

Oregon Racing Commission

ANNUAL PERFORMANCE PROGRESS REPORT

Introduction

Summary

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.

The Oregon Racing Commission [ORC] currently has four performance measures. Three of them are new and were developed with input from staff, the industry and the Progress Board during 2002, in preparation for the 2003-05 budget review process. The ORC has not identified any Oregon Benchmarks that are affected by its mission statement and regulatory activities. The performance measures are linked to the agency mission and its core values of public and licensee protection, level racing fields, consistently fair regulatory practices, plus monitoring and protecting the welfare of racing animal athletes. In order to conform with the budget cycle, information is collected from July 1 – June 30. The statistics listed for 2002 are from July 1, 2002 to June 30, 2003.

The four performance measures approved by the legislature and implemented by the ORC provide the agency with information which is used to manage and evaluate agency performance. The information also assists in tracking trends in the pari-mutuel industry such as declines in the live handle (amount wagered) and increases in technological forms of wagering.

Accomplishments

The ORC has undergone rather extensive staff restructuring in the past year. After almost eighteen years of service, the former executive director resigned in October, 2002. A new executive director was appointed March 1, 2003. The change in leadership provided the opportunity to review the day-to-day operations of the ORC. As a result of the review, several changes in policy and staffing were made in order to increase the efficiency and productivity of the agency. All actions were supported by the Commissioners.

Despite the internal restructuring, the ORC did well in maintaining a collaborative and communicative regulatory environment. Goals were met or were very close to the target number for the four performance measures.

Future 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 both horse and greyhound racing. MEC Oregon Racing, Inc. operates both Portland Meadows horse racing track and Multnomah Greyhound Park in the Portland metropolitan area. Five short summer horse race meets are held throughout Oregon in Grants Pass, Union, Prineville, Tillamook and Burns.

The ORC is challenged to regulate all aspects of the pari-mutuel industry in the state of Oregon. At the same time, it 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.

Oregon has been a leader in supporting technological advancements by being the first state to license multi-jurisdictional simulcasting and interactive wagering totalizator hubs through closed loop subscriber systems. The hubs were designed to combat illegal offshore internet wagering, which is currently not subject to any regulation or taxation. Prior to approving account wagering in Oregon, the commission requested and received an opinion from the Department of Justice as to its legality. Based on the opinion that account wagering was legal, five hubs have been licensed and are operating in Oregon at this time. Other states have used Oregon statutes and rules as models to develop their own comparable legislation. Each hub is taxed at .25 of 1% of the handle wagered through their subscriber system. One third of the tax revenue goes directly into the General Fund and assists in funding valuable state programs. The other two thirds of the tax revenue is deposited in a racing development fund which is used to foster live racing growth through purse supplements, a jockey incentive program and for projects relating to safety issues at the various race meets.

The ORC will be updating short and long term goals that hopefully will provide for new areas of growth within the pari-mutuel industry and allow increases in handle. While the ORC is an Other Fund agency, it is dedicated to continuing its contributions to the General Fund. The agency will also continue working with staff, the industry and legislators to generate ideas for the future of live racing in Oregon. The ORC is committed to working to maintain a regulatory course that is fair, to stay up to date with current medication trends, to insure an educational component to promote voluntary compliance and to implement calculated visionary risks in order to continue to be national regulatory leaders in the pari-mutuel industry.

ANNUAL PERFORMANCE PROGRESS REPORT

PART I, MANAGING FOR RESULTS

Agency: Oregon Racing Commission (ORC)	
Contact: Jodi N. Hanson, Executive Director	Phone: 503-731-4052
Alternate: Carol N. Morgan, Executive Assistant	Phone: 503-731-4052

The following questions shed light on how well performance measures and performance data are leveraged within your agency for process improvement and results-based management.

1 How were staff and stakeholders involved in the development of the agency's performance measures?	The ORC 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.
2 How are performance measures used for management of the agency?	The ORC'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.
3 What training has staff had in the use performance measurement?	Staff has received the agency performance measures and have been advised in staff meetings how they will be used to monitor the effectiveness of the agency in accomplishing our mission.

<p>4 How does the agency communicate performance results and for what purpose? (Please include your agency's URL for Performance Measures and this Annual Report)</p>	<p>Performance results will be distributed to staff and discussed, addressed annually at a Commission meeting and will be available on the ORC web page. The URL for the ORC is: 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>
<p>5 What important changes have occurred in the past year?</p>	<p>After almost 18 years of service, the ORC executive director resigned in October 2002. A new executive director was appointed in March 2003. This administrative change resulted in evaluation of agency procedures, procedural changes to increase agency efficiency, disciplinary action and termination of employees, hiring new team members and preliminary discussions regarding the future of the racing industry and an ORC five and ten year plan.</p>

PERFORMANCE MEASURE REVIEW
Final Review of Original Measures
[Original PM #3 Was Legislatively Deleted. PM posted on
ORC Web page were re-numbered in June 2003]

Agency: Racing Commission
Date: August 28, 2002 (Revised May 6, 2003)
Reviewer: Jeff Tryens
Approved: George Dunford

Mission: regulate 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

Summary

The agency meets most of the five criteria. It still needs, however, to clarify the meaning of some measures. In addition, two of the goals are still unclear.

Comments and recommendations specific to basic criteria

1. Gauge progress towards goals and pertinent benchmarks

The agency has five goals aligned with five performance measures. No Oregon Benchmarks or other high level outcomes are identified. The Commission identified two goals in its six-year plan that appear relevant to 2003-05 but are not represented in the proposed goals – 1) “continue promoting and encouraging the use of new technology” and 2) “grant race meet licenses and simulcasting rights solely on the basis of a track's performance as measured by developed Performance Measures.” A technology goal was included in the first submission but was apparently dropped during the revision process.

Goal 4 is difficult to understand on two counts. 1) The lay reader has difficulty understanding what “allow simulcasting to enhance live racing” means? What’s the relationship between simulcasting and live racing? Live racing in Oregon or elsewhere? 2) As the goal is now stated, the intent is primarily aimed at providing a regulatory framework. If that’s the case, the measure should be about how well the framework is working. Similar issues exist with Goal 5. The meaning is unclear and the emphasis is on the framework rather than the activity.

Attaching an explanation may clarify these issues but somehow the Goals 4 and 5 need to be clarified.

2. A few key measures

PM #4 relating to simulcasting is unclear. How does increasing the simulcast handle in relation to the live handle supports live racing? Couldn't a greater percentage of simulcast revenue simply mean that the live handle is falling? Perhaps even as a result of more people going to betting parlors?

PM#5 relating to hubs is still unclear. Despite a change from the first submission, the performance measure, "total purses at Summer Fair Meets to \$ distributed from Development Fund," implies a direct relationship between purses at summer fair meets and support from a development fund that is apparently aimed at supporting those meets. A better intermediate outcome would be purses that are linked to tracks that receive development fund dollars. Also, the goal seems to be about striking a balance between more live racing and maintaining existing operations and yet the measure addresses the relationship between purses and the unexplained development fund. To the lay reader, no relationship between the goal and the performance measure is evident.

3. Conforms to standard concepts and definitions

Some of the measures need to be re stated and/or re defined (see #2). In addition, goals should be focused on the core mission of the organization.

4. Targets

The agency provides target for most of the measures except PM# 5.

5. Accurate and reliable data

The Commission provides its data summary and data sources forms as part of the submission. (The Data Sources form was submitted on May 6, 2003.)

LINKS TO OREGON BENCHMARKS, 2005-07

Please read the instructions for this form before completing. Instructions can be found in Appendix C of the 2005-07 Budget Instructions and online at www.oregon.gov/DAS/OPB.

Agency Name: OREGON RACING COMMISSION	Version #: 1	Date Submitted: August 30, 2004
Contact Person: Jodi N. Hanson	Phone: (503) 731-4052 x	
Alternate Contact: Carol N. Morgan	Phone: (503) 731-4052 x	
<p>Agency Mission: To regulate 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.</p> <p>Related Oregon Benchmarks (OBMs) or High-Level Outcomes (HLOs): None</p>		

Agency Name: Oregon Racing Commission			Agency No.: 86200				Budget Form # 107BF04a		
Col-1	Col-2	Col-3	Col-4	Col-5	Col-6	Col-7	Col-8	Col-9	Col-10
Agency Goal	OBM# HLO#	Key Performance Measure (KPM)	PM No.	2002 Value	2007 Target	Est. Cost (optional)	Lead Unit or Division	Status of KPM	Request No.
Goal 1 To ensure that races are run safely	Mission	Number of horses destroyed per 1,000 starters	1	1.6	< or =1.5	N/A	Compliance	Status: Since: 1993	1
Goal 2: To ensure that races are run fairly	Mission	Number of disciplinary rulings issued per 1,000 races	2	57	50	N/A	Compliance	Status: Since: 2002	1
Goal 3: To provide a regulatory framework to allow simulcasting to enhance live racing at Commercial Tracks	Mission	The total dollar amount of simulcast handle to \$1,000 of Live Track Handle	3	4570	5000	N/A	Auditing	Status: Since: 2002	1
Goal 4: To provide a regulatory frame work 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	Mission	Total purse supplements at Summer Fair Meets to total industry disbursements from Development Fund	4	2.74	3.0	N/A	Admin, Licensing,	Status: Since: 2002	1

DATA SOURCES – RACING COMMISSION

Key Performance Measure	PM#	Data Source
Number of horses destroyed per 1,000 starters	1	Steward and Veterinary Files
Number of Disciplinary Rulings Issued per 1000 races	2	Steward and Judges Files
The total dollar amount of simulcast handle to \$1,000 of Live Track Handle	3	Pari-Mutuel Auditor Reports/Files
Total purse supplements at Summer Fair Meets to total industry disbursements from Development Fund	4	Pari-Mutuel Auditor Reports/Files; Development Fund Reports; Commission Meeting Minutes

NOTE: In order to conform with the budget cycle, the Racing Commission performance measurement data is compiled by fiscal years running from July 1 through June 30.