

THE STATE HORSE RACING COMMISSION MEETING MINUTES

OCTOBER 10, 2023

A Special Public Budget Meeting/Work Session of The State Horse Racing Commission was held at the following date, place and time: In-Person, PDA Room 202 and Via Microsoft Teams on Tuesday, October 10, 2023 at 10:30 A.M.

Commissioners in attendance: Chairperson Redding, Darryl Breniser, Edward Rogers and Michele Ruddy were present in Room 202. Tom Ellis, Salvatore DeBunda, Dr. Egloff, Robert Lark, Russell Jones and Dr. Sweeney were present via Microsoft Teams. Also present were Standardbred Bureau Director Anthony Salerno, Thoroughbred Bureau Director Thomas Chuckas and Legal Counsel Jorge Augusto.

ANNOUNCEMENTS

A quorum of the Commission being present, Chairperson Redding called the meeting to order. Chairperson Redding noted that the meeting was properly advertised in accordance with the Sunshine Law.

Chairperson Redding welcomed everyone.

PUBLIC MEETING:

PRESENTATION

1.) SFY 2024/25 PROPOSED (DRAFT) BUDGET

- Tracee Gotwalt, CPA, Director, Division of Budget and Finance presented the SFY 24/25 proposed budget providing a detailed line-item analysis. Ms. Gotwalt first covered the Racing Commission Budget followed by the Testing Budget. Ms. Gotwalt addressed two main items in the Commission budget. Personnel costs were projected at \$6 million which is a \$650,000 increase over SFY 23/24. The major impact was the new union contract with AFSCME which provided a substantial increase in compensation and benefits to the members. The second area was IT which reflected a \$175,000 increase compared to SFY 23/24 but was similar to the actual expenditures for SFY 22/23. IT may be overstated since the SFY 22/23 actuals contained a complete refresh and replacement of computers and equipment for the Bureau. The Commission's projected budget for SFY 24/25 is \$7,680,000 which is \$930,000 greater than SFY23/24. Commissioner Rogers made two key points: First, the budget request being discussed is for "spending authority" not just what the Commission expects to spend, but what the Commission is allowed to spend. Commissioner Rogers' second point was that the Commission should compare the SFY 24/25 budget to the SFY 22/23 actual expenditures as opposed to the SFY 23/24 budget. This would provide a more accurate comparison. The Commission asked additional questions and requested clarification on multiple items.

Ms. Gotwalt proceeded to present the Testing budget for SFY 24/25. First, she provided an overview of the funding for the Testing program. Testing receives funding from two sources, the 50% carry-over balance from the previous year's

surplus and the transfer of \$10,066,000 from the RHDTF. There were two main items in the presentation that were addressed. The first was Personnel costs of \$5 million which was \$628,000 greater than SFY 23/24, which was the result of the new AFSCME union agreement. The second was UPENN expenses. The UPENN presentation was deferred to Dr. Robinson later in the meeting. The total Testing cost was \$14,845,000 which is \$2.8 million greater than the SFY 23/24 budget. Ms. Gotwalt's final point was that the \$10,066,000 RHDTF transfer has been flat since 2016 and if the SFY 24/25 proposed spending authority was established an increase in the RHDTF transfer would be required. Ms. Gotwalt estimates an increase of approximately \$3 million will be required going forward.

- Dr. Robinson, Director Penn Vet Equine Pharmacology Lab, Acting Director of PETRL presented the UPENN Budget which is a line item in the overall Testing Budget. The proposed UPENN budget request is for \$7,500,000 which was significantly impacted by implementation of HISA/HIWU. The majority of the \$1.6 million increase is due to the compliance with HISA/HIWU regulations and the additional testing requirements to meet the HISA/HIWU regulatory standards. The increase in Personnel costs can be attributed to two main factors: The first is the addition of six new positions to meet the HIWU testing requirements; The second is the University adjusted its salary structure to be competitive in the marketplace. Operational expenses are up about 30% due to the increase in Lab supply costs for increased supplies needed to perform additional tests for HIWU. UPENN has doubled the number of tests on all TB post-race samples due to the HIWU protocols with new substances added to the testing. By way of example, TCO2 tests have increased from 150 tests to 3000 tests. There are additional hair testing requirements specifically for fatalities. In addition, there are new tests that were developed to meet HIWU regulatory requirements. The Commissioners inquired on multiple topics relating to Testing which Dr Robinson addressed.

Chairperson Redding advised the audience that the SFY 2024/25 Proposed Budget would be the sole agenda item at the Commission's October 10, 2023 Special meeting at 2:00 P.M. that afternoon and advised the Commission would take administrative action on the SFY 24/25 Proposed Budget.

No other Commission matters were on the agenda for this meeting.

ADJOURNMENT

The meeting was adjourned at 11:45 A.M.

Respectfully submitted,

Thomas F. Chuckas Jr.
Bureau Director
Bureau of Thoroughbred Horse Racing

Anthony Salerno
Bureau Director
Bureau of Standardbred Racing