

KANSAS RACING AND GAMING COMMISSION

FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	7,996,833	11,147,595	10,261,985	11,745,712	10,376,819
<i>Subtotal</i>	<u>\$ 7,996,833</u>	<u>\$ 11,147,595</u>	<u>\$ 10,261,985</u>	<u>\$ 11,745,712</u>	<u>\$ 10,376,819</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 7,996,833</u>	<u>\$ 11,147,595</u>	<u>\$ 10,261,985</u>	<u>\$ 11,745,712</u>	<u>\$ 10,376,819</u>
Percentage Change:					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	5.6 %	39.4 %	28.3 %	5.4 %	1.1 %
FTE Positions	99.5	120.5	107.5	120.5	107.5

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

In 1986, Kansas voters approved Article 15, Section 3b of the *Kansas Constitution*, which authorizes the regulation, licensing, and taxation of horse and dog racing and parimutuel wagering. The Legislature established the Kansas Racing Commission in 1987 as the entity charged with implementing provisions of the Kansas Parimutuel Racing Act. The Kansas Racing Commission was redesignated as the Kansas Racing and Gaming Commission (KRGC) on July 1, 1996, when the State Gaming Agency was attached for administrative and budgetary purposes. A portion of the budget request reflects the expenditures associated with this agency and the oversight of tribal casinos. The 2007 Legislature expanded the authority of KRGC by assigning regulatory duties with respect to expanded gaming activities defined in 2007 SB 66 and by appropriating expenditures from the Expanded Lottery Act Regulation Fund for staffing. The agency’s budget includes the following three programs:

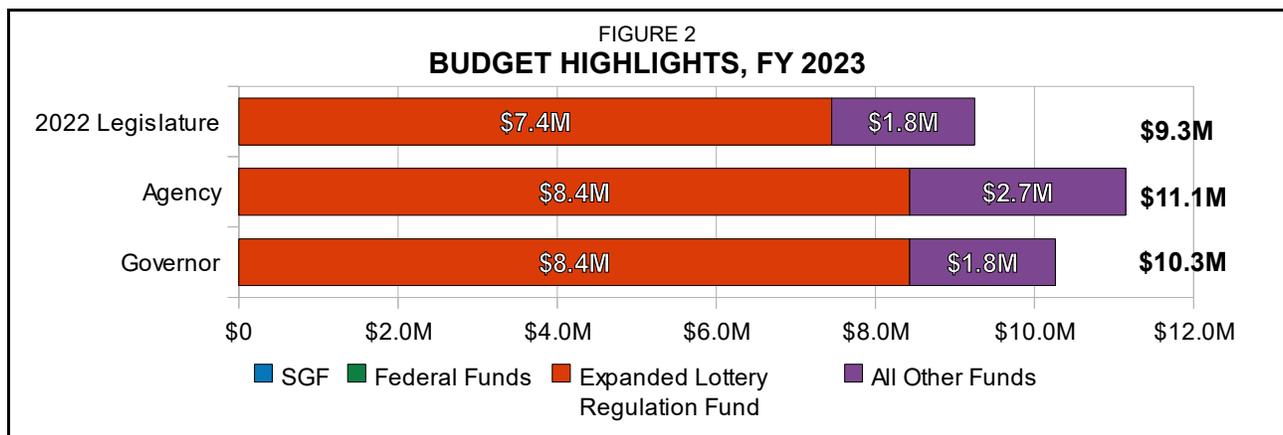
- **EXPANDED GAMING REGULATION PROGRAM.** The Kansas Racing and Gaming Commission regulates each gaming facility, including oversight of internal controls, security, and background checks and auditing gaming facility revenues. The Kansas Expanded Lottery Act requires lottery and racetrack gaming facility managers to pay for all costs of oversight and regulation:
 - **GAMING REGULATION SUBPROGRAM.** The Gaming Regulation Subprogram provides internal support and monitors compliance with gaming operations rules and regulations. Enforcement agents investigate alleged violations of gaming statutes and regulations and conduct background investigations of licensees;

- **RESPONSIBLE GAMING SUBPROGRAM.** The Responsible Gaming Subprogram administers the voluntary exclusion program for people with gambling problems in the state of Kansas. The subprogram also audits and approves each lottery gaming facility’s responsible gaming plan and ensures the facility’s advertising satisfies KRGC regulations; and
- **ILLEGAL GAMING SUBPROGRAM.** The Illegal Gaming Subprogram focuses on the reduction and elimination of illegal gaming activity.
- **PARIMUTUEL GAMING PROGRAM.** KRGC administers provisions of the Parimutuel Racing Act and serves as the regulatory entity for horse and greyhound racing. Although there currently are no operating racetracks in the state, the KRGC has the authority to issue racing dates, promulgate racing regulations as required to maintain public confidence in the parimutuel wagering system, ensure the safety and welfare of racing animals, monitor the public health and safety at Kansas racetracks, and encourage the growth of the horse and greyhound breeding industry; and
- **TRIBAL GAMING REGULATION PROGRAM.** The 1996 Tribal Gaming Oversight Act created the State Gaming Agency in order to fulfill the duties in the gaming compacts and to enforce the provisions of the compacts and state laws, including general criminal statutes and specific criminal gaming statutes in the Tribal Gaming Oversight Act. The agency performs all necessary background investigations prior to licensing for casino employees, management contractors, manufacturers, and distributors at gaming facilities. In addition, the agency ensures gaming is conducted in accordance with the tribal compacts as well as applicable state and federal laws. The agency’s staff may examine and inspect all tribal gaming facilities as well as the records, books, papers, machines, equipment, electronic records, surveillance and security tapes, and logs.

Four casinos have been opened in Kansas under provisions of the compacts: the Kickapoo Nation of Kansas casino, located on the tribe’s land in southern Brown County, east of U.S. 75 on K-20; the Prairie Band Potawatomi Nation casino, located on tribal land in Jackson County off U.S. 75; the Sac and Fox Nation of Missouri casino in Brown County on U.S. 75; and the Iowa Tribe of Kansas and Nebraska casino near White Cloud in the northeast corner of the state.

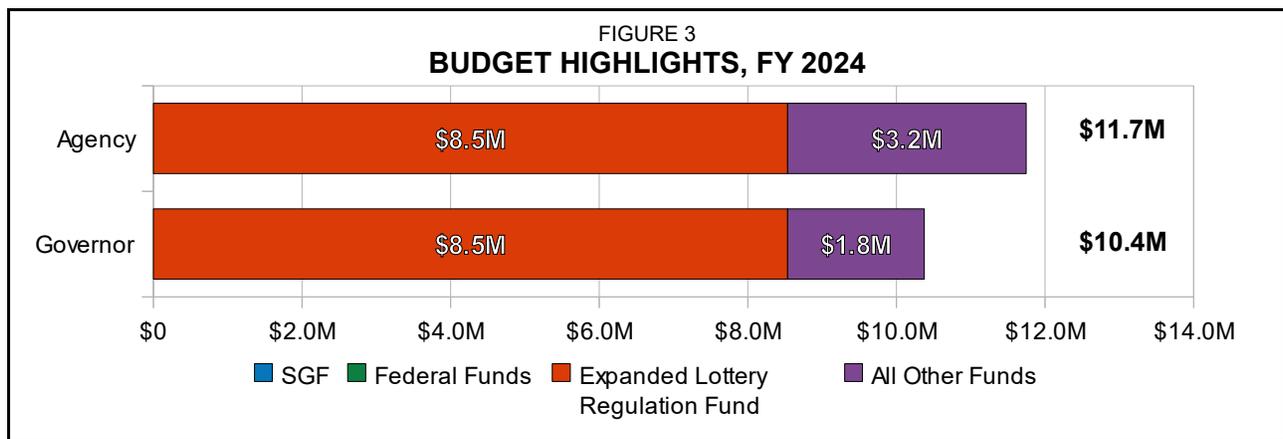
EXECUTIVE SUMMARY

The 2022 Legislature approved a budget of \$9.3 million, all from special revenue funds, for the Kansas Racing and Gaming Commission for FY 2023. No adjustments have been made subsequently to that amount.



The **agency** submits a revised estimate of \$11.1 million, all from special revenue funds, and 120.5 FTE positions in FY 2023. This is an increase of \$1.9 million, or 20.5 percent, above the FY 2023 approved amount. The increase is primarily attributable to the agency's supplemental request for for the regulation of historical horse racing machines at a racetrack facility in Sedgwick County (\$885,610 and 13.0 FTE positions) and \$1.0 million to fund the 8.0 FTE positions approved by the 2022 Legislature for FY 2023 to regulate sports wagering and historical horse race machines. Of these positions, 2.0 FTE positions would be assigned to regulate sports wagering at tribal casinos if any tribe enters into a sports wagering compact with the State. These expenditures support the implementation of 2022 SB 84 concerning sports wagering.

The **Governor** recommends \$10.3 million, all from special revenue funds, and 107.5 FTE positions in FY 2023. This is a decrease of \$885,610, or 7.9 percent, and 13.0 FTE positions below the agency's FY 2023 revised estimate. The funding and FTE position decreases are due to the Governor not recommending the agency's historical horse racing supplemental request in FY 2023.



The **agency** requests \$11.7 million, all from special revenue funds, for FY 2024. This is an increase of \$598,117, or 5.4 percent, above the FY 2023 revised estimate. The increase is primarily attributable to the continued request for funding of 13.0 FTE positions to regulate historical horse racing machines (\$483,283). This amount includes expenditures for salaries and wages (\$415,283), contractual services (\$160,000), and commodities (\$8,000), and is partially offset by a decrease in capital outlay expenditures (\$100,000).

The **Governor** recommends \$10.4 million, all from special revenue funds, and 107.5 FTE positions in FY 2023. This is a decrease of \$1.4 million, or 11.7 percent, and 13.0 FTE positions below the agency's FY 2024 request. The funding and FTE position decreases are due to the Governor not recommending the agency's historical horse racing enhancement request for FY 2024.

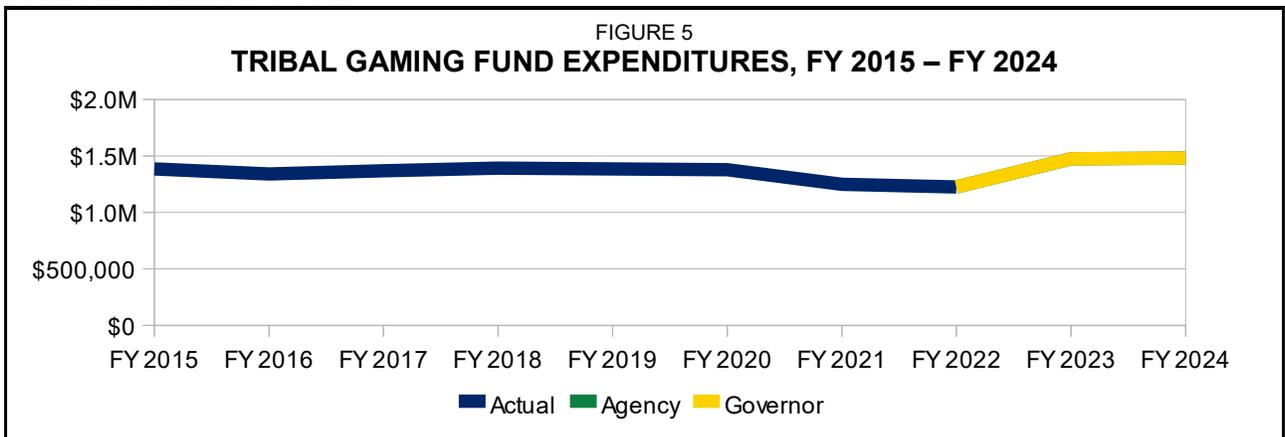
The Governor's recommendation includes the addition of language that would allow the Racing Operations Program to charge parimutuel licensees the initial start-up costs and regulation costs for this industry in the event that any parimutuel racetracks are reopened for FY 2024.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2024

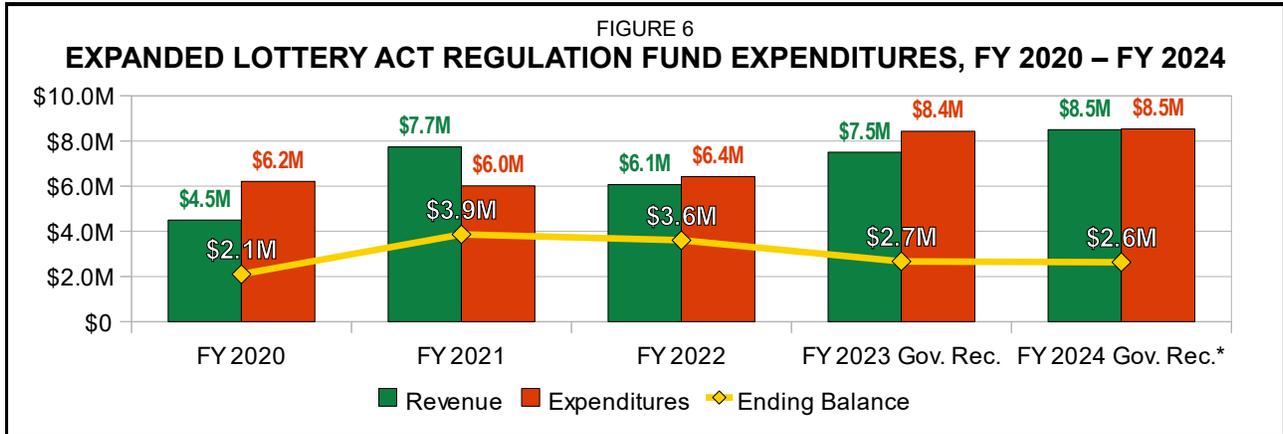
Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Salaries and Wages	\$ 6,785,281	\$ 8,779,439	\$ 8,231,429	\$ 9,309,556	\$ 8,346,263
Contractual Services	996,932	1,741,286	1,581,286	1,956,286	1,636,286
Commodities	73,103	212,220	184,620	240,220	204,620
Capital Outlay	141,517	414,650	264,650	239,650	189,650
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<i>\$ 7,996,833</i>	<i>\$ 11,147,595</i>	<i>\$ 10,261,985</i>	<i>\$ 11,745,712</i>	<i>\$ 10,376,819</i>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<i>\$ 7,996,833</i>	<i>\$ 11,147,595</i>	<i>\$ 10,261,985</i>	<i>\$ 11,745,712</i>	<i>\$ 10,376,819</i>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	\$ 7,996,833	\$ 11,147,595	\$ 10,261,985	\$ 11,745,712	\$ 10,376,819
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Tribal Gaming Fund	1,226,584	1,473,092	1,473,092	1,481,267	1,481,267
Expanded Lottery	6,421,348	8,431,920	8,431,920	8,535,921	8,535,921
Regulation Fund					
Gaming Background	345,630	348,917	348,917	351,549	351,549
Enforcement Fund					
Illegal Gambling	-	4,200	4,200	4,200	4,200
Enforcement Fund					
State Racing Fund	3,271	889,466	3,856	1,372,775	3,882
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
TOTAL	\$ 7,996,833	\$ 11,147,595	\$ 10,261,985	\$ 11,745,712	\$ 10,376,819
FTE Positions	99.5	120.5	107.5	120.5	107.5

TRIBAL GAMING FUND



The Tribal Gaming Fund is funded by assessments paid three times a year by the four tribal casinos. On July 1 of each fiscal year, the State Gaming Agency receives \$450,000, all from the State General Fund (SGF), to cover operational costs for July, August, and September before the first assessments are submitted from the tribes in September. As revenues become available, the SGF cash advance is repaid within the same fiscal year.

EXPANDED LOTTERY ACT REGULATION FUND



* For FY 2024, the lowest month ending balance for the Expanded Lottery Act Regulation Fund will occur in April, with a balance of \$1.7 million.

The Expanded Lottery Act stipulates the cost of regulation is to be incurred by the lottery gaming facility managers. Revenue to the Expanded Lottery Act Regulation Fund includes billings and payments from the currently operating state-owned casinos for KRGC's direct and indirect costs associated with the operations of the casinos. Payments are received in advance of expenditures on a quarterly billing cycle.

FY 2023 ANALYSIS

FIGURE 7
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF		Special Revenue Funds	All Funds	FTE
Legislative Approved:					
Amount Approved by 2022 Legislature	\$	-	\$ 9,250,384	\$ 9,250,384	107.5
1. No changes		-	-	-	--
<i>Subtotal—Legislative Approved</i>	\$	-	\$ 9,250,384	\$ 9,250,384	107.5
Agency Revised Estimate:					
2. Supplemental—Historical Horse Racing	\$	-	\$ 885,610	\$ 885,610	13.0
3. All Other Adjustments		-	1,011,601	1,011,601	--
<i>Subtotal—Agency Revised Estimate</i>	\$	-	\$ 11,147,595	\$ 11,147,595	120.5
Governor’s Recommendation:					
4. Supplemental—Historical Horse Racing – Not Recommended		-	(885,610)	(885,610)	(13.0)
TOTAL	\$	-	\$ 10,261,985	\$ 10,261,985	107.5

LEGISLATIVE APPROVED

Subsequent to the 2022 Session, No adjustments were made to the \$9.3 million appropriated to the Kansas Racing and Gaming Commission for FY 2023.

- 1. NO CHANGES.** No adjustments were made to the \$9.3 million appropriated for FY 2023.

AGENCY ESTIMATE

The **agency** submits a revised estimate of \$11.1 million, all from special revenue funds, and 12.5 FTE positions in FY 2023. This is an increase of \$1.9 million, or 20.5 percent, and 13.0 FTE positions above the FY 2023 approved amount.

The **agency** estimate includes the following adjustments:

- 2. SUPPLEMENTAL—HISTORICAL HORSE RACING.** The agency requests \$885,610 in supplemental funding and an additional 13.0 FTE positions for the regulation of historical horse racing machines at a racetrack facility in Sedgwick County in FY 2023. This amount includes expenditures for salaries and wages (\$592,439); background database fees, communication, and travel expenditures (\$160,000); office supplies (\$27,600); and expenditures for database, firewalls, servers, computer stations, and a fingerprinting system (\$150,000).

The 13.0 FTE positions include nine on-site law enforcement officers, an attorney, a corporate background officer, an on-site licensing officer, and an auditor.

- 3. ALL OTHER ADJUSTMENTS.** The FY 2023 revised estimate includes a \$1.0 million increase to fund personnel to regulate sports wagering and historical horse race machines in FY 2023. The 2022 Legislature approved 8.0 FTE positions but did not include a corresponding funding appropriation for the positions. Of these positions, 2.0 FTE positions would be assigned to regulate sports wagering at tribal casinos if any tribe enters into a sports wagering compact with the State. These expenditures support the implementation of 2022 SB 84 concerning sports wagering.

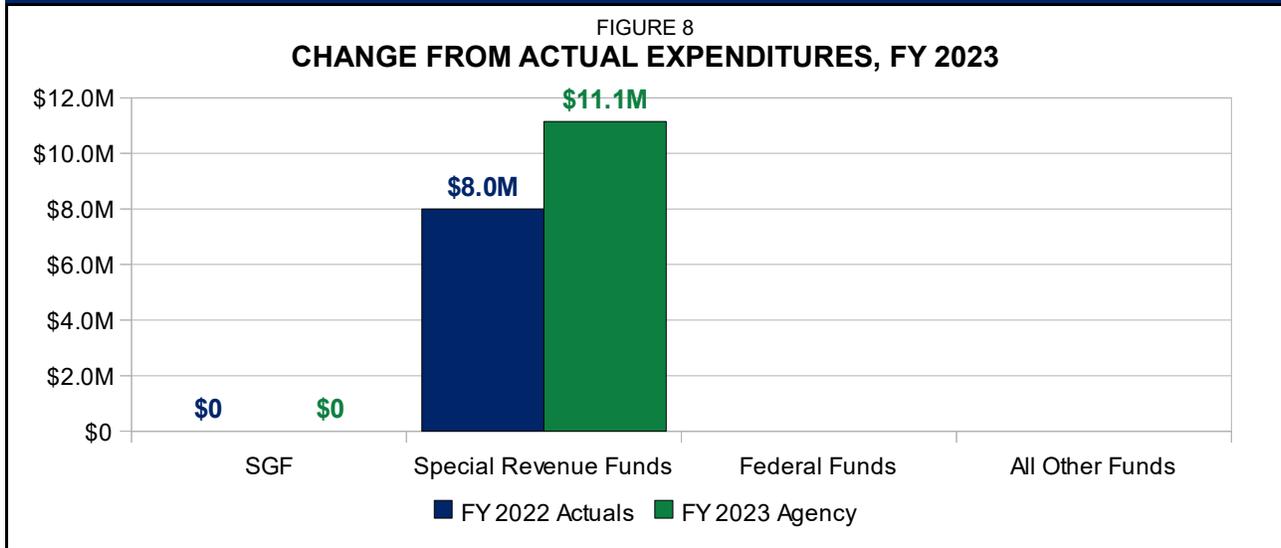
GOVERNOR'S RECOMMENDATION

The **Governor** recommends \$10.3 million, all from special revenue funds, and 107.5 FTE positions in FY 2023. This is a decrease of \$885,610, or 7.9 percent, and 13.0 FTE positions below the agency's FY 2023 revised estimate.

The **Governor's** recommendation includes the following adjustments:

4. **SUPPLEMENTAL–HISTORICAL HORSE RACING – NOT RECOMMENDED.** The Governor does not recommend adoption of the agency's supplemental request for \$885,610, all from special revenue funds, and 13.0 FTE positions for the regulation of historical horse racing machines at a racetrack facility in Sedgwick County in FY 2023 (Item 2).

FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$11.1 million, all from special revenue funds, in FY 2023. This is an increase of \$3.2 million, or 39.4 percent, above the FY 2022 actual amount. This increase is primarily attributable to funding 8.0 FTE positions that were approved by the 2022 Legislature (6.0 FTE positions in Expanded Gaming Regulation Program, and 2.0 FTE positions in Tribal Gaming Regulation Program), to regulate sports wagering in the state and the 5.0 percent state employee pay plan increase in FY 2023. Additionally, the increase is also attributable to the agency request for supplemental funding for historical horse racing regulation (\$885,610) in FY 2023.

FY 2024 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2023	\$ -	\$ 11,147,595	\$ 11,147,595	120.5
Agency Request:				
1. Enhancement–Historical Horse Racing	-	483,283	483,283	--
2. All Other Adjustments	-	114,834	114,834	--
<i>Subtotal–Agency Estimate</i>	\$ -	\$ 11,745,712	\$ 11,745,712	120.5
Governor’s Recommendation:				
3. Enhancement–Historical Horse Racing – Not Recommended	-	(1,368,893)	(1,368,893)	(13.0)
4. Add Language-Parimutuel Regulation Costs	-	-	-	--
TOTAL	\$ -	\$ 10,376,819	\$ 10,376,819	107.5

AGENCY REQUEST

The **agency** requests \$11.7 million, all from special revenue funds, and 120.5 FTE positions for FY 2024. This is an increase of \$598,117, or 5.4 percent, above the FY 2023 revised estimate.

The **agency** request includes the following adjustments:

- 1. ENHANCEMENT–HISTORICAL HORSE RACING.** The agency requests an additional \$483,283 for continued funding of 13.0 FTE positions to regulate historical horse racing machines at a racetrack facility in Sedgwick County for FY 2024. This amount includes expenditures for salaries and wages (\$415,283), contractual services (\$160,000), and commodities (\$8,000), and is partially offset by a decrease in capital outlay expenditures (\$100,000).

The starting point for Figure 9 is the Agency Revised Estimate and includes the \$885,610 supplemental request for this program. The amount requested for the program in FY 2024 totals \$1.4 million and includes both the supplemental in the base and \$483,283 in the enhancement. Expenditures included are for salaries and wages (\$1.0 million); background database fees, communication, and travel expenditures (\$320,000); office supplies (\$35,000); and expenditures for databases, firewalls, servers, computer stations, and a fingerprinting system (\$50,000).

- 2. ALL OTHER ADJUSTMENTS.** The agency request includes a \$114,834 increase in a variety of other expenditure categories, including employer contributions for group health insurance (\$94,545 increase).

GOVERNOR’S RECOMMENDATION

The **Governor** recommends \$10.4 million, all from special revenue funds, and 107.5 FTE positions in FY 2023. This is a decrease of \$1.4 million, or 11.7 percent, and 13.0 FTE positions below the agency's FY 2024 request.

The **Governor's** recommendation includes the following adjustments:

3. **ENHANCEMENT–HISTORICAL HORSE RACING – NOT RECOMMENDED.** The Governor does not recommend adoption of the agency's enhancement request for \$1.4 million, all from special revenue funds, and 13.0 FTE positions for regulation of historical horse racing machines at a racetrack facility in Sedgwick County for FY 2024 (Item 1).
4. **ADD LANGUAGE–PARIMUTUEL REGULATION COSTS.** The Governor's recommendation adds language that would allow the Racing Operations Program to charge parimutuel licensees the initial start-up costs and regulation costs for this industry in the event that any parimutuel racetracks are reopened for FY 2024. The funding would be used to regulate historical horse race machines.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

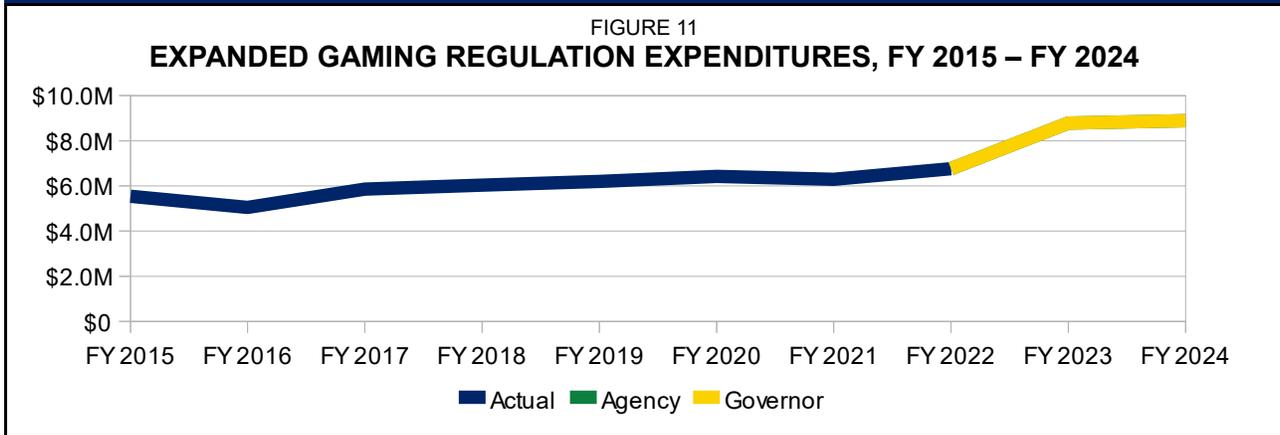
FIGURE 10
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024

Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Expenditures:					
Tribal Gaming	\$ 1,226,584	\$ 1,473,092	\$ 1,473,092	\$ 1,481,267	\$ 1,481,267
Gaming Regulation	6,766,978	8,785,037	8,785,037	8,891,670	8,891,670
Parimutuel Gaming	3,271	889,466	3,856	1,372,775	3,882
TOTAL	\$ 7,996,833	\$ 11,147,595	\$ 10,261,985	\$ 11,745,712	\$ 10,376,819
FTE Positions:					
Tribal Gaming	13.0	15.0	15.0	15.0	15.0
Gaming Regulation	86.4	92.4	92.4	92.4	92.4
Parimutuel Gaming	0.1	13.1	0.1	13.1	0.1
TOTAL	99.5	120.5	107.5	120.5	107.5

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

EXPANDED GAMING REGULATION



STATUTORY BASIS: • KSA 74-8733 through 74-8773

- PROGRAM GOALS:**
- Uphold and promote the integrity of gaming at lottery and racetrack gaming facilities.
 - Protect gaming operations from the influence of individuals or entities seeking to harm the integrity of gaming in Kansas.
 - Protect the State of Kansas and its citizens from criminal activity and other potential issues related to the operation of lottery and racetrack gaming facilities.
 - Investigate complaints and alleged violations of KRGC rules and regulations and applicable state and federal laws.
 - Coordinate with other state agencies and local authorities to reduce and minimize illegal gaming in Kansas.
 - Promote responsible gambling in the state of Kansas.

The Expanded Gaming Regulation program provides regulatory oversight of lottery and racetrack gaming facility managers and their operations in Kansas. There currently are no operating racetrack gaming facilities. There are, however, four lottery gaming facilities: the Northeast Gaming Zone in Wyandotte County houses the Hollywood Casino; the South

Central Gaming Zone located in Sedgwick and Sumner counties houses the Kansas Star Casino; the Southwest Gaming Zone located in Ford County houses the Boot Hill Casino & Resort; and the Southeast Gaming Zone located in Crawford and Cherokee counties houses the Kansas Crossing Casino.

FIGURE 12
EXPANDED GAMING REGULATION, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Percentage of Employee Licenses Denied by the Commission*	0.5 %	1.0 %	0.8 %	2.0 %	2.0 %
2. Number of Voluntary Exclusion Program (VEP) Enrollees Granted Access to Lottery Gaming*	99	80	88	95	95
3. Improper Gaming Outcomes Discovered After Complaint*	-	-	-	-	-
Output Measure:					
4. Number of Criminal Case Reports*	457	340	402	550	550
5. Number of Background Investigations Completed	606	1,247	927	1,260	1,260
6. Number of Slot Machine Inspections	108	204	229	300	300
7. Illegal Gaming Machines Seized*	6	10	18	25	25
8. Illegal Gambling Complaints Received*	145	121	136	157	160
9. Number of New VEP** Enrollments*	174	172	182	180	180
10. EGM Hardware/Software Components Tested and Approved*	1,706	1,626	2,005	2,300	2,400
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	6,275,022	6,766,978		8,785,037	8,891,670
TOTAL	<u>\$ 6,275,022</u>	<u>\$ 6,766,978</u>		<u>\$ 8,785,037</u>	<u>\$ 8,891,670</u>
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(2.4) %	7.8 %		29.8 %	1.2 %
FTE Positions	86.5	86.5		92.4	92.4

* The Governor's Office does not utilize this measure for evaluation purposes.

** Voluntary Exclusion Program

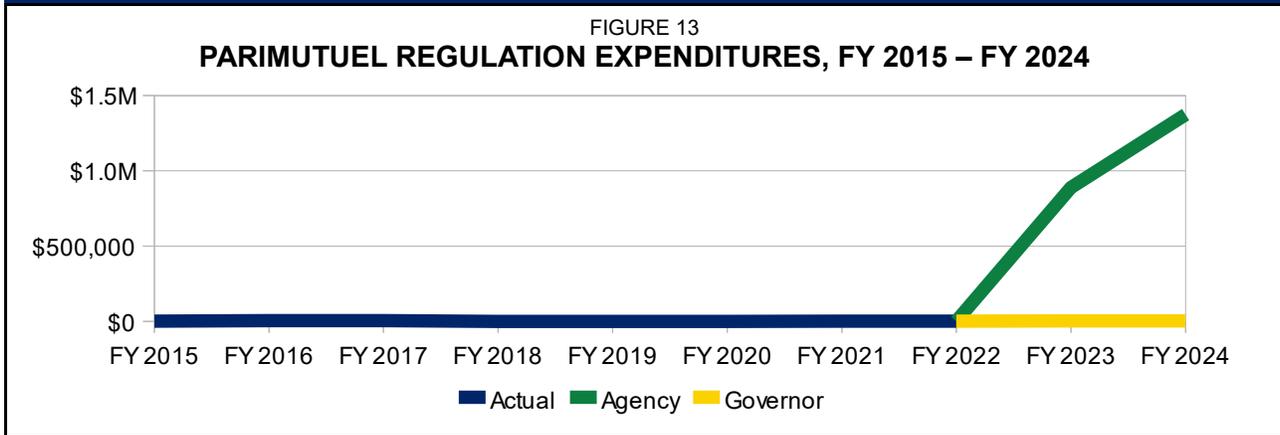
BUDGET ANALYSIS

The **agency** requests \$8.9 million, all from special revenue funds, for the Expanded Gaming Regulation program for FY 2024. This is an increase of \$106,633, or 1.2 percent, above the FY 2023 revised estimate. The increase is attributable to an increase in salaries and wages expenditures, including employer contributions to fringe benefits to fund the additional 6.0 FTE positions approved by

the 2022 Legislature. The program includes 92.5 FTE positions, which is the same number as the FY 2023 revised estimate.

The **Governor** concurs with the agency's request for the Expanded Gaming Regulation program for FY 2024.

PARIMUTUEL REGULATION



STATUTORY BASIS: • KSA 74-8801 through 74-8842

PROGRAM GOALS: • Maintain the integrity of parimutuel wagering systems and protect the public.
• Protect the health, safety, and welfare of the racing animal.

The Parimutuel Regulation program provides oversight for the parimutuel racing industry and racetracks. The Racing and Gaming Commission is the legal authority for such regulation, and staff in this program to carry out the Commission’s policies and procedures.

County. All funding for the program is supported by the State Racing Fund, which is currently being funded by horse registration fees. The agency will continue to administer the Kansas-Bred Registry program.

There currently are no parimutuel racetracks operating in Kansas, but the Kansas Parimutuel Racing Act was revised in 2022 to allow for historical horse racing machines to be utilized by a licensed parimutuel facility in Sedgwick

Currently, there are breeders of horses and greyhounds that continue to register their animals as Kansas-bred. This program ensures breeders are able to register their animals and historic records are maintained.

FIGURE 14
PARIMUTUEL REGULATION, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
There were no performance measures submitted for this program.					
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	2,826	3,271		3,856	3,882
TOTAL	<u>\$ 2,826</u>	<u>\$ 3,271</u>		<u>\$ 3,856</u>	<u>\$ 3,882</u>
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	103.6 %	15.7 %		17.9 %	0.7 %
FTE Positions	0.1	0.1		0.1	0.1

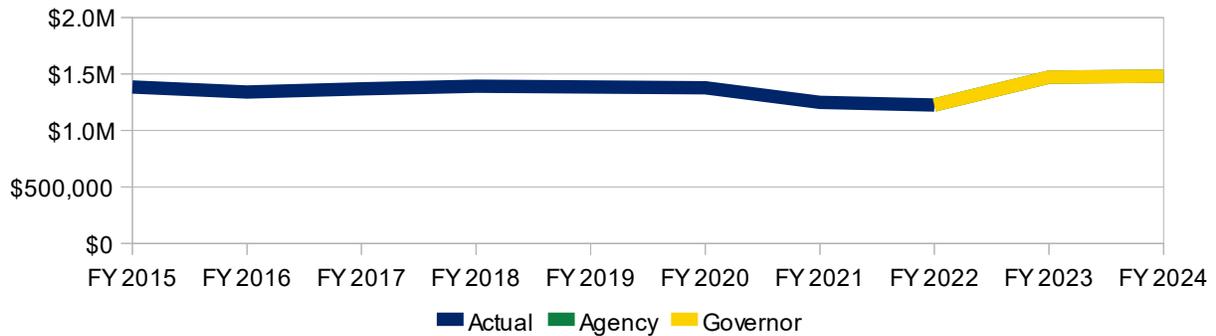
BUDGET ANALYSIS

The **agency** requests \$1.4 million, all from special revenue funds, for the Parimutuel Racing program for FY 2024. This is an increase of \$483,309 above the FY 2023 revised estimate. This increase is primarily attributable to agency's historical horse racing regulation enhancement request (\$483,283 increase). This program includes 13.1 FTE positions, which is the same number as the FY 2023 revised estimate.

The **Governor** recommends \$3,822 and 0.1 FTE positions for the Parimutuel Racing program for FY 2024. This is a decrease of \$1.4 million, or 99.7 percent, and 13.0 FTE positions below the agency's FY 2024 request. The decrease is due to the Governor not recommending the agency's historical horse racing regulation enhancement request.

TRIBAL GAMING

FIGURE 15
TRIBAL GAMING EXPENDITURES, FY 2015 – FY 2024



STATUTORY BASIS: • KSA 74-9801 through 74-9809

- PROGRAM GOALS:**
- Ensure compliance with the four tribal-state compacts and the Tribal Gaming Oversight Act and that gaming is conducted in accordance with said compacts and applicable state and federal laws.
 - Protect the state of Kansas and its citizens from criminal activity in the Tribal gaming arena.
 - Ensure accurate and complete information is provided to the different tribal gaming commissions for licensing purposes and review all licensing decisions to ensure compliance.
 - Conduct thorough background investigations on all gaming employees, management contractors, manufacturers, and distributors of gaming devices seeking licensure at gaming facilities located in the state.
 - Investigate any alleged violations of the tribal-state compacts and the Tribal Gaming Oversight Act.

The Tribal Gaming program is responsible for the oversight, monitoring, and compliance of class III gaming conducted pursuant to the four tribal-state compacts and the Tribal Gaming Oversight Act. The program ensures gaming is conducted in accordance with compacts and applicable state and federal laws, protects citizens from criminal activity in the tribal

gaming arena, ensures accurate and complete information is provided to the different tribal gaming commissions for licensing purposes, conducts background investigations, and can review all licensing and disciplinary actions and reports of noncompliance with the tribal-state compacts.

FIGURE 16
TRIBAL GAMING, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Average Days to Complete Background Investigations*	31	31	34	31	31
2. Average Days to Preliminary Suitability*	2.3	2	2	2	2
Output Measure:					
3. Number of Internal Control Inspections*	1,903	1,874	2,031	2,000	2,000
4. Number of Background Investigations	487	411	443	470	470
5. Number of Slot Machine Inspections	255	339	304	400	400
6. Number of Compliance Inspections*	183	190	277	200	200
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	1,249,657	1,226,508		1,473,092	1,481,267
TOTAL	<u>\$ 1,249,657</u>	<u>\$ 1,226,508</u>		<u>\$ 1,473,092</u>	<u>\$ 1,481,267</u>
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(9.4) %	(1.9) %		20.1 %	0.6 %
FTE Positions	13.0	13.0		15.0	15.0

*The Governor's Office does not utilize this measure for evaluation purposes.

BUDGET ANALYSIS

The **agency** requests \$1.5 million, all from special revenue funds, for the Tribal Gaming program for FY 2024. This is an increase of \$8,175, or less than 0.1 percent, above the FY 2023 revised estimate. The increase is attributable to an increase in salaries and wages expenditures for employer contributions to fringe benefits including group health insurance for the 2.0 FTE positions assigned to regulate sports wagering at tribal casinos if any tribe enters into a sports wagering compact with the State, which were approved by the 2022 Legislature. This program includes 15.0 FTE positions, which is the same number as the FY 2023 revised estimate number.

The **Governor** concurs with the agency's request for the Tribal Gaming program for FY 2024.