
MEMORANDUM

Legislative Fiscal Office
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To: *Members of the Transportation and Economic Development Subcommittee*

From: *Michelle Deister, Legislative Fiscal Office
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Date: April 29, 2013

Subject: *Oregon Racing Commission, HB 5044
Work Session Recommendations*

Agency Name – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	0	0	0	0
Lottery Funds	0	0	0	0
Other Funds	5,076,400	5,192,629	5,442,748	5,836,187
Federal Funds	0	0	0	0
Total Funds	\$5,076,400	\$5,192,629	\$5,442,748	\$5,836,187
Positions	16	15	15	15
FTE	14.52	13.27	13.27	13.27

Attached are the recommendations from the Legislative Fiscal Office for the *Oregon Racing Commission*. It contains the following:

- The Legislative Fiscal Office is recommending an Other Funds budget of \$5,836,187 Other Funds and 15 positions (13.27 FTE).
 - The recommendation includes approval of the 2013-15 budget for the Oregon Racing Commission as proposed by the Governor; and
 - \$450,000 in additional expenditure limitation to support 2013-15 race meet activities, funded through the license fees and taxes of a new Advance Deposit Wagering Company and through agency ending balance funds.
- Recommendations related to performance measures are attached in the report titled 2013-15 Legislatively Proposed Key Performance Measures, and include targets for measures 1, 2 and 4.

Adjustments to Current Service Level:

Adjustments to the current service level include standard inflation adjustments (Package 030).

Policy Option Packages recommended for approval include the following:

- PERS adjustments attributable to the passage of SB 822 to reduce employer contribution rates (Packages 092 and 093). See pages 3 and 4 of the attached “Work Session Presentation Report” dated 4/29/2013.
- Package 811, which reflects the licensure of a new Advance Deposit Wagering Company, and a special payment of \$450,000 to racing industry partners funded through a combination of the new company’s licensing fees, pari-mutuel tax payments, and \$247,145 in beginning fund balances. This recommendation results in an ending fund balance equivalent to three months of operating revenue.

Accept LFO Recommendation

Move the LFO recommendation to HB 5044.

Performance Measures

The Legislative Fiscal Office is recommending targets for Key Performance Measures 1, 2 and 4 that are consistent with targets established for the 2011-13 biennium. See attached “Legislatively Proposed 2013-15 Key Performance Measures” form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$5,836,187 *Other Funds and 15 positions (13.27 FTE)* and that *House Bill 5044* be amended accordingly.

Move to amend HB 5044 with the following changes:

Section 1

Line 6 – Delete \$5,386,187 and insert \$5,836,187.

HB 5044 Final Subcommittee Action:

Final Motion:

Move HB 5044 to the full committee with a “do pass” recommendation, as amended.

LFO102 - Work Session Presentation Report
2013-15 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 86200-000-00-000000

Racing Commission, Oregon

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	5,192,629	-	-	-	5,192,629	15	13.27
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	5,192,629	-	-	-	5,192,629	15	13.27
2011-13 Leg Approved Budget (Base)	-	-	5,192,629	-	-	-	5,192,629	15	13.27
Summary of Base Adjustments	-	-	163,982	-	-	-	163,982	-	-
2013-15 Base Budget	-	-	5,356,611	-	-	-	5,356,611	15	13.27
010: Non-PICS Pers Svc/Vacancy Factor	-	-	11,343	-	-	-	11,343	-	-
030: Inflation & Price List Adjustments	-	-	74,794	-	-	-	74,794	-	-
2013-15 Current Service Level	-	-	5,442,748	-	-	-	5,442,748	15	13.27
Adjusted 2013-15 Current Service Level	-	-	5,442,748	-	-	-	5,442,748	15	13.27
Total LFO Recommended Packages	-	-	393,439	-	-	-	393,439	-	-
2013-15 Legislative Actions	-	-	5,836,187	-	-	-	5,836,187	15	13.27
Net change from 2011-13 Leg Approved Budget	-	-	643,558	-	-	-	643,558	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	12.4%	0.0%	0.0%	0.0%	12.4%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	393,439	-	-	-	393,439	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	7.2%	0.0%	0.0%	0.0%	7.2%	0.0%	0.0%

LFO102 - Work Session Presentation Report
2013-15 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 86200-010-00-00-00000

General Program

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	5,192,629	-	-	-	5,192,629	15	13.27
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	5,192,629	-	-	-	5,192,629	15	13.27
2011-13 Leg Approved Budget (Base)	-	-	5,192,629	-	-	-	5,192,629	15	13.27
Summary of Base Adjustments	-	-	163,982	-	-	-	163,982	-	-
2013-15 Base Budget	-	-	5,356,611	-	-	-	5,356,611	15	13.27
010: Non-PICS Pairs Svc/Vacancy Factor	-	-	11,343	-	-	-	11,343	-	-
030: Inflation & Price List Adjustments	-	-	74,794	-	-	-	74,794	-	-
2013-15 Current Service Level	-	-	5,442,748	-	-	-	5,442,748	15	13.27
Adjusted 2013-15 Current Service Level	-	-	5,442,748	-	-	-	5,442,748	15	13.27
Total LFO Recommended Packages	-	-	393,439	-	-	-	393,439	-	-
2013-15 Legislative Actions	-	-	5,836,187	-	-	-	5,836,187	15	13.27
Net change from 2011-13 Leg Approved Budget	-	-	643,558	-	-	-	643,558	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	12.4%	0.0%	0.0%	0.0%	12.4%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	393,439	-	-	-	393,439	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	7.2%	0.0%	0.0%	0.0%	7.2%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve.

LFO Recommended (6,291) (6,291)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation

LFO Recommended	-	-	(50,270)	-	-	-	(50,270)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 811 New Advance Deposit Wagering Company

Package Description This package reflects additional distribution to racing industry partners, funded in part by the licensing and operation of a new Advance Deposit Wagering Company scheduled to begin operations in August, 2013. The addition of this company was not anticipated when the Governor's budget was developed.

For the 2013-15 biennium, the new company is anticipated to generate an estimated \$146,000 in additional daily licensing fees, and \$85,283 in taxes on wagers, \$28,428 of which is transferred to the General Fund.

The Racing Commission proposes to utilize \$146,000 in licensing fee revenue, \$56,855 in parimutual taxes, and \$247,145 in fund balances to distribute a total of \$450,000 in special payments to partners in the racing industry, per ORS 462.725(4).

LFO Recommendation Approve.

LFO Recommended	-	-	450,000	-	-	-	450,000	-	-
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Legislatively Proposed 2013-2015 Key Performance Measures

Agency: Oregon 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 economy of the State of Oregon.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
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	2.08		
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		
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	100.00	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	100.00	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	100.00	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	100.00	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.	Overall	Approved KPM	100.00	75.00	75.00

Agency: Oregon 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 economy of the State of Oregon.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
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		

LFO Recommendation:

The Legislative Fiscal Office proposes targets for KPMS in 2014 and 2015 as follows:

KPM #1: Target = 1.5 euthanizations per 1,000 starts

KPM#2: Target = 5 days to issue a license

KPM#4: Target = 100% of best practices met by the Commission.

Sub-Committee Action: