strictly regulating racing with wagering, the Commission must be the "police officer" who enforces the Act and the Commission's rules. Full compliance is more easily obtained, however, when the regulated populations understand the purpose for the various requirements. To that end, the Commission has sought to develop a sound, cooperative working relationship with management at the various racetracks. Although some racetracks have experienced ownership transfers in the past few years, on-track management personnel has remained largely unchanged. Because management understands the Commission's regulatory programs and philosophy, miscommunication and dissension over regulatory activities are minimal. In times of fiscal limitations, willing conformity with regulations is critical to efficient Commission operations. Agency resources may be used to address changes in the industry, rather than dragging licensees into obedience.

The industry organizations, such as the breed registries and the horsemen's representative, also have had few management changes in recent years. As these organizations continue to work together, a more cohesive industry is created, with a shared vision for the future of racing in Texas. With that vision, these organizations are able to enter into private agreements with the racetracks addressing many issues that are traditionally resolved exclusively by the Commission. When the affected parties agree, the Commission is able to act more as a facilitator than an enforcer, setting the legal boundaries for these agreements and supporting the industry in moving forward.

THE ROLE OF TECHNOLOGY

Technology continues as a prime driver of the racing industry. All pari-mutuel wagering is handled through complex computer systems called totalisators ("tote"). These systems consist of a main server, which may be located off-site, that is linked to the individual wagering machines at the racetracks. Most of the wagering machines in use at Texas racetracks may

The number of simulcast races offered for wagering Texas rose by 82% from 1999 to 2003.	be operated by human tellers or may be configured as self-service machines. As mentioned above, each of the three tote companies provides services to at least one racetrack in Texas. As a result, the
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Commission must consider each system's configuration when implementing wagering rules and policies. Further, due to the extensive simulcasting activity which has become the norm for Texas racetracks, the various tote

systems must be compatible, to permit wagering information to be communicated from one company's teller machines to another company's servers.

Given the small number of tote companies available, the Commission must continually balance the need for a specific regulatory requirement against the risk that all the companies may choose not to comply, thereby leaving Texas racetracks without tote services at all.

The agency addresses this risk by being proactive in its relationship with the tote companies. Several years ago, the Commission developed a pari-mutuel advisory committee, consisting of agency staff, tote company staff, and mutuel staff from the racetracks, to review before implementation proposed agency rules and policies relating to wagering.

In 2003, Commission staff conducted 14 software tests on the totalisator systems at Texas tracks.

Due to the national nature of wagering activity through simulcasting, however, many tote issues transcend Texas's borders. For example, certain tote standards have been developed which make possible wagering activity between the tote companies. These conventions, which are accepted and routinely used by the racetracks and the tote companies, are "owned" by an unofficial committee linked to a national association of racing regulatory bodies. Heavy reliance on a single non-governmental body for such critical information is inherently risky and may prove to be unwise.

At the heart of tote issues is the need or desire for advancement. Our society's demands for faster and richer technology increase daily; this demand is no different in the world of pari-mutuel wagering. Indeed, to contend with competition from alternative gambling venues, such as casinos and internet gambling, the racetracks seek innovative wagering mechanisms to entice new players and entertain seasoned wagerers. Paradoxically, because of the increasingly narrow profit margin for the racetracks and, by extension, the tote companies, fewer dollars are being funneled to research and development.

WHAT THE PUBLIC SEES

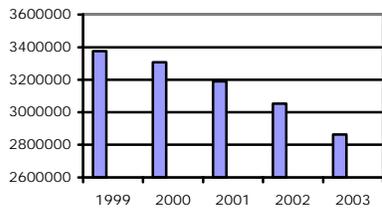
Racing is highly dependent on leisure dollars and is in fierce competition with other entertainment options for those dollars. Public perception about the integrity of racing is essential to attract new patrons and encourage existing patrons to wager more. Although the racetracks make significant efforts at advertising, at times the public hears about racing only when a problem arises. The Commission has little opportunity to directly affect the public's trust in racing, as the agency is not authorized to promote the racing industry. The Commission's effect on the public image of racing is

through consistent and strict enforcement of rules, thereby ensuring honest racing and wagering.

STRIVING FOR PROFITABILITY

The racing industry is constrained somewhat by its lack of diversity. Its core function - providing horse and greyhound races for wagering purposes

Attendance at Texas Racetracks



- is highly specialized and rigorously regulated. The racetracks have proven quite innovative with promotions, providing post-race concerts and "50¢ nights". Even so, on-track attendance at the tracks dropped by 6% in 2003 from 2002. With a limited number of revenue streams, the racetracks must maximize each one to ensure profitability. In addition, as relatively new facilities, most

Texas racetracks have debt that must be served, forcing the tracks to focus on survival rather than expansion.

Although racing is not permitted in every state, racing is nonetheless a national industry. Racetracks around the country broadcast their races via satellite for wagering at other racetracks. Indeed, simulcast races constitute the majority of the Texas racetracks' wagering product, accounting for over 80% of the dollars wagered in Texas. This simulcasting "network", however, requires extensive cooperation in an industry that is fundamentally competitive. Complicating matters, the tote companies are heavily involved in simulcasting, since their systems transmit the wagering information from track to track and calculate the odds and payoffs based on wagers placed in multiple jurisdictions. The dangers mentioned earlier regarding concentration of technology in so few providers are magnified when the reliance on that technology is so pervasive.

Ultimately, the participants in racing are interdependent, relying on each other for success. The balance among the parties is quite delicate, shifting between cooperation and competition on a daily basis. Unfortunately, many of the participants in racing seem blind to their connection with each other, choosing to focus solely on their individual interests rather than the interest of the industry as a whole.

NATIONAL REGULATORY INITIATIVES

The national nature of the industry extends to the regulators as well. Because racing participants often race at tracks in several states, licensees desire consistency in regulatory requirements. To address these requests for uniformity, in recent years racing commission employees around the

country have developed several loose-knit associations, usually focused on one aspect of racing regulation. For example, groups of investigators and pari-mutuel auditors conduct annual meetings; the Commission sends representatives to these meetings when funds are available.

From time to time, the industry itself will instigate a drive for standardization. In 2003 a National Medication Consortium was created with members from racetracks and racing industry organizations around the country. The lofty goal of this organization is to develop uniform guidelines on the use of therapeutic and prohibited medications in race animals. Initial reactions to preliminary drafts of the guidelines have been generally positive. To avoid arbitrary guidelines, however, more research must be conducted on the effect of various medications on race performance.

Some national efforts have been less successful. Several years ago a multi-state compact was created to permit the issuance of a "national" racing license. The compact, which requires legislation to join, began issuing licenses in 2001. Although the Commission is not a member of the compact, the agency recognizes the national license as a reciprocal license, providing proof of ability to perform the duties of a licensee. Regrettably, the national license cannot completely supplant a Commission-issued license, even in states that join the compact. As a result, licensees are often confused about the value of the national license.

Efforts at racing uniformity among racing jurisdictions have yielded mixed results.

Two formal national associations of racing regulators exist - the Association of Racing Commissioners International (RCI) and the North American Pari-mutuel Regulators Association (NAPRA).¹ In the past, these organizations have lead the way in seeking answers to regulatory problems created by advances in the industry. Without a single cohesive association, however, consensus on these problems will come even more slowly than would otherwise be expected of governmental agencies.

UNCERTAIN FUTURE

The future of racing in Texas is in question. Pari-mutuel handle has steadily declined over the past four years, affecting not only the racetracks'

¹ RCI has been in existence since 1934; NAPRA was created in 1997 when some of the RCI member states left to create their own organization. The Texas Racing Commission belongs to neither organization, since selecting one over the other could create legal issues associated with sharing regulatory information. Most racing jurisdictions belong to only one organization. If the Commission used information for licensing purposes shared by member states in one organization, applicants from those states would be evaluated differently than applicants racing in non-member states.

bottom line but also the amount of purse money available. As purse money declines, so does the number of live races the tracks can afford to offer. Occupational licensees must have a critical mass of races in which to participate if racing in Texas is to be a viable option. Racetracks in neighboring jurisdictions are now able to rely on other sources of gambling to supplement purses. Due to the implementation of slot machines at racetracks in Louisiana, purses in 2003 rose approximately 30% over 2002 levels. As the difference in relative purse structure grows, more Texas licensees may be called to race outside the state just to pay their bills, much less to earn a decent living. If Texas racetracks remain at a competitive disadvantage with other states, it is unclear how long some of them may remain in business.

INTERNAL ASSESSMENT

WORKFORCE

The Commission is truly fortunate to have a loyal, experienced staff. With over 80% of the Commission's operating budget spent on salaries, the staff is the agency's single strongest resource. Most of the employment positions within the Commission do not fit the typical state employee model. Many Commission positions require a work schedule that includes evenings, weekends, and holidays.

Until 2003, the Commission enjoyed a low turnover rate of 12% or less, well below the state average. In 2003, the agency implemented a reduction-in-force as part of the agency's plan to reduce expenditures as required by H.B. 7 passed by the 78th Legislature. The RIF, coupled with unexpected retirements prompted by incentives enacted by the Legislature, swelled the Commission's turnover rate for FY 2003 to over 25%.

Excluding the RIF and retirements, however, the effective turnover rate remained about 12%. This indicates a very experienced and loyal staff, who can be trusted to perform their duties with minimal oversight and management. Such trust is critical under the Commission's current

_____ budgetary structure, since the travel budget is
Budget cuts and retirement incentives in simply not available for extensive on-the-job
FY 2003 prompted the training or management trips to the racetracks.

loss of almost 14% of the _____
agency's workforce. As a whole, Commission employees have a good
working relationship with other state agencies,
other racing commissions, industry

organizations, and occupational licensees. In the Commission's recent customer service survey, 89% of respondents stated they had a positive experience dealing with agency staff. Commission employees continually demonstrate their dedication to the agency by participating in cross-

training, assisting the agency in reducing expenditures, and helping licensees achieve regulatory compliance.

Despite the staff's efforts, as a small agency the Commission must cope with a general lack of "back-up" personnel. From time to time, the agency will be understaffed, as employees take vacation or suffer from long illnesses. This situation is aggravated by the fact that many of the agency's employees hold highly technical or specialized jobs, which do not lend themselves readily to cross-training.

Over 78% of the Commission's employees participated in the 2004 Survey of Organizational Excellence.

Overall, however, the Commission's employees seem happy with their work and are generally satisfied with the agency's operations. Seventy-five percent of agency employees have been employed by the Commission for three years or more and according to the most recent Survey of Organizational Excellence, 82% expect to be with the Commission in two years.

FINANCIAL CHALLENGES

Due to the large percentage of budget dedicated to salaries, the expenditure reductions of 2003 had a disproportionate effect on the staff. In addition to the RIF, the Commission reduced work schedules for many employees, changing some positions from full-time to part-time and others from regular to seasonal. The Commission elected to maintain these changes into FY 2004, rather than revert to old staffing patterns, to provide a predictable level of service to the licensees. These changes, coupled with reductions in benefits that took effect in September 2003, continue to negatively affect staff morale, including retention and recruitment efforts.

These choices affect other budget items as well. Reduced staffing in the field creates a periodic need for more travel expenditures, moving staff from one track to another to work the live race meets. Any limit on in-state travel would significantly restrict the Commission's ability to provide the necessary personnel for live racing where it is scheduled. Further, the limit on out-of-state travel has considerably diminished the Commission's ability to take advantage of specialized training opportunities.

As mentioned earlier, racing regulators around the country plan annual conferences to share information and regulatory techniques. These conferences provide crucial continuing education for many of the Commission's employees. As is to be expected, these meetings usually occur in other states. The Commission has been unable to send as many staff members as it desires to these meetings to gain valuable training and keep skill levels high.

Other training needs exist as well. Since its inception the Commission has been a "high-tech" agency, using a local area network and comprehensive database to link all field offices to the Austin headquarters. The Commission's database and computer systems are unparalleled in the nation and have been licensed for use in other states. All employees have access to e-mail and the Internet and most use the database daily to perform their job responsibilities.

Such commitment to the use of high technology has its price. A state-of-the-art regulatory database is useless unless the Commission obtains sufficient spending authority to update and maintain the database and infrastructure. While the capital budget and training budget remain static, the information technology staff is asked to maintain its high level of service to agency personnel.

Additional training for end users, particularly in advanced software applications, would ease the demands on the agency's limited IT staff. However, training for end users will be for naught if the system administration and programming staff are unable to acquire the training necessary to properly evaluate and implement technological advances.

HISTORICALLY UNDERUTILIZED BUSINESSES (HUB'S)

The Commission remains committed to the State's program that encourages purchasing from these types of companies. Although the Commission is not a significant purchasing power, using less than 5% of the operating budget for purchases, the Commission routinely exceeds its goal of 16% of total purchases with HUB's.

HUB Purchases as Percentage of Total Purchases

	<u>Profess. Services</u>	<u>Other Purchases</u>	<u>Commodities</u>	<u>Total Purchases</u>
1999		1.30%	6.21%	2.80% ²
2000	100%	4.95%	39.94%	24.78%
2001	100%	6.01%	17.86%	22.68%
2002	100%	7.08%	14.9%	16.90%
2003	100%	14.30%	39.10%	31.80%

AGENCY IDENTITY

Another of the Commission's strengths is its strong sense of identity - the role the agency plays in the Texas racing industry and in state government. For a regulatory agency, this is vital. Over-regulation of an entertainment and sports industry such as racing could suppress the industry's growth.

² In FY 1999, the Commission had a contract for computer programming to migrate the agency's database to more modern software. The contract was valued at approximately \$300,000. The contractor was not a HUB.

Under-regulation could lead to manipulation of racing or wagering and harm to the participants.

Through all its regulatory efforts, including rulemaking, on-site monitoring, and enforcement, the Commission seeks to strike the balance between these two extremes. This requires a clear understanding of the Commission's limits. It is *not* the Commission's role to *ensure* pari-mutuel racing succeeds. It *is* the Commission's role to appropriately regulate pari-mutuel racing so that it *may* succeed.

Because the Commission recognizes its role within the racing industry, the Commission is open to innovation. The Commission routinely "rethinks" its programs and processes, continually seeking the best way to accomplish regulatory goals. By remaining flexible, the Commission is better able to respond to the changes within the industry.

Seeking continuity, the Commission elected to continue many of the personnel changes prompted by the 7% budget cut in FY 2003.

As the Commission strives for efficiencies, however, choices are made. The agency is now seeing the effect of reductions in personnel at the racetracks made in 2003. Informal information gathering has been curtailed, merely due to the reduction in the number of agency "eyes and ears" at the tracks. Some racetracks have little or no agency staff for extended periods, diminishing considerably the deterrent effect of on-site regulatory personnel.

As a result, the Commission is less able to be proactive with its licensees, which can lead to increased violations and costs associated with enforcement. Indeed, some question exists whether the agency can continue to perform its core regulatory functions adequately at this level of staffing.

THE ONGOING CHALLENGE

The Legislature has charged the Commission to regulate the racing and wagering product that the tracks and industry want to offer. The Commission has accepted that challenge. The Commission is committed to having staff and technology available to regulate the programs offered by the racetracks, even as the racetracks modify those programs in response to patron desires and economic conditions. A racetrack may decide at any time during a year to modify its simulcasting program. It may decide to increase or decrease live race dates, subject to Commission approval. Indeed, the racetracks have a duty to adjust their product to maximize profits and purses for the entire industry. This may require fast action by the racetracks.

The Commission must respond to such action. The Commission must be prepared to provide the appropriate staff and regulatory oversight. It is inconceivable that the Commission being unable to regulate increased racing and wagering serves the best interests of the state. Unfortunately, the Commission is not able to act as quickly as the industry it regulates.

The biennial planning and appropriations cycle for the Commission is much longer than the planning cycle for the racing industry. A change in racing or wagering programs mid-biennium would force the Commission to reevaluate its regulatory priorities. If appropriated funds do not support the increased activity, the Commission would have to reduce its regulatory programs to fit the available appropriation.

Agency Goals

- Goal A. Regulate Racing in Texas
{V.T.C.S. Art. 179e, §3.02; §3.021; §15.03}

- Goal B. Regulate the Participation in Racing
{V.T.C.S. Art. 179e, §3.02; §3.021; §3.16; Article 7}

- Goal C. Regulate Pari-mutuel Wagering in Texas
{V.T.C.S. Art. 179e, §11.01; §11.011}

- Goal D. Conduct Purchasing and Contracting Activities
that Foster Meaningful and Substantive Inclusion
of Historically Underutilized Businesses.
{Government Code, §2161.123}

Objectives and Outcome Measures

Goal A: Regulate Racing in Texas		
Objective 1	Regulate pari-mutuel racetracks effectively so racetrack inspections show all racetracks to be in 100% compliance by the year 2009.	
Outcome Measures	1.1.1	Percentage of complaints regarding racetrack operations resolved in six months or less
	1.1.2	Percentage of racetracks with an inspection score of 100%
	1.1.3	Percentage of deficiency items closed
Objective 2	Increase the number of Texas-bred race animals to 8,500 through 2009.	
Outcome Measure	1.2.1	Percent increase in Texas-bred race animals accredited per year
Objective 3	Reduce the rate of rulings per occupational licensee to 1:30 through 2009.	
Outcome Measures	1.3.1	Average number of rulings per occupational licensee
	1.3.2	Recidivism rate for those receiving disciplinary action
	1.3.3	Percentage of investigations (individual) resulting in disciplinary action
	1.3.4	Percentage of licensees with no recent violations
Objective 4	Maintain the effectiveness of the veterinary regulatory process so that the rate of catastrophic injuries is less than 0.3%.	
Outcome Measures	1.4.1	Percentage of race animals injured or dismissed from the racetrack
	1.4.2	Number of drug positives for illegal medications per 1,000 samples

Goal B: Regulate the Participation in Racing		
Objective 1	Maintain the efficiency of the occupational licensing process so that 100% of individuals licensed are qualified.	
Outcome Measures	2.1.1	Average time required to issue a new occupational license
	2.1.2	Percent of license holders meeting qualifications
Goal C: Regulate Pari-mutuel Wagering in Texas		
Objective 1	By 2009, increase the pass rate for initial tote tests to 97% and the pass rate for pari-mutuel compliance audits to 95%.	
Outcome Measures	3.1.1	Percentage of compliance audits passed
	3.1.2	Percentage of tote tests passed on the first run
Goal D: Conduct Purchasing and Contracting Activities that Foster Meaningful and Substantive Inclusion of Historically Underutilized Businesses.		
Objective 1	Ensure purchases from historically underutilized businesses constitute at least 16% of the total value of purchases each year.	
Outcome Measure	4.1.1	Percentage of total dollar value of purchases made from HUBs

Strategies and Other Measures

Goal A: Regulate Racing in Texas		
Strategy 1.1.1	Monitor racetrack owners and their operations through regulatory and enforcement activities.	
Output Measures	1.1.1.1	Number of complaints regarding racetrack operations closed
	1.1.1.2	Number of racetrack inspections
Efficiency Measures	1.1.1.1	Average regulatory cost per horse racetrack
	1.1.1.2	Average regulatory cost per greyhound racetrack
	1.1.1.3	Average length of time (days) to resolve complaints
Explanatory Measures	1.1.1.1	Number of horse racetracks regulated
	1.1.1.2	Number of greyhound racetracks regulated
Strategy 1.2.1	Administer the Texas Bred Incentive Programs by monitoring the Texas-bred races and Fund and by timely allocating funds to the breed registries.	
Output Measures	1.2.1.1	Number of Texas-bred awards
	1.2.1.2	Total amount of money dedicated to Texas Bred Incentive Programs
Strategy 1.3.1	Supervise the conduct of live races.	
Output Measure	1.3.1.1	Number of live races monitored
Strategy 1.3.2	Monitor the activities of occupational licensees.	
Output Measures	1.3.2.1	Number of investigations completed
	1.3.2.2	Number of rulings issued against occupational licensees
	1.3.2.3	Number of occupational licenses suspended or revoked

Strategy 1.4.1.	Administer the animal health program through emergency care and veterinary inspections.	
Output Measure	1.4.1.1	Number of race animals inspected pre-race
Efficiency Measure	1.4.1.1	Average regulatory cost per animal inspected
Explanatory Measures	1.4.1.1	Number of race animals dismissed from Texas pari-mutuel racetracks
	1.4.1.2	Number of race animals injured on Texas pari-mutuel racetracks

Strategy 1.4.2.	Administer the drug testing program.	
Output Measure	1.4.2.1	Number of animal specimens collected for drug testing

Goal B: Regulate the Participation in Racing

Strategy 2.1.1	Administer the occupational licensing programs through enforcement of regulations.	
Output Measures	2.1.1.1	Number of new occupational licenses issued
	2.1.1.2	Number of occupational licenses renewed
Efficiency Measure	2.1.1.1	Average regulatory cost per individual license issued
Explanatory Measure	2.1.1.1	Total number of individuals licensed

Goal C: Regulate Pari-mutuel Wagering in Texas

Strategy 3.1.1.	Monitor wagering and conduct audits.	
Output Measures	3.1.1.1	Number of live and simulcast races audited and reviewed
	3.1.1.2	Number of compliance audits completed

Efficiency Measure	3.1.1.1	Average cost to audit and review a live or simulcast race
Explanatory Measures	3.1.1.1	Total pari-mutuel handle (in millions)
	3.1.1.2	Total take to the State Treasury from pari-mutuel wagering on live and simulcast races
	3.1.1.3	Ratio of simulcast handle to live handle
Strategy 3.1.2.	Conduct wagering compliance inspections.	
Output Measures	3.1.2.1	Number of tote tests completed
Goal D:	Conduct Purchasing and Contracting Activities that Foster Meaningful and Substantive Inclusion of Historically Underutilized Businesses.	
Strategy D1.1.	Develop and implement a plan for increasing purchasing from historically underutilized businesses.	
Output Measures	4.1.1.1	Number of HUBs contractors and subcontractors contacted for bid proposals
	4.1.1.2	Number of HUB contracts and subcontracts awarded
	4.1.1.3	Dollar value of HUB purchases

Appendices

Appendix A. Agency Planning Process

Participants:

Members and Staff, Texas Racing Commission

March 2004:

Staff meeting to determine whether to request changes to budget/measure structure.

Solicit input on strategic plan from management staff.

April 2004:

Solicit input on strategic plan from field staff.

Submit request for changes to measures to Legislative Budget Board.

May 2004:

Staff meeting to discuss external/internal assessment.

Solicit input on external/internal assessment from Commissioners.

Solicit input on external/internal assessment from field staff.

Draft external/internal assessment.

Prepare outcome projections.

Conduct skills assessment for workforce plan.

Draft workforce plan and distribute for comment.

June 2004:

Prepare appendices.

Integrate all required elements.

Distribute draft to Commissioners.

Commission approval of draft, with delegation of final approval to Chair.

Final revisions and review.

Final approval by Chair.

July 2004:

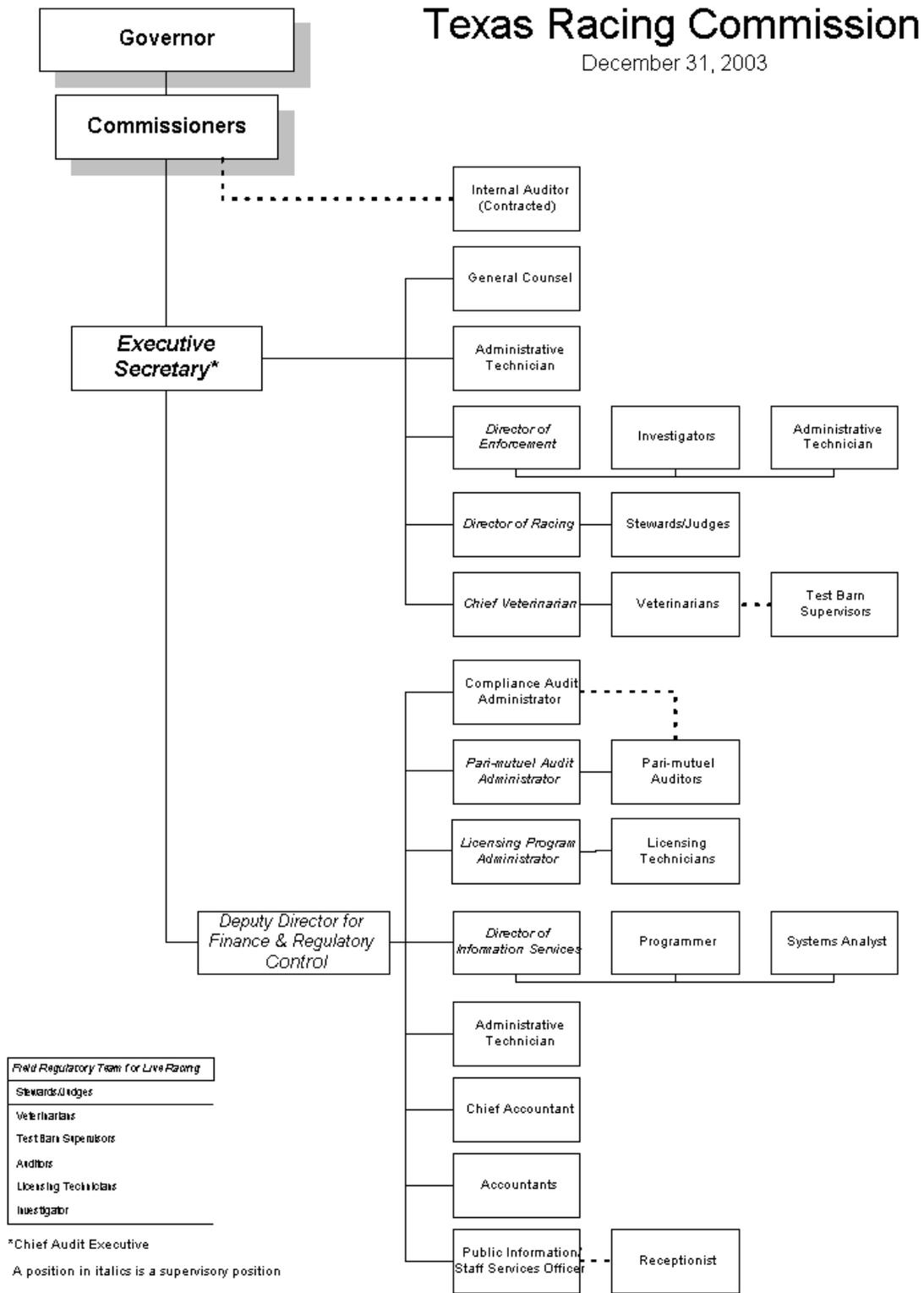
Final document prepared and distributed to appropriate agencies.

Ongoing:

Quarterly reporting of Key Measures to Legislative Budget Board.

Quarterly management review of all measures.

Appendix B. Agency Organizational Chart



Appendix C.

Five-Year Outcome Projections

Outcome	Description	2005	2006	2007	2008	2009
1.1.1	Percentage of Complaints Regarding Racetrack Operations Resolved in Six Months or Less	100%	100%	100%	100%	100%
1.1.2	Percentage of Racetracks with an Inspection Score of 100 Percent	80%	85%	90%	95%	100%
1.1.3	Percentage of Deficiency Items Closed	96%	97%	98%	99%	100%
1.2.1	Percent Increase in Texas Bred Race Animals Accredited per Year	2%	2%	2%	2%	2%
1.3.1	Average Number of Rulings per Occupational Licensee	1:26	1:27	1:28	1:29	1:30
1.3.2	Recidivism Rate for Those Receiving Disciplinary Action	10%	9%	8%	7%	6%
1.3.3	Percentage of Investigations (Individual) Resulting in Disciplinary Action	97%	97%	97%	97%	97%
1.3.4	Percentage of Licensees with No Recent Violations	98%	98%	98%	98%	98%
1.4.1	Percentage of Race Animals Injured or Dismissed from the Racetrack	0.3%	0.3%	0.3%	0.3%	0.3%
1.4.2	Number of Drug Positives for Illegal Medications per 1,000 Samples	6	6	6	6	6
2.1.1	Average Time Required to Issue a New Occupational License	10	10	10	10	10
2.1.2	Percent of License Holders Meeting Qualifications	100%	100%	100%	100%	100%
3.1.1	Percentage of Compliance Audits Passed	85%	88%	90%	95%	97%
3.1.2	Percentage of Tote Tests Passed on the First Run	95%	95%	96%	96%	97%
4.1.1	Percentage of Total Dollar Value of Purchases Made from HUBs	16%	16%	16%	16%	16%

Appendix D.

Measure Definitions

Goal A: Regulate Racing in Texas

Objective 1: Regulate pari-mutuel racetracks effectively so racetrack inspections show all racetracks to be in 100% compliance by 2009.

Outcome Measures

OC 1.1.1 Percentage of complaints regarding racetrack operations resolved in six months or less

Short definition - The percentage of complaints submitted by the public about racetrack operations resolved in six months or less. A complaint is an allegation that a specific Commission rule has been violated.

Purpose - To determine the responsiveness of racetracks to expressed regulatory concerns.

Data Source - The Investigative Unit maintains records of complaints received, including the date received, the investigator assigned to handle the investigation, and the date resolved.

Calculation Method - The number of complaints resolved in six months or less is divided by the total number of complaints received.

Data Limitations - Performance will depend on some factors outside the agency's control, such as financial constraints on the racetrack and type of complaints received.

Calculation Type - Non-cumulative

New Measure - No

Desired Performance - Higher than projected

OC 1.1.2 Percentage of racetrack inspections with a score of 100 percent

Short definition - The percentage of racetrack inspections with a score of 100%.

Purpose - To determine the effectiveness of ongoing regulatory communication between the agency and the racetracks.

Data Source - The score is derived from grading a checklist. Inspections include checking the racing surface, animal facilities, track security, patron facilities, and wagering equipment and operations for compliance with the Commission's rules. The Executive Secretary maintains the information.

Calculation Method	- The number of racetrack inspections with a score of 100% divided by the total number of inspections.
Data Limitations	- Performance will depend on factors outside the agency's control, such as regulatory responsiveness of the racetracks.
Calculation Type	- Non-cumulative
New Measure	- No
Desired Performance	- Higher than projected

OC 1.1.3 Percentage of deficiency items closed

Short definition	- The percentage of items confirmed to be corrected by follow-up inspection from the list of items not in compliance during the initial racetrack inspections.
Purpose	- To determine the effectiveness of regulatory communication between the agency and the racetracks after an unsatisfactory inspection.
Data Source	- The Executive Secretary maintains this information.
Calculation Method	- Physical count of deficiency items on inspection checklist.
Data Limitations	- Performance will depend on factors outside the agency's control, such as financial constraints on the racetrack and type of deficiency items.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

Output Measures

OP 1.1.1.1 Number of complaints regarding racetrack operations closed

Short definition	- The number of complaints submitted by the public about racetrack operations resolved during the report period. A complaint is an allegation that a specific Commission rule has been violated.
Purpose	- To determine the responsiveness of the racetracks to expressed regulatory concerns.
Data Source	- The Investigative Unit maintains a log on all complaints received.

Calculation Method	- A physical count of all complaints regarding racetrack operations in the log that were resolved during the report period.
Data Limitations	- Performance will depend on factors outside the agency's control, such as financial constraints on the racetracks, the type of complaint received, and the willingness of the racetracks to comply with regulatory requirements.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

OP 1.1.1.2 Number of racetrack inspections

Short definition	- The number of inspections conducted by agency staff of all racetrack premises.
Purpose	- To determine the rate of inspection activity by the agency.
Data Source	- Inspections include checking the racing surface, animal facilities, track security, patron facilities, and wagering equipment and operations for compliance with the Commission's rules. The Executive Division maintains a log of all inspections conducted.
Calculation Method	- A physical count of all racetrack inspections conducted during the report period.
Data Limitations	- None
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

Efficiency Measures

EFF 1.1.1.1 Average regulatory cost per horse racetrack

Short definition	- The average cost to regulate horse racetracks.
Purpose	- To determine the fiscal efficiency of regulating horse racetracks.
Data Source	- The Finance Department obtains the total strategy costs through USAS.
Calculation Method	- The total strategy costs allocated to horse racetracks divided by the total number of licensed horse racetracks.
Data Limitations	- None
Calculation Type	- Cumulative

New Measure - No
Desired Performance - Lower than projected

EFF 1.1.1.2 Average regulatory cost per greyhound racetrack
Short definition - The average cost to regulate greyhound racetracks.
Purpose - To determine the fiscal efficiency of regulating greyhound racetracks.
Data Source - The Finance Department obtains the total strategy costs through USAS.
Calculation Method - The total strategy costs allocated to greyhound racetracks divided by the total number of licensed greyhound racetracks.
Data Limitations - None
Calculation Type - Cumulative
New Measure - No
Desired Performance - Lower than projected

EFF 1.1.1.3 Average length of time (days) to resolve complaints
Short definition - The average number of days taken by the agency to resolve all complaints during the report period.
Purpose - To determine the efficiency of the agency's complaint resolution process.
Data Source - The Investigative Unit maintains records of complaints received, including the date received, the investigator assigned to handle the investigation, and the date resolved.
Calculation Method - The total time in days to resolve all complaints divided by the number of complaints resolved for the report period.
Data Limitations - Performance will depend on factors outside the agency's control, such as the type of complaints received and the willingness of the racetracks to comply with regulatory requirements.
Calculation Type - Cumulative
New Measure - No
Desired Performance - Lower than projected

Explanatory Measures

EX 1.1.1.1 Number of horse racetracks regulated
Short definition - The total number of horse racetracks regulated during the report period.

Purpose	- To determine the targets of the agency's regulatory activity.
Data Source	- The Executive Division maintains a list of licensed and regulated horse racetracks.
Calculation Method	- A physical count of the horse racetracks regulated during the report period.
Data Limitations	- Performance may depend on factors outside the agency's control, such as a racetrack's financial solvency.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- N/A

EX 1.1.1.2 Number of greyhound racetracks regulated

Short definition	- The total number of greyhound racetracks regulated during the report period.
Purpose	- To determine the targets of the agency's regulatory activity.
Data Source	- The Executive Division maintains a list of licensed and regulated greyhound racetracks.
Calculation Method	- A physical count of the greyhound racetracks regulated during the report period.
Data Limitations	- Performance may depend on factors outside the agency's control, such as a racetrack's financial solvency.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- N/A

Objective 2: Increase the number of Texas-bred race animals to 8,500 through 2009.

Outcome Measure

OC 1.2.1 Percent increase in Texas-bred race animals accredited per year

Short definition	- The annual percentage change in the number of animals newly accredited by the Texas breed registries.
Purpose	- To determine the effectiveness of the Texas Bred Incentive Programs.
Data Source	- The official breed registries named in the Texas Racing Act maintain this information.

Calculation Method	- The total number of newly accredited Texas-bred animals for the report period divided by the total number of newly accredited Texas-bred animals for the previous report period.
Data Limitations	- Performance will depend entirely on factors outside the agency's control.
Calculation Type	- Non-cumulative
New Measure	- No
Desired Performance	- Higher than projected

Output Measure

OP 1.2.1.1 Number of Texas-bred awards

Short definition	- The total number of breeder awards made by the breed registries during the report period.
Purpose	- To determine the extent of the Texas Bred Incentive Programs.
Data Source	- The official breed registries named in the Texas Racing Act maintain this information and report it to the agency.
Calculation Method	- Summation of all breeder awards made by all official breed registries.
Data Limitations	- Performance will depend entirely on factors outside the agency's control, as breeder awards are based on winning animals.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

Explanatory Measure

EX 1.2.1.1 Total amount of money dedicated to Texas Bred Incentive Programs

Short definition	- The total amount of money received for the Texas Bred Incentive Programs from pari-mutuel handle.
Purpose	- To determine the effectiveness of the Texas Bred Incentive Programs.
Data Source	- The Pari-mutuel and Audit Department maintains this information.
Calculation Method	- A summation of the total amount of money allocated to the Texas Bred Incentive Programs during the report period.

Data Limitations	- Performance will depend entirely on factors outside the agency's control, since revenue for the programs is derived from pari-mutuel handle.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

Objective 3: Reduce the rate of rulings per occupational licensee to 1:30 through 2009.

Outcome Measures

OC 1.3.1	Average number of rulings per occupational licensee
Short definition	- The average number of rulings issued against occupational licensees during the report period. A ruling is a disciplinary order issued by the stewards or judges.
Purpose	- To determine the rate of compliance with the agency's rules.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- The total number of rulings against occupational licensees for violations divided by the total number of occupational licensees.
Data Limitations	- Performance depends on factors that are mostly outside the agency's control.
Calculation Type	- Non-Cumulative
New Measure	- No
Desired Performance	- Lower than projected

OC 1.3.2	Recidivism rate for those receiving disciplinary action
Short definition	- The number of repeat offenders as a percentage of all offenders during the report period.
Purpose	- To determine the effectiveness of disciplinary actions as a deterrent.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- The number of occupational licensees with two or more rulings that involved a fine of at least \$500 or suspension of the license divided by the total number of such rulings during the report period.
Data Limitations	- Performance will depend on factors outside the agency's control, such as the willingness of occupational licensees to comply with regulatory requirements.

Calculation Type - Non-cumulative
New Measure - No
Desired Performance - Lower than projected

OC 1.3.3 Percentage of investigations (individual) resulting in disciplinary action

Short definition - Percentage of investigations of alleged rule violations by occupational licensees resulting in disciplinary action.

Purpose - To determine both the effectiveness of the investigative reports and the judicial process of the stewards' and judges' rulings.

Data Source - The data is maintained in the agency's database.

Calculation Method - The number of investigations that resulted in disciplinary action divided by the total number of investigations during the report period.

Data Limitations - Performance will depend on factors outside the agency's control, such as the facts derived in the investigations.

Calculation Type - Non-cumulative
New Measure - No
Desired Performance - Higher than projected

OC 1.3.4 Percentage of licensees with no recent violations

Short definition - The percentage of licensees with no recent violations.

Purpose - To determine the rate of compliance with the agency's law and rules.

Data Source - The data is maintained in the agency's database.

Calculation Method - The total number of individuals currently licensed by the agency who have not committed a violation within the current year divided by the total number of individuals currently licensed.

Data Limitations - Performance will depend on factors outside the agency's control, such as the willingness of occupational licensees to comply with regulatory requirements.

Calculation Type - Non-cumulative
New Measure - No
Desired Performance - Higher than projected

Output Measures

OP 1.3.1.1 Number of live races monitored

Short definition	- The number of live races conducted at Texas pari-mutuel racetracks and monitored by the stewards and judges.
Purpose	- To determine the volume of live racing regulatory work in Texas.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- A summation of the live races monitored by the stewards and judges during a reporting period.
Data Limitations	- Performance will depend on factors outside the agency's control, such as the number of live race dates requested by the racetracks.
Calculation Type	- Cumulative
New Measure	- Yes
Desired Performance	- Higher than projected

OP 1.3.2.1 Number of investigations completed

Short definition	- A count of all investigations of alleged rule violations by occupational licensees completed during the report period.
Purpose	- To determine the rate of investigative activity.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- Summation of all investigations completed during the report period.
Data Limitations	- Performance will depend on factors outside the agency's control, such as the licensee's willingness to comply with regulatory requirements.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

OP 1.3.2.2 Number of rulings issued against occupational licensees

Short definition	- A physical count of all rulings issued by the judges or stewards at the racetracks after charges are made against occupational licensees.
Purpose	- To determine the compliance of the licensees with the rules and the law.
Data Source	- The data is maintained in the agency's database.

Calculation Method	- A summation of the total number of rulings issued by the stewards and judges during a reporting period.
Data Limitations	- Performance will depend on factors outside the agency's control, such as the licensee's willingness to comply with regulatory requirements.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Lower than projected

OP 1.3.2.3	Number of occupational licenses suspended or revoked
Short definition	- The number of occupational licenses suspended or revoked. A license can only be revoked by the Commission, but can be suspended by the stewards or judges at the racetracks.
Purpose	- To determine the number of persons committing serious violations of the agency's rules.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- A physical count of the number of licenses suspended or revoked for violations of the rules.
Data Limitations	- Performance will depend on factors outside the agency's control, such as the licensee's willingness to comply with regulatory requirements.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Lower than projected

Objective 4: Maintain the effectiveness of the veterinary regulatory process so that the rate of catastrophic injuries is less than 0.3%.

Outcome Measures

OC 1.4.1	Percentage of race animals injured or dismissed from the racetrack
Short definition	- The percentage of race animals that suffer a major injury or death as a result of pari-mutuel racing.
Purpose	- To monitor animal welfare by determining the rate of serious injuries/deaths as a result of pari-mutuel racing.
Data Source	- The data is maintained in the agency's database. The veterinarians at the racetracks provide the input.

Calculation Method	- The number of race animals that suffer a major injury or death as a result of pari-mutuel racing divided by the total number of race animals who raced during the report period.
Data Limitations	- None
Calculation Type	- Non-cumulative
New Measure	- No
Desired Performance	- Lower than projected

OC 1.4.2 **Number of drug positives for illegal medications per 1,000 samples**

Short definition	- The number of drug positives for illegal medications per 1,000 samples
Purpose	- To monitor the number of drug positives.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- The total number of animal samples in the report period divided by 1,000, divided into the total number of drug positives reported by the testing laboratory in the report period.
Data Limitations	- Performance depends on factors outside the agency's control, such as the licensee's willingness to comply with required regulations.
Calculation Type	- Cumulative
New Measure	- Yes
Desired Performance	- Lower than projected

Output Measures

OP 1.4.1.1 **Number of race animals inspected pre-race**

Short definition	- The number of race animals entered and inspected by Commission veterinarians before each race.
Purpose	- To determine the number of race animals participating in racing.
Data Source	- The data is maintained in the agency's database. Veterinarians and/or test barn technicians enter the information at the racetracks.
Calculation Method	- The total number of animals entered in all pari-mutuel races.
Data Limitations	- None
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

OP 1.4.2.1	Number of animal specimens collected for drug testing
Short definition	- The number of animal specimens, urine, blood, saliva, or other bodily substances, collected for the purpose of testing for the presence of a prohibited drug, chemical, or other substance.
Purpose	- To assess the extent of the Commission's drug testing program.
Data Source	- The data is maintained in the agency's database. Details of drug testing are entered into the database system by the veterinarians and/or the test barn technicians.
Calculation Method	- A summation of all animal specimens taken at the racetracks during live racing.
Data Limitations	- None
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

Efficiency Measure

EFF 1.4.1.1	Average regulatory cost per animal inspected
Short definition	- The average regulatory cost per animal inspected.
Purpose	- To determine the fiscal efficiency of examining every race animal before it races.
Data Source	- The Finance Department obtains the total strategy cost through USAS.
Calculation Method	- The total strategy cost divided by the total number of race animals inspected.
Data Limitations	- None
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Lower than projected

Explanatory Measures

EX 1.4.1.1	Number of race animals dismissed from Texas pari-mutuel racetracks
Short definition	- The number of race animals that suffer a major injury or death due to participating in a race.
Purpose	- To monitor animal welfare by determining the rate of major injuries to animals while participating in a pari-mutuel race in Texas.

Data Source	- The data is maintained in the agency's database. The veterinarians input the information.
Calculation Method	- Summation of the codes for major injury or death for the report period.
Data Limitations	- Some injuries or deaths may not be apparent during or immediately after the running of a race and may not be reported.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Lower than projected

EX 1.4.1.2 Number of race animals injured on Texas pari-mutuel racetracks

Short definition	- The number of race animals that suffer a minor injury due to participating in a race.
Purpose	- To monitor animal welfare by determining the rate of minor injuries to animals while participating in a pari-mutuel race in Texas.
Data Source	- The data is maintained in the agency's database. The veterinarians input the information.
Calculation Method	- Summation of the codes for minor injuries for the report period.
Data Limitations	- Some injuries may not be apparent during or immediately after the running of a race and may not be reported.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Lower than projected

Goal B: Regulate the Participation in Racing

Objective 1: Maintain the efficiency of the occupational licensing process so that 100% of individuals licensed are qualified.

Outcome Measures

OC 2.1.1 Average time required to issue a new occupational license

Short definition	- The average time required to issue a new occupational license.
Purpose	- To determine the efficiency of the licensing procedure.

Data Source	- Random samples taken at each licensing office. The Licensing Program Administrator oversees the timing.
Calculation Method	- Random sampling at each licensing office. The amount of time measured in minutes that elapses from receipt of completed original license application until the time the license information is input in the database as a valid license. The total number of minutes taken to issue a new occupational license divided by the number of licenses sampled. Does not include applications submitted by mail and processed at agency headquarters.
Data Limitations	- Variations in types of occupational licenses issued can affect the time necessary to issue the license.
Calculation Type	- Non-cumulative
New Measure	- No
Desired Performance	- Lower than projected

OC 2.1.2	Percent of license holders meeting qualifications
Short definition	- The percentage of license holders that meet all qualifications for licensing.
Purpose	- To determine the effectiveness of the Commission's licensing procedure.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- If a person does not meet all the qualifications for an occupational license, then a ruling is issued denying their license. The total number of applications minus the number of applications denied divided by the total number of issued licenses.
Data Limitations	- None
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

Output Measures

OP 2.1.1.1	Number of new occupational licenses issued
Short definition	- The number of occupational licenses issued to individuals who were not licensed in the previous year.

Purpose	- To determine the rate of licensing activity by the agency.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- A summation of the number of licenses that were issued to individuals who were not licensed in the previous year.
Data Limitations	- Performance depends on factors outside the agency's control, such as the number of applicants desiring a new occupational license.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

OP 2.1.1.2 Number of occupational licenses renewed

Short definition	- The number of occupational licenses issued to individuals who were licensed in the previous year.
Purpose	- To determine the rate of licensing activity by the agency.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- A summation of the number of licenses that were issued to individuals who were licensed in the previous year.
Data Limitations	- Performance depends on factors outside the agency's control, such as the number of applicants desiring to renew an occupational license.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

Efficiency Measure

EFF 2.1.1.1 Average regulatory cost per individual license issued

Short definition	- The average cost of issuing and maintaining an occupational license.
Purpose	- To determine the fiscal efficiency of issuing occupational licenses.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- The total cost of the licensing strategy plus 17% of indirect administrative costs divided by the total number of licensees for the report period.
Data Limitations	- None
Calculation Type	- Cumulative

New Measure - No
Desired Performance - Lower than projected

Explanatory Measure

EX 2.1.1.1 Total number of individuals licensed

Short definition - The total number of individuals that hold occupational licenses.

Purpose - To determine the rate of licensing activity.

Data Source - The data is maintained in the agency's database.

Calculation Method - A summation of all current occupational licensees for the report period.

Data Limitations - Performance depends on factors outside the agency's control, such as the number of applicants desiring occupational licenses.

Calculation Type - Cumulative

New Measure - No

Desired Performance - N/A

Goal C: Regulate Pari-mutuel Wagering in Texas

Objective 1: By 2009, increase the pass rate for initial tote tests to 97% and the pass rate for pari-mutuel compliance audits to 95%.

Outcome Measures

OC 3.1.1 Percentage of compliance audits passed

Short definition - The number of compliance audits (pari-mutuel procedural reviews) with a pass rate of 80% or greater as a ratio of total compliance audits conducted.

Purpose - To determine the effectiveness of ongoing regulatory communication between the agency and the racetracks.

Data Source - The Compliance Audit Administrator maintains records of all compliance audits.

Calculation Method - The total number of compliance audits with a pass rate of 80% or greater divided by the total number of compliance audits conducted during the report period.

Data Limitations - Performance depends on factors outside the agency's control, such as the racetracks willingness to comply with the required regulations.

- Calculation Type - Non-cumulative
 - New Measure - No
 - Desired Performance - Higher than projected
-

OC 3.1.2 Percentage of tote tests passed on the first run

- Short definition - The percentage of totalisator (tote) tests passed on the first run. A tote test is a simulation of wagering activity to determine whether the computer equipment that records wagers, totals wagering pools, and calculates payoffs is operating in compliance with Commission and Comptroller rules.
 - Purpose - To determine the compliance rate of both the racetracks and the tote companies.
 - Data Source - The Compliance Audit Administrator conducts or supervises the tests and maintains the results. If a tote test is not passed on the first run, adjustments are made and further tests are run until the systems operate with 100% accuracy.
 - Calculation Method - The total number of tote tests passed on the first time divided by the total number of tests performed during the reporting period.
 - Data Limitations - Performance depends on factors outside the agency's control, such as the tote companies willingness to comply with the required regulations.
 - Calculation Type - Non-cumulative
 - New Measure - No
 - Desired Performance - Higher than projected.
-

Output Measures

OP 3.1.1.1 Number of live and simulcast races audited and reviewed

- Short definition - The number of live and simulcast races on which pari-mutuel wagering is audited and reviewed by agency auditors.
- Purpose - To determine the volume of pari-mutuel wagering regulatory work in Texas.
- Data Source - The data is maintained in the agency's database.
- Calculation Method - A summation of all live and simulcast races on which pari-mutuel wagering is conducted at Texas racetracks during the report period.

Data Limitations	- Performance depends on the preferences of the racetracks regarding the amount of live races and simulcast performances it desires to offer for wagering. Those preferences can be shaped by many factors, such as the economy in the track location and competitive forces, which are outside the agency's control.
Calculation Type	- Cumulative
New Measure	- Yes
Desired Performance	- Higher than projected

OP 3.1.1.2 Number of compliance audits completed

Short definition	- The total number of compliance audits completed.
Purpose	- To determine the rate of pari-mutuel regulatory activity.
Data Source	- The Compliance Audit Administrator maintains a log of all audits.
Calculation Method	- A summation of the number of compliance audits completed.
Data Limitations	- Performance will depend on number of pari-mutuel wagering approvals requested by the racetracks.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

OP 3.1.2.1 Number of tote tests completed

Short definition	- The total number of tote tests performed.
Purpose	- To determine the rate of pari-mutuel activity.
Data Source	- The Compliance Audit Administrator maintains a log of all tote tests.
Calculation Method	- A summation of the number of tests performed on tote equipment at the racetracks. This test is performed at least once a year and/or before the opening of each live race meet and after any system change has been made.
Data Limitations	- None
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

Efficiency Measure

EFF 3.1.1.1	Average cost to audit and review a live or simulcast race
Short definition	- The average cost of reviewing for regulatory compliance a live or simulcast race on which pari-mutuel wagering is conducted.
Purpose	- To determine the fiscal efficiency of performing audits on live and simulcast races.
Data Source	- The data is maintained in the agency's database and USAS.
Calculation Method	- The total strategy cost, including indirect costs, divided by the number of live and simulcast races on which pari-mutuel wagering is conducted in Texas during the report period.
Data Limitations	- None
Calculation Type	- Non-cumulative
New Measure	- Yes
Desired Performance	- Lower than projected

Explanatory Measures

EX 3.1.1.1	Total pari-mutuel handle (in millions)
Short definition	- The total amount wagered, in millions, at Texas racetracks on both live and simulcast races.
Purpose	- To determine the amount of money wagered in Texas.
Data Source	- The data is maintained in the agency's database. This data is updated daily by Commission auditors.
Calculation Method	- A summation of the total amount wagered at each track for the report period.
Data Limitations	- Performance is completely outside the agency's control.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- N/A

EX 3.1.1.2	Total take to the State Treasury from pari-mutuel wagering on live and simulcast races
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Short definition	- The amount of revenue to the state from pari-mutuel wagering on both live and simulcast races. The tax rate is determined by the Texas Racing Act.
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Purpose	- To determine the amount of revenue due to the state.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- A summation of the state's share of the total amount wagered for the report period.
Data Limitations	- Performance is completely outside the agency's control.
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- N/A

EX 3.1.1.3 Ratio of simulcast handle to live handle

Short definition	- The ratio of amount wagered on simulcast races compared to the amount wagered on live races.
Purpose	- To assess the relative wagering activity on simulcast races and live races.
Data Source	- The data is maintained in the agency's database.
Calculation Method	- The total amount wagered on simulcast races is divided by the total amount wagered on live races, stated as a ratio.
Data Limitations	- Performance depends on factors outside the agency's control, such as the amount of simulcast activity requested by the racetracks.
Calculation Type	- Non-cumulative
New Measure	- No
Desired Performance	- N/A

Goal D: Conduct Purchasing and Contracting Activities that Foster Meaningful and Substantive Inclusion of Historically Underutilized Businesses.

Objective 1: Ensure purchases from historically underutilized businesses constitute at least 16% of the total value of purchases each year.

Outcome Measure

OC 4.1.1 Percentage of total dollar value of purchases made from HUBs

Short definition	- The percentage of purchases made from HUB's by the agency.
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Purpose	- To determine the percentage of business done with HUB's during the report period.
Data Source	- The information is provided by the Texas Building and Procurement Commission.
Calculation Method	- The dollar value of purchases made to HUB's divided by the total dollar value of all purchases made during the report period.
Data Limitations	- None
Calculation Type	- Non-cumulative
New Measure	- No
Desired Performance	- Higher than projected

Output Measures

OP 4.1.1.1 Number of HUB contractors and subcontractors contacted for bid proposals

Short definition	- The number of HUB contractors and subcontractors that the agency contacts for bid proposals.
Purpose	- To assess the agency's efforts to include HUBs in purchasing and contracting activities.
Data Source	- The information is provided by the Texas Building and Procurement Commission.
Calculation Method	- A summation of all HUBs contacted for bids on goods and services.
Data Limitations	- None
Calculation Type	- Cumulative
New Measure	- No
Desired Performance	- Higher than projected

OP 4.1.1.2 Number of HUB contracts and subcontracts awarded

Short definition	- The number of HUBs awarded contracts by the agency.
Purpose	- To determine the agency's level of participation with HUBs.
Data Source	- The information is provided by the Texas Building and Procurement Commission.
Calculation Method	- A summation of all contracts awarded to HUBs.
Data Limitations	- Performance will depend on the quality and cost of bids received from HUBs.
Calculation Type	- Cumulative
New Measure	- No

Desired Performance - Higher than projected

OP 4.1.1.3 Dollar value of HUB purchases

- Short definition - The dollar value of all HUB purchases.
- Purpose - To determine the amount spent by the agency on purchases from HUBs.
- Data Source - The Texas Building and Procurement Commission maintains and provides the information.
- Calculation Method - The summation of total dollar amount spent of purchases of goods and services from HUBs during the report period.
- Data Limitations - Performance will depend on the quality and cost of bids received from HUBs.
- Calculation Type - Cumulative
- New Measure - No
- Desired Performance - Higher than projected

Appendix E. Workforce Plan

AGENCY OVERVIEW

The Texas Racing Commission regulates all aspects of horse and greyhound racing with pari-mutuel wagering in Texas. In doing so, the Commission performs the following activities:

- Licenses racetracks that offer racing and the people who work at the racetracks or own race animals.
- Supervises the conduct of all races, monitors the health and safety of the race animals, and conducts drug tests to ensure the animals race without the benefit of prohibited substances.
- Oversees all pari-mutuel wagering activity, approving all simulcasts, testing the totalisator equipment, and ensuring the proper allocation and distribution of revenue generated by pari-mutuel wagering.
- Administers the Texas Bred Incentive Program, which supplies the Texas breeding industry with economic incentives to produce more, higher quality race animals.

Pari-mutuel racing was originally authorized by the Legislature in 1986 and endorsed by statewide referendum in 1987. The Commission's budgeted FTE's have grown to reflect the opening of new racetracks through the years. Currently, the agency is authorized to employ 81.4 FTE's.

The agency is composed of seven departments. Five departments are directly responsible for the activities described above; two departments provide administrative and information services support.

The agency is funded through revenue derived from the pari-mutuel racing industry and receives no general revenue funds. Approximately 80% of the agency's operating budget is used for salaries.

AGENCY MISSION

The Texas Racing Commission will vigorously enforce the Texas Racing Act and its rules to ensure a consistent and accurate revenue stream to the state and racing participants, safe racing facilities, fair and honest racing activities, and accountable use of economic incentives funded through pari-mutuel racing. The Commission will conduct its regulatory activities courteously and efficiently and will facilitate communication and cooperation among and between the public and the various interests within the racing industry.

STRATEGIC GOALS AND OBJECTIVES

Goal A. Regulate Racing in Texas

Objective: Regulate pari-mutuel racetracks effectively so racetrack inspections show all racetracks to be in 100% compliance by the year 2009.

Strategy: Monitor racetrack owners and their operations through regulatory and enforcement activities.

Objective: Increase the number of Texas-bred race animals to 8,500 through 2009

Strategy: Administer the Texas Bred Incentive Programs by monitoring the Texas-bred races and Fund and by timely allocating funds to the breed registries.

Objective: Reduce the rate of rulings per occupational licensee to 1:30 through 2009.

Strategy: Supervise the conduct of live races.

Strategy: Monitor the activities of occupational licensees.

Objective: Maintain the effectiveness of the veterinary regulatory process so that the rate of catastrophic injuries is less than 0.3%.

Strategy: Administer the animal health program through emergency care and veterinary inspections.

Strategy: Administer the drug testing program.

Goal B. Regulate the Participation in Racing

Objective: Maintain the efficiency of the occupational licensing process so that 100% of individuals licensed are qualified.

Strategy: Administer the occupational licensing programs through enforcement of regulations.

Goal C. Regulate Pari-mutuel Wagering in Texas

Objective: By 2009, increase the pass rate for initial tote tests to 97% and the pass rate for pari-mutuel compliance audits to 95%.

Strategy: Monitor wagering and conduct audits.

Strategy: Conduct wagering compliance inspections.

Goal D. Conduct Purchasing and Contracting Activities that Foster Meaningful and Substantive Inclusion of Historically Underutilized Businesses

Objective: Ensure purchases from historically underutilized businesses constitute at least 16% of the total value of purchases each year.

Strategy: Develop and implement a plan for increasing purchasing from historically underutilized businesses.

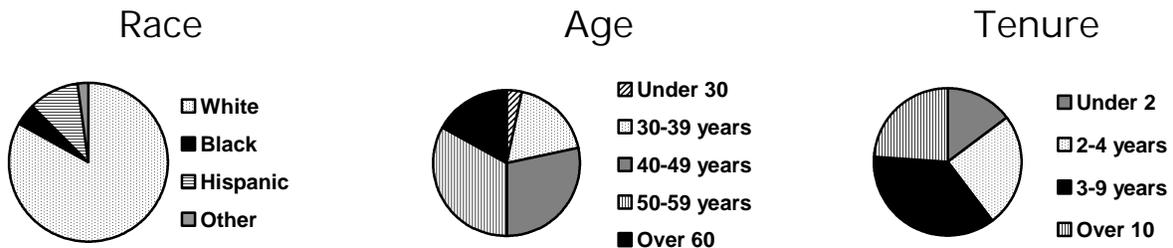
ANTICIPATED CHANGES IN STRATEGIES

The agency anticipates no changes to its goals or strategies over the next five years, unless the Texas Racing Act is amended to change the Commission's regulatory responsibilities.

CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)

WORKFORCE DEMOGRAPHICS

The Commission's workforce is 60% male, 40% 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	Technical	Para-professional	Administrative Support
White	Agency	100.00%	87.10%	87.50%	76.92%	33.33%
	State	78.08%	71.22%	61.57%	48.15%	52.29%
African American	Agency	0.00%	9.68%	0.00%	0.00%	33.33%
	State	7.27%	9.31%	13.67%	17.94%	19.59%
Hispanic	Agency	0.00%	0.00%	12.50%	19.23%	33.33%
	State	11.61%	10.85%	18.89%	31.41%	25.62%
Female	Agency	50.00%	45.16%	0.00%	61.54%	100%
	State	31.63%	46.93%	39.36%	55.81%	79.87%
Male	Agency	50.00%	54.84%	100.00%	38.46%	0.00%
	State	68.65%	53.07%	60.64%	44.19%	20.13%

RETIREMENT ELIGIBILITY

According to Employee Retirement System projections, 26 of the agency's current employees will be eligible to retire between 2004 and 2009. Of these, the agency estimates 45% occupy positions that require specialized skills or professional training that cannot be supplied by the agency through on-the-job training.

EMPLOYEE TURNOVER

Until 2003, the Commission enjoyed a low turnover rate of 12% or less, well below the state average. In 2003, the agency implemented a reduction-in-force as part of the agency's plan to reduce expenditures as required by H.B. 7 passed by the 78th Legislature. The RIF, coupled with unexpected retirements prompted by incentives enacted by the Legislature, swelled the Commission's turnover rate for FY 2003 to over 25%.

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

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

To increase efficient use of existing workforce, the Commission expects to continue to concentrate auditing personnel at the racetracks where totalisator systems are located. This reflects the increase in the number of hub locations in the state, where one totalisator system processes the wagers accepted at multiple racetracks.

The Commission expects that as its workforce continues to age and retire, the agency will be required to more vigorously recruit replacement employees from outside the agency. An influx of new employees will necessitate increased work hours devoted to training. Additional money will be required also for supervisor travel, because much of the training must be performed on-site at the racetracks.

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 FTE's required to accomplish its mission. For each new horse racetrack that begins simulcasting and live racing, the Commission will require up to an additional seven FTE's to effectively regulate the wagering and racing activities in accordance with the Texas Racing Act and the Commission's rules.

FUTURE WORKFORCE SKILLS REQUIRED

In the future, the Commission will need to accomplish more with less in an increasingly tight budgetary environment. Further, 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 | • Organizational awareness |
| • Communication | • External awareness |
| • Commitment to learning | • Flexibility |
| • Leadership and team-building | • Integrity and honesty |

GAP ANALYSIS

ANTICIPATED SURPLUS/SHORTAGE OF EMPLOYEES OR SKILLS

To analyze the Commission's workforce, the agency categorized all employee positions into one of three main types: Professional/Administrative, Clerical/Technical, and Management/Supervisory. The agency then surveyed managers on skill sets related to these positions. The managers

were asked to rate each skill set, using a 6-point scale, on how much of each skill set was needed now, how much is available now, and how much will be needed in the future.

To determine the gap, a weighted average was calculated for each skill set requiring more than a basic competence. A score difference of 20% or more between the current availability and the future needs was considered a future gap. Except for the management/supervisory group, a skill set where the score difference of 15% or more between the current needs and the current availability was considered a critical gap.

PROFESSIONAL/ADMINISTRATIVE

The agency's professional and administrative staff comprises almost 2/3 of the agency's workforce. This staff includes the stewards, racing judges, veterinarians, auditors, and investigators. The most significant future gaps in skill sets associated with these positions are in the areas of learning, oral and written communication, and self-management. Interestingly, skill sets relating to flexibility and information management were identified as having critical gaps, but not future gaps.

CLERICAL/TECHNICAL

The agency's clerical and technical staff is most diverse in terms of responsibilities. This staff includes the information services staff, including programmers and technical support, licensing technicians, test barn supervisors, and the administrative assistants for management. Because of the wide range of job duties, generalizing with respect to this set of positions must be done cautiously.

No critical gaps were identified. The most significant future gaps associated with these positions relate to technical competence to perform the specific job task and appropriate use of technology for each task.

MANAGEMENT/SUPERVISORS

Generally, fewer disparities exist in the skills held by current managers and the skills that will be required for future management personnel. However, the mathematical gap calculation for this group was skewed somewhat due to the small size of this group.¹

The gaps encompass the essence of a manager's responsibilities: accountability, conflict management, financial management, problem-solving, technology management, vision, and writing.

¹ The agency has only seven supervisory employees. Using the agency's methodology for gap calculation, a one-point difference between the needs and availability automatically results in a 16.67% gap.

TRENDS

Overall, among all position types, three trends are clear. First, many of the agency's employees need additional training to use technology appropriately in performing their job duties. Because the agency relies so heavily on technology to maintain records of activities and to monitor regulatory compliance, each employee must possess a thorough understanding of available software applications, the agency's computer database capabilities, and his or her role in ensuring the accuracy of the database.

Second, in response to budgetary constraints, the agency will continue to re-engineer and streamline regulatory and administrative processes. This requires creative thinking and decision-making skills that the agency's current workforce must develop.

Third, as the industry evolves, agency employees must possess the ability to communicate effectively with affected populations. To ensure current employees have these necessary skills, the agency must institute internal programs to provide critical communication skills.

With respect to management personnel, future managers must possess the skills to motivate agency employees to work together as teams and in partnership with other enforcement and regulatory bodies to accomplish the agency's mission in a more cost-effective manner.

STRATEGY DEVELOPMENT

Goals

- Attract and retain employees capable of innovating regulatory processes.
- Ensure employees understand the relationship between their job responsibilities and the agency's overall mission.
- Ensure employees have sufficient communication skills to perform their tasks.
- Ensure supervisors have appropriate skills in team building, conflict management, and financial management.

Action Steps

Critical Gaps

- By department, review trends in gaps and develop action plans for training, including training in oral and written communication and training on the agency's software applications.
- By department, review job descriptions for all positions seeking ways to incorporate on-the-job exercise in communication skills.
- Seek affordable training for supervisors on team building, conflict management, and financial management.

Future Gaps

- Review and revise as necessary interview and selection processes for new employees for creative thinking, self-management, flexibility, and communication, including writing and oral communication skills.
- Continue to provide information to all employees regarding the agency's mission, external influences on the agency, and the relationship between particular employment positions and the agency's overall regulatory responsibility.

Appendix F.

Survey of Organizational Excellence

SURVEY PARTICIPATION

The Commission participated in the Survey of Organizational Excellence for the third time in the Winter 2004. In addition to the standard questions provided by the University of Texas School of Social Work, the agency asked each respondent to identify the department in which the respondent works, as well as whether the respondent is assigned to the Austin headquarters or a racetrack field office.

The agency distributed to 73 employees an e-mail with a link to the survey on the UT School of Social Work's website. Fifty-seven employees completed the survey for a response rate of 78%. This response rate, which was an increase of almost 50% from the 2002 survey, indicates a high degree of reliability of the results.

RESULTS

Generally, Commission employees have a more favorable impression of the organization than they did two years ago. Scores in most constructs increased from the 2002 survey; only the constructs associated with the Accommodations work dimension decreased. This dimension includes the constructs for Fair Pay, Physical Environment, Benefits, and Employment Development. Only one construct - "fair pay" - scored below the mid-point of 300.

According to the Construct Summary, the highest scoring constructs were:

- ♦ Quality (the degree to which quality principles, such as customer service, are a part of the organizational culture)
- ♦ Job Satisfaction (overall satisfaction with work situation)
- ♦ Strategic (the ability of the agency to seek out, work with, and respond to external influences)
- ♦ Availability (the ability of employees to obtain and appropriately use needed information)
- ♦ Physical environment (the perception of the total work atmosphere)

The lowest scoring constructs were:

- ♦ Fair Pay (the perception of the overall compensation package as compared to similar jobs in other organizations)
- ♦ Internal Communication (the extent to which communication flows openly and candidly in all directions within the agency)
- ♦ Employment Development (the degree to which the agency prioritizes the employees' personal and job growth)

- ♦ Change Oriented (the ability and readiness of the agency to change)
- ♦ Supervisor Effectiveness (the quality of communication, leadership, and fairness perceived by employees between supervisors and themselves)

ACTION PLAN

Management presented the results of the survey to all employees in a statewide employee meeting conducted in February 2004. The presentation, designed to engage all interested employees in developing responsive strategies, generated interesting discussion and created an atmosphere for developing solutions.

Each manager was given the results for his or her department as compared with the agency results as a whole. The managers were encouraged to discuss the survey in more depth in departmental break-out sessions to identify more specifically sources of dissatisfaction.

Management has committed to incorporating a supervisor evaluation for all managers, which will be implemented in June 2004.

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