

OREGON RACING COMMISSION

Annual Performance Progress Report (APPR) for Fiscal Year 2006-07

2007-09 Budget Form 107BF04c

Due: September 30, 2007

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Agency 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.

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ABOUT THIS REPORT

Purpose of Report

The purpose of this report is to summarize the agency's performance for the reporting period, how performance data are used and to analyze agency performance for each key performance measure legislatively approved for the 2005-07 biennium. The intended audience includes agency managers, legislators, fiscal and budget analysts and interested citizens.

1. PART I: EXECUTIVE SUMMARY defines the scope of work addressed by this report and summarizes agency progress, challenges and resources used.
2. PART II: USING PERFORMANCE DATA identifies who was included in the agency's performance measure development process and how the agency is managing for results, training staff and communicating performance data.
3. PART III: KEY MEASURE ANALYSIS analyzes agency progress in achieving each performance measure target and any corrective action that will be taken. This section, the bulk of the report, shows performance data in table and chart form.

KPM = Key Performance Measure

The acronym "KPM" is used throughout to indicate **Key Performance Measures. Key performance measures are those highest-level, most outcome-oriented performance measures that are used to report externally to the legislature and interested citizens. Key performance measures communicate in quantitative terms how well the agency is achieving its mission and goals. Agencies may have additional, more detailed measures for internal management.**

Consistency of Measures and Methods

Unless noted otherwise, performance measures and their method of measurement are consistent for all time periods reported.

TABLE OF MEASURES

Agency Mission: 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.

2005-07 KPM#	2005-07 Key Performance Measures (KPMs)	Page #
1	Animal Safety: To ensure races are run safely: Number of horses destroyed per 1,000 starters	5
2	Ensure Races Are Run Fairly: Number of disciplinary rulings per 1,000 races	7
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I. EXECUTIVE SUMMARY

Agency Mission: 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.

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Alternate: Carol N. Morgan, Program & Administrative Coordinator	Phone: (971) 673-0208

1. SCOPE OF REPORT

- The Oregon Racing Commission (ORC) is a one program agency charged with the responsibility to regulate all aspects of the pari-mutuel industry and therefore, protecting licensees, racing animal athletes, the public and the state. At the same time, the ORC encourages and supports members of the industry in promoting live handle growth and enhancing live racing by attracting businesses to Oregon that are involved in technological advancements.

2. THE OREGON CONTEXT

Statute mandates that all participants in pari-mutuel activities be licensed by the ORC. This includes individuals, live race meets and Multi-jurisdictional Simulcasting and wagering companies (Hubs) who conduct business online through a closed-loop subscriber system. The agency has approximately 7,000 licensees.

The agency’s efforts directly relate to its mission.

3. PERFORMANCE SUMMARY

Key Performance Measures 2-4 do not accurately reflect agency performance. A request to eliminate these key Performance Measures has been included in the 2007-2009 budget cycle.

KPM Progress Summary	Key Performance Measures (KPMs) with Page References	# of KPMs
KPMs MAKING PROGRESS at or trending toward target achievement	#1: Number of horses destroyed per 1,000 starters	1
KPMs NOT MAKING PROGRESS not at or trending toward target achievement	#2: Number of disciplinary rulings per 1,000 races, #3: The total dollar amount of simulcast handle to \$1,000 of Live Track Handle, #4: Total purse supplements at Summer Fair Meets to total industry disbursements from Development Fund, #5: Customer Service	2, 3, 4,5
KPMs - PROGRESS UNCLEAR target not yet set	None	-
Total Number of Key Performance Measures (KPMs)		5

4. CHALLENGES

Live racing nationwide and the industry that supports it, is struggling to be viable. The situation is similar in Oregon. Currently, live racing in Oregon consists of horse racing at Portland Meadows and five short summer horse race meets held throughout rural Oregon in Grants Pass, Union, Prineville, Tillamook and Burns. MEC Oregon Racing, Inc., which operated both Portland Meadows horse racing track and Multnomah Greyhound Park in the Portland

I. EXECUTIVE SUMMARY

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metropolitan area, closed the greyhound track in the spring of 2005. Greyhound racing is still legal in Oregon and the ORC would consider a viable application for a greyhound race meet.

It is imperative to retain licensed Hub businesses in Oregon and attract new business. The Hubs enhance live racing in Oregon through the Racing Development Program, provide an economic benefit to the state and provide jobs for Oregonians, and generates revenue for the state general fund.

Oregon is a national leader in regulation of the pari-mutuel industry and will strive to remain in this position.

5. RESOURCES USED AND EFFICIENCY

\$2,126,848, which is half of the ORC 2005-2007 budget.

Oregon Racing Commission

II. USING PERFORMANCE DATA

Agency Mission: 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.

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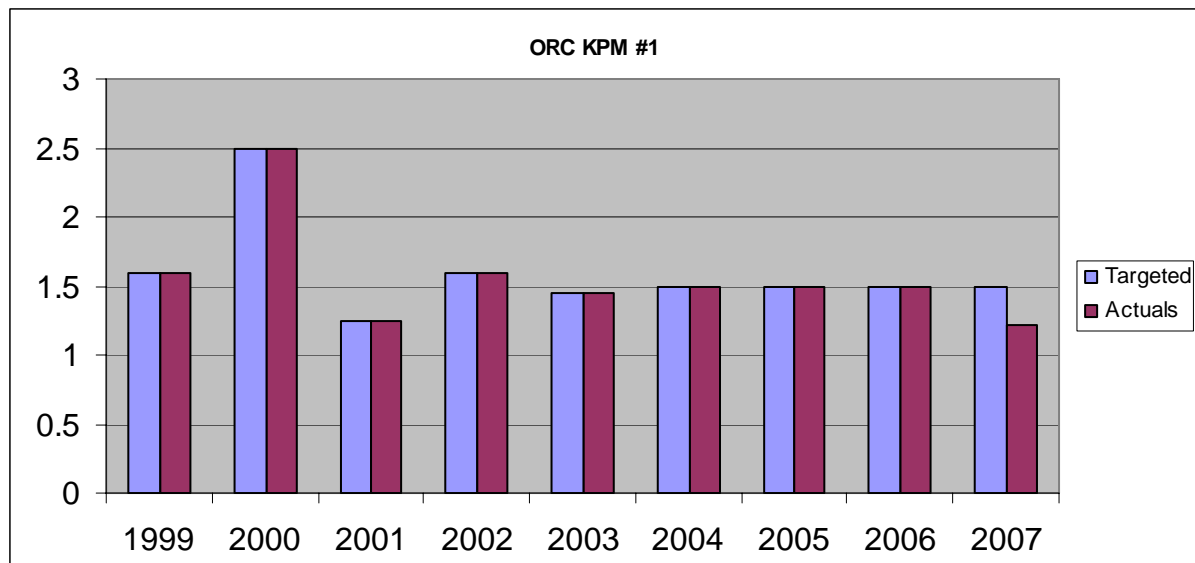
The following questions indicate how performance measures and data are used for management and accountability purposes.	
<p>1 INCLUSIVITY Describe the involvement of the following groups in the development of the agency’s performance measures.</p>	<p>The Oregon Racing Commission informally discussed with staff and stakeholders 1) Ways to measure regulated activities that could be used to assess whether the mission of the ORC was being achieved, 2) These measures would be effective in monitoring agency efficiency, increasing voluntary compliance of licensees, and fostering trust in the ORC through clear communication and fair, neutral regulatory practices.</p>
<p>2 MANAGING FOR RESULTS How are performance measures used for management of the agency? What changes have been made in the past year?</p>	<p>The Oregon Racing Commission’s performance measures are used to ensure that the ORC is communicating regulations effectively in a manner that increases licensee voluntary compliance; for proper allocation of hub funds to summer fair race meets to increase safety, promote the industry, plus enhance business and tourism in rural areas of Oregon; to assist the ORC in evaluating current practices and evaluate whether these practices create a regulatory environment that attracts industry businesses, such as the Hubs (which generate revenue for the state general fund); and to evaluate whether staff has the appropriate tools they need to succeed at their jobs. The performance measures assist the agency in tracking industry trends.</p>
<p>3 STAFF TRAINING What training has staff had in the past year on the practical value and use of performance measures?</p>	<p>Staff has received the agency performance measures and has been advised in staff meetings how they will be used to monitor the effectiveness of the agency in accomplishing our mission.</p>
<p>4 COMMUNICATING RESULTS How does the agency communicate performance results to each of the following audiences and for what purpose?</p>	<p>Performance results will be distributed to staff, discussed, and addresses annually at a commission meeting. These results will also be available on the ORC webpage: the URL is http://racing.oregon.gov. A “performance measures” link is posted in the “About Us” section of the ORC web site which directs the user to the information.</p>

Oregon Racing Commission

III. KEY MEASURE ANALYSIS

Agency Mission: 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.

KPM #1	ANIMAL SAFETY Number of horses destroyed per 1,000 starters	Measure since: 1993
Goal	Policing for illegal substances prior to racing, drug test horses, ensure track environment is as safe as possible. Protect welfare of all parties.	
Oregon Context	No applicable benchmarks or high-level outcomes; Relates to the Mission	
Data source	Stewards and Veterinarian statistics	
Owner	Compliance: Randy C. Evers (971) 673-0209	



- OUR STRATEGY**
Policing for illegal substances prior to racing, drug test horses and jockeys, ensure track environment is safe as possible. Protect the welfare of all parties.
- ABOUT THE TARGETS**
Targets are based on national goals.

III. KEY MEASURE ANALYSIS

Agency Mission: 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.

3. **HOW WE ARE DOING**

Performance to target was achieved. Meeting or exceeding the target indicates that staff is doing their job by policing for illegal substances prior to racing; the track environment is as safe as possible; horses that are not “racing sound” are being scratched prior to racing; and horses are being placed on a “vet list” which requires demonstrated good health and the ability to be “racing sound” prior to release from this list. This protects the welfare of the racing animals, licensees, agency and the wagering public.

4. **HOW WE COMPARE**

Oregon is doing well from a safety perspective. Actual national achievement is approximately three (3) deaths per 1,000 starts.

5. **FACTORS AFFECTING RESULTS**

There is only so much that can be done from a preventive standpoint. Other factors can affect statistics, such as accidents on the track.

6. **WHAT NEEDS TO BE DONE**

Continue to perform all department activities related to the measure. If licensees are fined as a result of illegal substances in racing horse athletes after testing, it may increase compliance. The agency intends to implement a necropsy project in conjunction with Oregon State University on all animal athletes that have been euthanized. Although budgetary restrictions have prolonged the launch of this project, once it is implemented, the information will provide data to the agency regarding the actual causes of the injuries that lead to death. This project potentially will enhance voluntary compliance.

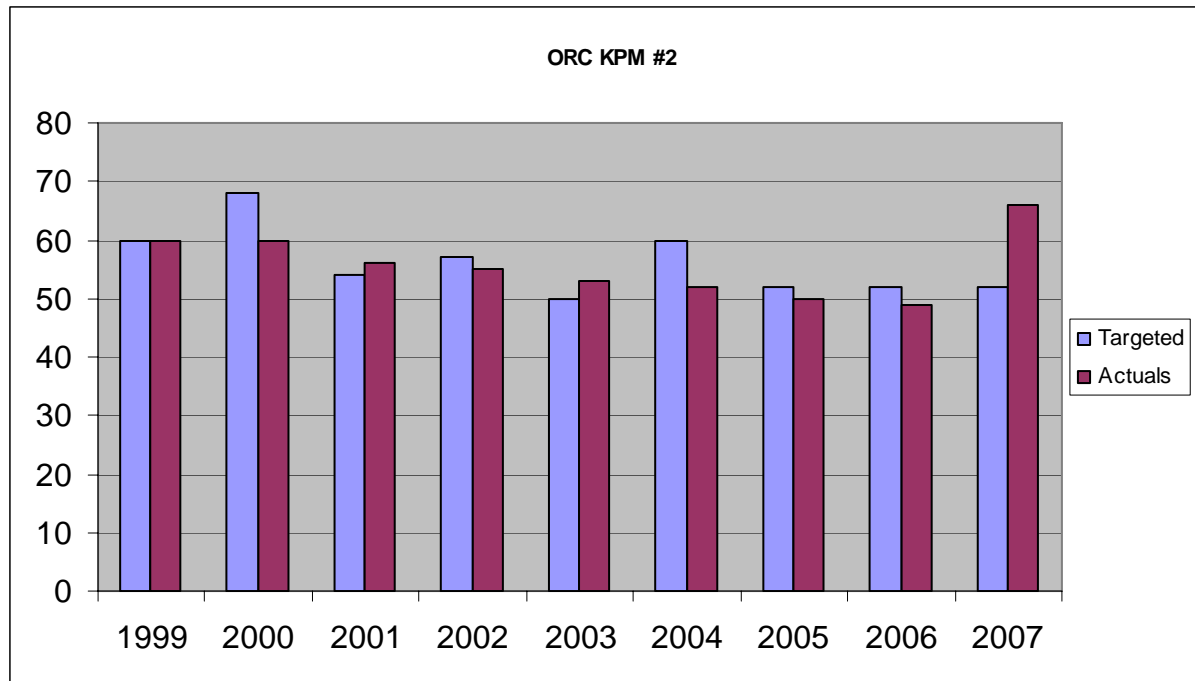
7. **ABOUT THE DATA**

State fiscal year.

III. KEY MEASURE ANALYSIS

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KPM #2	FAIR RACES Number of disciplinary rulings per 1,000 races	Measure since: 1999
Goal	Ensure races are run fairly.	
Oregon Context	No applicable benchmarks or high-level outcomes; Relates to the Mission	
Data source	Stewards records	
Owner	Compliance: Randy C. Evers (971) 673-0209	



1. OUR STRATEGY

To ensure that races are run fairly.

III. KEY MEASURE ANALYSIS

Agency Mission: 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.

2. ABOUT THE TARGETS

This Key Performance Measure is somewhat subjective as it is uncertain whether the number of rulings is relative to agency performance. Low numbers could indicate that the compliance staff and stewards are being lenient.

3. HOW WE ARE DOING

Performance has been close to target numbers since 1999. However, the number of rulings issued doesn't indicate an accurate measure of performance as rulings are to all related to the number of actual races.

4. HOW WE COMPARE

There is not any data available nationally for comparison.

5. FACTORS AFFECTING RESULTS

There can be multiple rulings against one licensee for one race.

6. WHAT NEEDS TO BE DONE

This measure does not accurately reflect agency performance. A request to eliminate this Key Performance Measure has been included in the 2007-2009 Budget.

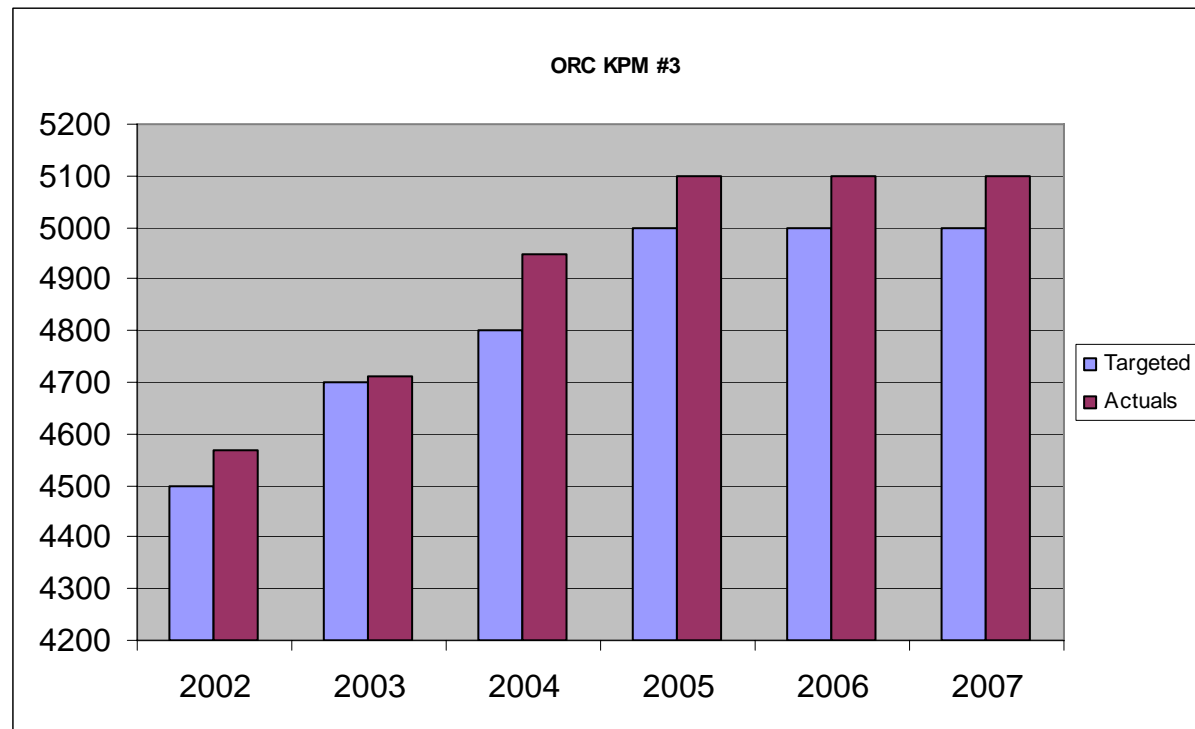
7. ABOUT THE DATA

State fiscal year.

III. KEY MEASURE ANALYSIS

Agency Mission: 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.

KPM #3	ENHANCE LIVE RACING AT COMMERCIAL TRACK The total dollar amount of simulcast handle to \$1,000 of live track handle	Measure since: 2002
Goal	Provide a regulatory framework to allow Simulcasting to enhance live racing at commercial tracks.	
Oregon Context	No applicable benchmarks or high-level outcomes; Relates to the Mission	
Data source	Administration/Auditing	
Owner	Compliance: Randy C. Evers (971) 673-0209	



1. OUR STRATEGY

To provide a regulatory framework to allow Simulcasting to enhance live racing at commercial tracks.

2. ABOUT THE TARGETS

Targets were based on statistics from 2000-2002.

III. KEY MEASURE ANALYSIS

Agency Mission: 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.

3. HOW WE ARE DOING

Performance has exceeded the Target in the years this information has been collected. This doesn't have any actual measure on agency performance; however, it does indicate that broadcasting races via simulcast signals continues to grow and live racing continues to decline.

4. HOW WE COMPARE

The trends indicated in #17 are consistent nationally.

5. FACTORS AFFECTING RESULTS

Number of races simulcast. Increase in availability of international product.

6. WHAT NEEDS TO BE DONE

This measure does not accurately reflect agency performance. A request to eliminate this Key Performance Measure has been included in the 2007-2009 Budget.

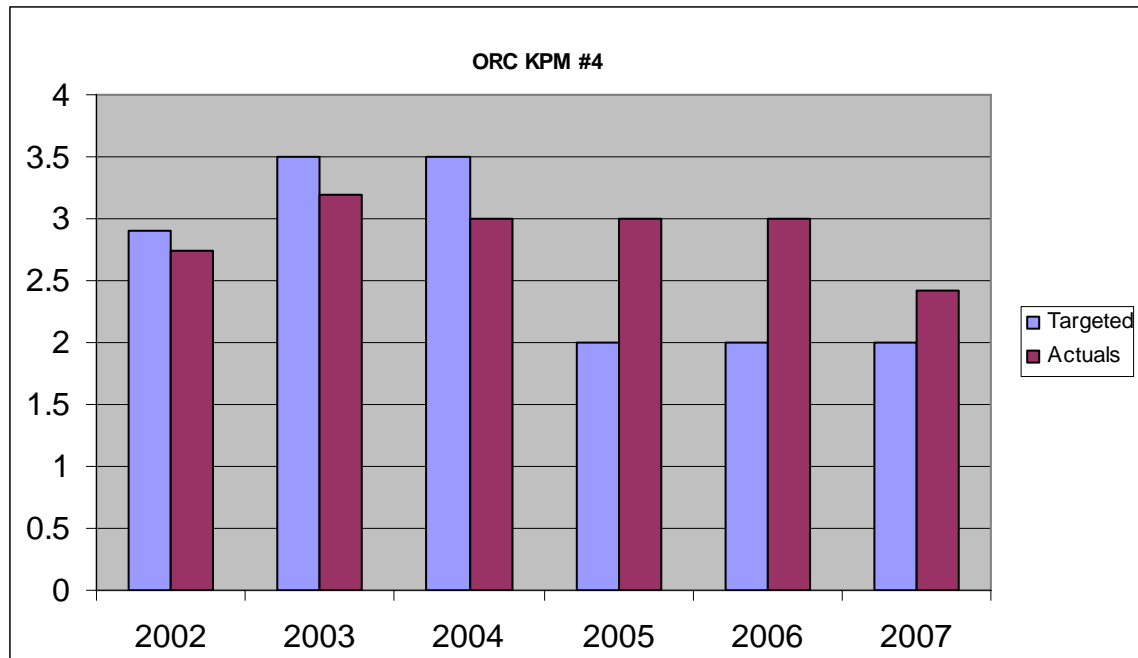
7. ABOUT THE DATA

State fiscal year.

III. KEY MEASURE ANALYSIS

Agency Mission: 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.

KPM #4	ENHANCE LIVE RACING Total purse supplements at Summer Fair Meets to total industry disbursements from Development Fund	Measure since: 2002
Goal	Provide a regulatory framework to allow licensing of “Hubs” that meet the necessary qualifications to enhance the live racing activities in Oregon without causing adverse impacts to other jurisdictions.	
Oregon Context	No applicable benchmarks or high-level outcomes; Relates to the Mission	
Data source	Auditing/Administration	
Owner	Administration: Randy C. Evers (971) 673-0209	



1. OUR STRATEGY

Provide a regulatory framework to allow licensing of “Hubs” that meet the necessary qualifications to enhance the live racing activities in Oregon without causing adverse impacts to other jurisdictions.

2. ABOUT THE TARGETS

Targets were based on statistics from 2000-2002.

III. KEY MEASURE ANALYSIS

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3. HOW WE ARE DOING

Performance numbers exceeding the Targets doesn't mean that the agency is meeting a specific goal. It means that more funds are being distributed through the Racing Development Program, funded by taxes on Hub Handle, to sources other than summer fair race meets. Other sources include: Purse supplements to commercial race meets, funding the greyhound adoption and licensed greyhound farm inspection program.

4. HOW WE COMPARE

Oregon was the first state to establish and implement legislation for legal, licensed computerized Hub businesses. Although six other states have adopted similar legislation and have tried to encourage Hubs licensed in Oregon to relocate to another state, Oregon remains the leader in all hub related industry standards. Fair, neutral regulatory practices, low taxes on handle and a favorable business environment help attract and retain these companies in Oregon.

5. FACTORS AFFECTING RESULTS

The Racing Development Fund has exceeded revenue projections due to phenomenal handle growth in this (now) multi-billion dollar industry. Requests outside of the original intent of the Racing Development Fund for supplements are reviewed by the commission.

6. WHAT NEEDS TO BE DONE

This Key Performance Measure is outdated. Originally, the Racing Development Fund was intended to supplement summer fair race meets in the form of purse supplements and safety enhancements. At this juncture, the Racing Development Fund supplements purses at the commercial race meet and other pari-mutuel industry programs needing financial assistance. This measure does not accurately reflect agency performance. A request to eliminate the Key Performance Measure has been included in the 2007-2009 Budget.

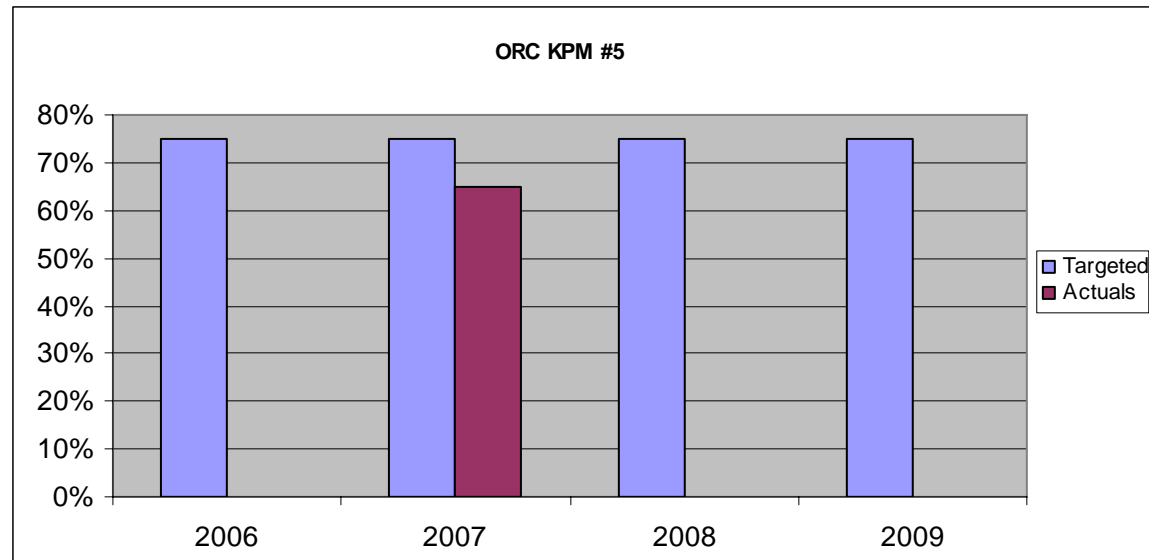
7. ABOUT THE DATA

State fiscal year.

III. KEY MEASURE ANALYSIS

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KPM #5	CUSTOMER SERVICE Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Measure since: 2006
Goal	Standard customer service measure adopted by the 2005 Legislature. Provide excellent customer service.	
Oregon Context	No applicable benchmarks or high-level outcomes; Relates to the Mission	
Data source	Survey Data. Survey implement in August 2006.	
Owner	Administration: Randy C. Evers (971) 673-0209	



1. OUR STRATEGY

Provide excellent customer service.

2. ABOUT THE TARGETS

Targets were established at 75%, which is similar to other regulatory agency targets.

III. KEY MEASURE ANALYSIS

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3. HOW WE ARE DOING

The ORC Survey was implemented in August 2006. First partial data will be available in 2007 (for period of July 1, 2006 – June 30, 2007).

4. HOW WE COMPARE

Te ORC Survey was implemented in August 2006. First partial data will be available in 2007 (for period of July 1, 2006 – June 30, 2007).

5. FACTORS AFFECTING RESULTS

Possible barriers could include negative information provided on a survey because a licensee failed to comply and was penalized.

6. WHAT NEEDS TO BE DONE

Information will be reviewed after June 2007.

7. ABOUT THE DATA

State fiscal year.