

HORSE RACING BOARD

ITEM 248 of the Budget Bill

Budget page 733
Budget line No. 7

For Support of Horse Racing Board From the Fair and Exposition Fund

Amount requested -----	\$173,177
Estimated to be expended in 1951-52 Fiscal Year -----	141,062
Increase (22.8 percent) -----	\$32,115

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$13,268	\$8,756	\$4,512	733	64
Operating expense -----	16,315	13,616	2,699	734	10
Equipment -----	2,532	707	1,825	734	18
Total increase -----	\$32,115	\$23,079	\$9,036		

RECOMMENDATIONS

Amount budgeted -----	\$173,177
Legislative Auditor's recommendation -----	165,966
Reduction -----	\$7,211

ANALYSIS

Total expenditures for the Horse Racing Board for the Fiscal Year 1952-53 are budgeted at \$173,177. This is an increase of \$32,115, or 22.8 percent, over estimated expenditures for 1951-52. The work load of the Horse Racing Board has increased to some extent due to an increase in the number of days of racing from 423 in 1951-52 to an estimated 472 in 1952-53. This is an increase of 11 percent. Total state revenues from racing are estimated to drop from \$18,358,825 to \$16,973,459. This is a decrease of \$1,385,366, or 7.5 percent.

Other increases in the budget of the Horse Racing Board are due to increased costs of salaries and operating expenses and some new services which are discussed below:

Recommended reductions are as follows:

	Amount	Budget page	Line No.
1 Race track investigator -----	\$4,512	733	60
Reduce travel -----	1,500	733	77
Photographic supplies -----	1,199	734	4
Total -----	\$7,211		

The recommended reduction of \$7,211 will still leave the agency an increase of 17 percent over estimated expenditures for 1951-52.

Salaries and Wages

The requested increase in salaries and wages is an increase of \$13,268. This is due largely to a request for the equivalent of 3½ new positions. These are:

- 1 Intermediate typist-clerk
- 1 Race track investigator
- Intermittent help for racing license clerk to the extent of 1½ positions.

We recommend approval of the additional positions of intermediate typist-clerk and racing license clerk. The establishment of these positions will permit the Horse Racing Board full coverage by at least two licensing clerks at all race meetings.

As pointed out in our analysis of the budget of the Horse Racing Board for last year, during the Fiscal Year 1950-51, the board established a new function and inaugurated a new program of horse identification by photography. This was done by the reclassification of two positions of track investigator to a new class of photographer-identifier. There are now four positions of track investigator and three positions of photographer-identifier. Although we called attention to this new service, we did not recommend the deletion of the positions of photographer-identifier last year because no new positions were added to the budget. However, we believe that this function now must be considered in connection with the request for an additional investigator.

The primary responsibility of the Horse Racing Board is the licensing of racing associations, racing officials and other employees, and supervision of the pari-mutuel system of wagering. A program which requires three photographer-identifiers plus additional clerical help to four race track investigators, has, in our opinion, placed far too much emphasis on the horses and on this one activity. The substitution of a horse in any race is a serious offense and is defined as a felony in the Penal Code (Section 337.f). It is, however, only one of many activities punishable by penal provisions.

No criticism can be laid to the Horse Racing Board for diligence in uncovering irregular and unlawful activities in connection with racing. However, were the Horse Racing Board to place the same emphasis upon all activities in and around the tracks, the required force would not be seven but several hundred.

We believe that it is not feasible and was not intended by the Horse Racing Act that the Horse Racing Board should be the law enforcement agency provided with an investigational staff sufficient to police all activities in connection with racing and gambling throughout the State at all times. These matters are properly the responsibility of the Attorney General and local law enforcement officials, as is specified in Section 1963 of the Horse Racing Law which provides: "The Attorney General of this State and the district attorneys of the respective counties thereof shall enforce this chapter."

Since the class specifications for photographer-identifier also require certain skills in investigation, this position can be and is used for investigational purposes. In our opinion, the four existing investigator positions plus the three positions of photographer-identifier are sufficient to provide adequate staff for investigations of the Horse Racing Board if the work involved in identifying horses is not extended and if the investigation program is centered on activities at the tracks. The records of the Horse Racing Board indicate that it has engaged in many investigations of activities off the tracks, including such activities as "riding the range," using two investigators in an automobile to follow vans transporting horses in order to see that one horse is not substituted for another.

For these reasons, we recommend deletion of the requested new position of one race track investigator at a saving of \$4,512.

It is also noted in the budget that the salary of the secretary for the Horse Racing Board, although it is fixed by statute at \$10,000, is contained in the budget at \$10,750 for 1951-52 and \$10,000 for 1952.53. The salary of this position was contained in the omnibus bill for statutory salary increases at the 1951 Session and was recommended at \$10,000 by the Assembly committee which drafted and introduced the bill and after various amendments was enacted at the rate of \$10,000 in that bill. Acting under authority of special provisions in Chapter 1266, Statutes of 1951, by executive order of the Director of Finance, this position was increased to \$10,750. Under the terms of this special act, this increased salary cannot be extended beyond the fiscal year without specific legislative authorization, and it is for that reason that the salary appears in the budget at \$10,000 for next year.

Operating Expense

The chief items of increase under operating expense are for printing, legal advertising, travel and photographic supplies. We recommend approval of the amounts budgeted for printing and for legal advertising, since these will provide for printing and publication of the revised rules of the Horse Racing Board. These are long overdue and should be revised and made available. *We recommend a reduction of \$1,500 in the amount budgeted for staff travel (Budget page 733, line 77). This is travel in connection with the position of race track investigator recommended for deletion.*

The budget proposes an increase from \$300 to \$1,699 for photographic supplies. This is mainly for identification of horses. During the Fiscal Year 1950-51, the records of the Horse Racing Board indicate that the number of photographs made by staff of the Horse Racing Board were as follows:

Identification of horses	11,190
Bureau of Identification	624
Photographs of licensees (six months)	864

In our opinion, as stated in connection with the proposed new position of track investigator, responsibility for identification of horses at the tracks lies squarely upon the track management, and the Horse Racing Board has ample authority under the statute and through its rules to withhold the license of any racing association or the employee of the tracks who violates the law or rules of the commission. We believe that the Horse Racing Board need not accept complete responsibility for identifying all horses which are entered in races if it takes steps to hold the racing associations and their employees strictly accountable for these functions.

Equipment

The proposed budget for equipment includes \$1,825 for a new panel truck to be used by the agency in transporting its files, records, and equipment from track to track during the racing seasons. We recommend approval of this purchase.

GENERAL SUMMARY

By the adoption of rules effective January 1, 1952, the Horse Racing Board has increased the license fees for various categories of individuals, employees, and officials of the tracks. The change in these fees is estimated to increase revenues from individual licenses from an estimated \$20,000 to \$30,000 annually. This will bring the revenue from this source more nearly in line with costs of the Horse Racing Board in performing its license function.

By legislation enacted at the 1951 General Session of the Legislature, having the effect of permitting quarter horse racing, the number of days of racing required to be supervised by the board will be increased for 1952-53.

Chapter 506, Statutes of 1951, amended the Horse Racing Law to provide that amounts representing unclaimed tickets shall go, after 90 days, directly to the General Fund of the State rather than to the Special Deposit Fund for a period of two years and then to the General Fund. This change in the law accounts for the temporary increase in revenue from this source for the current and for the next fiscal year. Thereafter, it is expected that the state revenue from this source will be in line with annual experience at the rate of \$150,000 to \$200,000.

Total state revenue from horse racing and the disposition of this revenue by fund for fiscal years from 1945-46 are shown in the following table:

State Revenue From Horse Racing

	<i>Total pari-mutuel pool</i>	<i>Fair and Exposition Fund</i>	<i>State College Fund</i>	<i>Wildlife Restoration Fund</i>	<i>Capital Outlay and Savings Fund</i>	<i>General Fund</i>	<i>Total state revenue</i>
1945-46	\$414,094,075	\$16,585,164	---	---	---	\$6,172,894	\$22,758,058
1946-47	349,664,050	14,005,562	---	---	---	5,075,238	19,080,800
1947-48	356,923,225	14,287,884	\$816,252	\$3,000,000	---	2,073,313	20,177,449
1948-49	303,017,750	12,138,675	988,674	3,000,000	---	1,165,150	17,292,499
1949-50	284,127,592	11,384,103	694,106	3,000,000	---	345,644	15,423,853
1950-51	288,625,822	11,565,792	889,179	---	---	3,809,125	16,264,096
1951-52 (Est.)	331,494,638	13,289,786	861,358	1,000,000	\$1,000,000	2,207,681	18,358,825
1952-53 (Est.)	300,094,128	12,033,765	896,806	1,000,000	1,000,000	2,042,888	16,973,459

Percent of Total Revenue

1945-46	72.9%	---	---	---	---	27.1%	100.0%
1946-47	73.4	---	---	---	---	26.6	100.0
1947-48	70.8	4.0%	---	14.9%	---	10.3	100.0
1948-49	70.2	5.7	---	17.4	---	6.7	100.0
1949-50	73.8	4.5	---	19.5	---	2.2	100.0
1950-51	71.1	5.5	---	---	---	23.4	100.0
1951-52 (Est.)	72.4	4.7	---	5.4	5.4%	12.0	100.0
1952-53 (Est.)	70.9	5.3	---	5.9	5.9	12.0	100.0