

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: Transportation and Economic Development Subcommittee
From: Michelle Deister, Legislative Fiscal Office
Date: February 14, 2019
Subject: SB 5535 – Oregon Racing Commission
Work Session Recommendations

Oregon Racing Commission – Agency Totals

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
Other Funds	5,871,560	6,422,599	6,866,762	3,974,150
Total Funds	5,871,560	6,422,599	6,866,762	3,974,150
Positions	14	14	14	14
FTE	12.27	12.27	12.27	6.14

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Racing Commission. The budget recommendation contains the following:

- Package 090 - Reductions in expenditure limitation and FTE to reflect roughly 1 year of the agency's current service level budget. This package reflects the likelihood that Oregon's only commercial race meet will be discontinued in the 2019-21 biennium. The Legislative Fiscal Office recommends that the agency return to the 2020 Legislative Session and request additional expenditure limitation and FTE based on more up to date projections of available resources and anticipated staffing needs for the 2020-21 fiscal year.
- Package 101 - Administrative Specialist Reclassification. This package reclassifies an Administrative Specialist II position to a Fiscal Auditor II position, reflecting current job duties.

Adjustments to Current Service Level

There are no adjustments to current service level. See attached “Work Session Presentation Report.”

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5535. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5535, with modifications. (VOTE)

Performance Measures

See attached “Legislatively Proposed 2017-19 Key Performance Measures.” The Legislative Fiscal Office recommends adjusting the target for KPM 3 - customer service ratings - upward, from 75% to 80%, based on recent performance and a goal of continuous service improvement.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Budget Notes

The Legislative Fiscal Office recommends the following budget note:

Report to 2020 Joint Committee on Ways and Means

The Oregon Racing Commission is directed to report to the Joint Committee on Ways and Means during the 2020 Legislative Session for the purpose of receiving additional expenditure limitation and position authority for the 2019-21 biennium. The report is to include the following:

- A status report on the sale of Portland Meadows;
- The likelihood of commercial race meets in 2020 or 2021;

- The conveyance of simulcast licensing authority and projected resultant revenue, as compared to the 2019-21 Agency Request Budget;
- Any changes in activity related to advanced deposit wagering companies or multi-jurisdictional simulcasting and interactive wagering hubs since the adoption of the Oregon Racing Commission’s 2019-21 budget;
- Changes in the number of race participants, live race days, starts, and wagers at summer fairs and county race meets, from 2018 to 2019;
- Updated projections on agency revenue and expenditures and number of licensees, as compared to the 2019-21 Agency Request Budget;
- Identification of positions and related expenditures reduced or eliminated in the absence of a commercial race meet, as compared to the 2019-21 Agency Request Budget; and
- A request -- based on experienced and anticipated changes in resources and the need for regulatory oversight -- for additional expenditure limitation and full-time equivalent positions for the 2020-21 fiscal year.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on the Budget Note. (VOTE)

OR

Change LFO Recommendation (any changes must be approved by the co-chairs):

MOTION: I move the LFO recommendation on Budget Note, with modifications. (VOTE)

Recommended Changes

LFO recommends a budget of \$3,974,150 Other Funds, and 14 positions (6.14 FTE), which is reflected in the -1 amendment.

MOTION: I move adoption of the -1 amendment to SB 5535. (VOTE)

Final Subcommittee Action

LFO recommends that SB 5535 as amended by the -1 amendment, to be moved to the Ways and Means Full Committee.

MOTION: I move SB 5535, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	6,353,396	-	-	-	6,353,396	14	12.27
2017-19 Ebds, SS & Admin Act	-	-	69,203	-	-	-	69,203	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	6,422,599	-	-	-	6,422,599	14	12.27
2017-19 Leg Approved Budget (Base)	-	-	6,422,599	-	-	-	6,422,599	14	12.27
Summary of Base Adjustments	-	-	97,828	-	-	-	97,828	-	-
2019-21 Base Budget	-	-	6,520,427	-	-	-	6,520,427	14	12.27
010: Non-PICS Pers Svc/Vacancy Factor	-	-	42,157	-	-	-	42,157	-	-
030: Inflation & Price List Adjustments	-	-	304,178	-	-	-	304,178	-	-
2019-21 Current Service Level	-	-	6,866,762	-	-	-	6,866,762	14	12.27
Adjusted 2019-21 Current Service Level	-	-	6,866,762	-	-	-	6,866,762	14	12.27
Total LFO Recommended Packages	-	-	(2,892,612)	-	-	-	(2,892,612)	-	(6.13)
2019-21 Legislative Actions	-	-	3,974,150	-	-	-	3,974,150	14	6.14
Net change from 2017-19 Leg Approved Budget	-	-	(2,448,449)	-	-	-	(2,448,449)	-	(6.13)
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	(38.1%)	0.0%	0.0%	0.0%	(38.1%)	0.0%	(50.0%)
Net change from 2019-21 Adj Current Service Level	-	-	(2,892,612)	-	-	-	(2,892,612)	-	(6.13)
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	(42.1%)	0.0%	0.0%	0.0%	(42.1%)	0.0%	(50.0%)

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2017-19 Ebds, SS & Admin Act	-	-	69,203	-	-	-	69,203	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	6,422,599	-	-	-	6,422,599	14	12.27
2017-19 Leg Approved Budget (Base)	-	-	6,422,599	-	-	-	6,422,599	14	12.27
Summary of Base Adjustments	-	-	97,828	-	-	-	97,828	-	-
2019-21 Base Budget	-	-	6,520,427	-	-	-	6,520,427	14	12.27
010: Non-PICS Pers Svc/Vacancy Factor	-	-	42,157	-	-	-	42,157	-	-
030: Inflation & Price List Adjustments	-	-	304,178	-	-	-	304,178	-	-
2019-21 Current Service Level	-	-	6,866,762	-	-	-	6,866,762	14	12.27
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2019-21 Legislative Actions	-	-	3,974,150	-	-	-	3,974,150	14	6.14
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Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	(38.1%)	0.0%	0.0%	0.0%	(38.1%)	0.0%	(50.0%)
Net change from 2019-21 Adj Current Service Level	-	-	(2,892,612)	-	-	-	(2,892,612)	-	(6.13)
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	(42.1%)	0.0%	0.0%	0.0%	(42.1%)	0.0%	(50.0%)

	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 090 Analyst Adjustments

Package Description The analyst adjustment reflects a decrease in expenditures and staff to show one year of anticipated needs. The Oregon Racing Commission will need to go before the Legislature in 2020 to request a second year of limitation and position authority due to uncertainty around the closure of Portland Meadows, Oregon’s only commercial race meet.

This budget also restores all reductions to revenues made during the Analyst Recommendation phase of the budget.

LFO Recommendation The Legislative Fiscal Office recommends approval.

Budget Notes Report to 2020 Joint Committee on Ways and Means

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- The likelihood of commercial race meets in 2020 or 2021;
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- Changes in the number of race participants, live race days, starts, and wagers at summer fairs and county race meets, from 2018 to 2019;
- Updated projections on agency revenue and expenditures and number of licensees, as compared to the 2019-21 Agency Request Budget;
- Identification of positions and related expenditures reduced or eliminated in the absence of a commercial race meet, as compared to the 2019-21 Agency Request Budget; and
- A request -- based on experienced and anticipated changes in resources and the need for regulatory oversight -- for additional expenditure limitation and full-time equivalent positions for the 2020-21 fiscal year.

LFO Analyst Notes Revenue may need to be adjusted for the second year of the biennium.

LFO Recommended	-	-	(2,899,164)	-	-	-	(2,899,164)	-	(6.13)
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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 101 Administrative Specialist reclassification

Package Description This package would reclassify an Administrative Specialist 2 position to a Fiscal Auditor 2 due to changed job duties, including audits of Pari-Mutuel transactions. This position is currently working out of class.

LFO Recommendation The Legislative Fiscal Office Recommends Approval.

LFO Recommended	-	-	6,552	-	-	-	6,552	-	-
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Legislatively Proposed 2019 - 2021 Key Performance Measures

Published: 2/1/2019 2:50:06 PM

Agency: Racing Commission, Oregon

Mission Statement:

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	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
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. The target represents 1.5 horses per every 1,000 starters. Results in 2018 represented 0.874 per 1,000 starters.		Approved	171.60%	100%	100%
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	100	100	100
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.	a) Timeliness	Approved	83%	80%	80%
	b) Accuracy		80%	80%	80%
	c) Overall		82%	80%	80%
	d) Expertise		82%	80%	80%
	e) Helpfulness		87%	80%	80%
	f) Availability of Information			77%	80%
4. Best Practices - Percent of total best practices met by the Board.		Approved	100%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of key performance measures and targets as presented.

The LFO recommendation adjusts targets for KPM 3 - customer service ratings - upward, from 75% to 80%, based on recent performance and a goal of continuous improvement.

SubCommittee Action: