

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5543

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Beyer
Carrier – Senate: Sen. Nelson**

Action: Do Pass

Vote: 22 – 1 – 2

House – Yeas: Beyer, Buckley, Cowan, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Whisnant
– Nays: Thatcher
– Exc: Freeman

Senate – Yeas: Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters
– Nays:
– Exc: Bates

Prepared By: Michael A. Kennedy, Department of Administrative Services

Reviewed By: Kim To, Legislative Fiscal Office

Meeting Date: May 6, 2011

Agency

Oregon Racing Commission

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2011-13

Budget Summary

	2009-11 Legislatively Approved Budget (1)	2011-13 Current Service Level	2011-13 Governor's Budget	2011-13 Committee Recommendation	Committee Change from 2009-11 Leg Approved	
					\$ change	% change
Other Funds	5,941,351	6,365,833	5,241,417	5,241,417	(699,934)	-11.8%

Position Summary

Authorized positions	16	16	15	15	(1)
Full-time equivalent positions (FTE)	14.52	14.52	13.27	13.27	(1.25)

(1) Includes adjustments through March 2011

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Racing Commission was created in 1933 to regulate the pari-mutuel industry in Oregon. The Commission regulates all aspects of horse racing where pari-mutuel wagering is conducted, including both on track and off-track wagering facilities. The agency’s budget consists entirely of Other Funds, supported by revenue derived from the state’s share of wagering receipts, license fees, and licensee fines.

The state’s share of total bets made at horse racing tracks and on simulcast horse races is 1 percent. The Commission also regulates Multi-jurisdictional Simulcasting and Interactive Wagering Totalizator Hub (Hubs) located in the state; up to one quarter of one percent of all Hub wagers are collected by the Commission. Statutorily, one third of these revenues are transferred to the state General Fund, with the remaining two thirds going to the agency’s Racing Development Fund to be used for the benefit of the Oregon pari-mutuel racing industry.

The budget approved by the Subcommittee leaves an ending balance of \$636,835, which is equivalent to 2.9 months of operating expenses.

Summary of Transportation/Economic Development Subcommittee Action

The Oregon Racing Commission oversees live horse racing at Portland Meadows Racetrack and at five county fair race sites. The agency also regulates horse racing occurring at off-track betting sites and through wagering Hubs. The Commission's goals include promoting horse racing in Oregon while ensuring the integrity of the sport as well as the safety of the contestants, public, and animals. Regulatory activities of the Commission include licensing, inspections, and investigations of irregularities.

The Subcommittee approved a budget of \$5,241,417 Total Funds and 15 positions (13.27 FTE). This is an 11.8 percent reduction from the 2009-11 Legislatively Approved Budget.

The subcommittee approved packages #086 and #087 reflecting a reduction of \$230,625, eliminating standard inflation for Services and Supplies in the agency and reducing Personal Services by 5.5 percent. It is assumed that collective bargaining and policy decisions related to compensation will facilitate the Personal Service reductions.

The subcommittee approved package 070 – Revenue Short Fall, reflecting a reduction of \$893,791. The purpose of this package is to reconcile expenditures with available revenues. Included in the reductions is one Public Service Representative position whose responsibilities will be absorbed by other staff. In addition, a Racing Worker position is being scaled back to 0.75 FTE to adjust to available workload. As a result of efficiencies achieved by the agency, these actions will not materially affect the working of the agency. Finally, as a result of declining hub revenues, distributions to various associations are reduced in this package. The impact will be reduced funds available to promote local race meets.

The subcommittee approved package 101, which increases the annual license fee for race meet participants from \$10 to \$20. Fees have not been raised since they were originally implemented in 1979. The Commission anticipates an increase of \$50,000 in revenues.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5543

Oregon Racing Commission
 Michael A. Kennedy (503) 373-0083

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$0	\$0	\$5,941,351	\$0	\$0	\$0	\$5,941,351	16	14.52
2011-13 ORBITS printed Current Service Level (CSL)*	\$0	\$0	\$6,365,833	\$0	\$0	\$0	\$6,365,833	16	14.52
2011-13 Governor's Recommended Budget *	\$0	\$0	\$5,241,417	\$0	\$0	\$0	\$5,241,417	15	13.27
<u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u>									
The Subcommittee made no changes									
TOTAL ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$0	\$0	\$5,241,417	\$0	\$0	\$0	\$5,241,417	15	13.27
% Change from 2009-11 Leg Approved Budget	0.0%	0.0%	-11.8%	0.0%	0.0%	0.0%	-11.8%	-6.3%	-8.6%
% Change from 2011-13 Current Service Level	0.0%	0.0%	-17.7%	0.0%	0.0%	0.0%	-17.7%	-6.3%	-8.6%
% Change from 2011-13 Governor's Recommended Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

* Excludes Capital Construction Expenditures

Legislatively Adopted 2011-2013 Key Performance Measures

Agency: RACING COMMISSION

Mission: The Mission of the Oregon Racing Commission is to regulate and to facilitate all aspects of the pari-mutuel industry in the State of Oregon for the benefit of the citizenry, the licensees, the participants and the State of Oregon.

Legislatively Adopted KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - Animal Safety: Number of horses euthanized by the Oregon Racing Commission veterinarian due to catastrophic injury occurring during racing per every 1,000 starters.		Approved KPM	3.16	1.50	1.50
2 - License Turnaround Time: Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check.		Approved KPM	5.00	5.00	5.00
3 - Excellent Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM	94.00	75.00	75.00
3 - Excellent Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM	95.00	75.00	75.00
3 - Excellent Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM	94.00	75.00	75.00
3 - Excellent Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM	94.00	75.00	75.00
3 - Excellent Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM	94.00	75.00	75.00

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3 - Excellent Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM	94.00	75.00	75.00
4 - Best Practices: Percent of total best practices met by the Board.		Approved KPM	100.00	100.00	100.00

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the agency's four key performance measures without changes from the 209-11 measures and targets

Sub-Committee Action:

Sub-Committee approved LFO recommendations.