

HB 5033 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Ben Ruef, Legislative Fiscal Office

Racing Commission

2021-23

PRELIMINARY

Budget Summary*

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 6,329,944	\$ 6,901,392	\$ 7,391,591	\$ 1,061,647	16.8%
Total	\$ 6,329,944	\$ 6,901,392	\$ 7,391,591	\$ 1,061,647	16.8%

Position Summary

Authorized Positions	14	14	14	0
Full-time Equivalent (FTE) positions	10.39	10.40	10.39	0.00

⁽¹⁾ Includes adjustments through January 2021

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Racing Commission’s operations are funded with Other Funds revenue derived from its share of wagering receipts, license fees, licensee fines and uncollected wins from wagers. Under statute, 25 percent of funds from the Commission’s share of pari-mutuel hub wagers are allocated to the state’s General Fund. The remaining 75 percent of the Commission’s proceeds are distributed to racing industry participants to support and develop race meets throughout Oregon.

Summary of Transportation and Economic Development Subcommittee Action

The Oregon Racing Commission regulates the horse racing industry in Oregon through Off-track betting, simulcast/live racing wagering known as pari-mutuel wagering for the benefit of citizens, licensees, participants and the State of Oregon. Pari-mutuel wagering is a system of betting through which winners divide the total amount bet for that specific type of wager after management expenses have been deducted.

The Commission oversees horse racing at the Grants Pass Downs racetrack and at five county fair race sites, including Union, Grants Pass, Prineville, Tillamook and Burns. In order to provide a safe and fair racing environment, the Commission oversees licensing of race participants (jockeys, trainers, and owners), pari-mutuel wagering operations, and specific rules on horse racing. The Commission also regulates all aspects of on-track and off-site wagering operations, including the simulcast of races and Hubs. There are approximately 3,700 licensed race meet participants, 10 multi-jurisdictional hubs and 11 off-track betting locations in Oregon.

The Transportation and Economic Development Subcommittee recommended a budget of \$7,391,591 Other Funds for the 2021-23 biennium. The recommended budget is a 16.8 percent increase from the 2019-21 Legislatively Approved Budget (LAB). It includes 14 positions (10.39

FTE), which includes a minor adjustment to one position resulting in a decrease of (0.01 FTE). The Subcommittee recommended the following packages:

- Package 083: June 2020 Eboard. This package includes the 2021-23 budgetary impact of the June 2020 Emergency Board action. The package reduces Other Funds expenditure limitation by \$550,978 and reduces FTE by 0.01 to align the budget with the Emergency Board approved Other Funds expenditure limitation.
- Package 090: Analyst Adjustment. This package increases Other Fund expenditure limitation by \$411,598 for Special Payments related to racing development for the 2021-23 biennium. This is a one-time increase to mitigate the impacts of COVID shutdowns in the 2019-21 biennium.
- Package 099: Microsoft 365 Consolidation. Microsoft 365 is being consolidated within the office of the State Information Officer at the E5 level of service. This cost is built into the State Government Service Charge for every agency as a cost increase for the 2021-23 biennium. This package makes a corresponding reduction to the agency base budget in an amount equivalent to what agencies should be paying in the current 2019-21 biennium for Microsoft 365 at the E3 level of service.
- Package 801: LFO Analyst Adjustment. This package increases Other Funds expenditure limitation by \$639,455, which represents a full two years of Services and Supplies expenditure limitation.

Summary of Performance Measure Action

See attached Legislatively Adopted 2021-23 Key Performance Measures form.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Racing Commission
Drew Cohen (971) 707-8779

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ -	\$ -	\$ -	\$ 6,329,944	\$ -	\$ -	\$ 6,329,944	14	10.39	
2021-23 Current Service Level (CSL)*	\$ -	\$ -	\$ -	\$ 6,901,392	\$ -	\$ -	\$ 6,901,392	14	10.40	
SUBCOMMITTEE ADJUSTMENTS (from CSL)										
SCR 86200-010 General Program										
Package 083: June 2020 Eboard										
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	-0.01	
Services and Supplies	\$ -	\$ -	\$ -	\$ (550,978)	\$ -	\$ -	\$ (550,978)			
SCR 86200-010 General Program										
Package 090: Analyst Adjustments										
Special Payments	\$ -	\$ -	\$ -	\$ 411,598	\$ -	\$ -	\$ 411,598			
SCR 86200-010 General Program										
Package 099: Microsoft 365 Consolidation										
Services and Supplies	\$ -	\$ -	\$ -	\$ (9,876)	\$ -	\$ -	\$ (9,876)			
SCR 86200-010 General Program										
Package 801: LFO Analyst Adjustments										
Services and Supplies	\$ -	\$ -	\$ -	\$ 639,455	\$ -	\$ -	\$ 639,455			
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 490,199	\$ -	\$ -	\$ 490,199	0	-0.01	
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ -	\$ 7,391,591	\$ -	\$ -	\$ 7,391,591	14	10.39	
% Change from 2019-21 Leg Approved Budget	0.0%	0.0%	0.0%	16.8%	0.0%	0.0%	16.8%	0.0%	0.0%	
% Change from 2021-23 Current Service Level	0.0%	0.0%	0.0%	7.1%	0.0%	0.0%	7.1%	0.0%	-0.1%	

*Excludes Capital Construction Expenditures

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Legislatively Approved 2021 - 2023 Key Performance Measures

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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 Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. Animal Safety - Number of race-related equine fatalities per every 1,000 starters.		Approved	147.06%	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	100%	80%	80%
	b) Accuracy		100%	80%	80%
	c) Overall		100%	80%	80%
	d) Expertise		100%	80%	80%
	e) Helpfulness		100%	80%	80%
	f) Availability of Information		100%	80%	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.

It should be noted that the Last Reported Result for KPM #1 does not represent an increase in catastrophic injuries; on the contrary, it represents the fact that they improved upon the target, by having fewer injuries (0.55% vs the target of 1.50% of starts). Because reporting for the measure can be - depending on your perspective - counterintuitive, below is a description of how this figure is calculated.

The Legislature's target is 1.5 fatalities per 1000. So, 1.5 = 100% of goal. Anything above 100% is better than reaching goal.

Last year there were 3 equine fatalities out of 2949 starters. So divide 3 by 2949 = 0.00101729. Multiply that by 1000 (because calculation is based on 1000 starters) = 1.017294. Round up to 1.02 fatalities per 1000 starters. So 1.5 (target) divided by 1.02 (actual) = 1.47058 x 100 (to make it a percentage) = 147.06%.

SubCommittee Action:

Approved the recommendation.