

## Legislative Fiscal Office

Oregon State Capitol  
900 Court Street NE, H-178  
Salem, Oregon 97301  
503-986-1828



## Joint Committee on Ways and Means

Senator Elizabeth Steiner, Senate Co-Chair  
Representative Tawna Sanchez, House Co-Chair

Senator Fred Girod, Senate Co-Vice Chair  
Representative David Gomberg, House Co-Vice Chair  
Representative Greg Smith, House Co-Vice Chair

Amanda Beitel, Legislative Fiscal Officer  
Tom MacDonald, Deputy Legislative Fiscal Officer (Budget)  
Paul Siebert, Deputy Legislative Fiscal Officer (Audit/IT)

**To:** Members of the Ways and Means Transportation and Economic Development Subcommittee

**From:** Ben Ruef, Legislative Fiscal Office

**Date:** April 10, 2023

**Subject:** SB 5535 – Oregon Racing Commission Work Session Recommendations

### Oregon Racing Commission - Agency Totals

	2019-21 Actual	2021-23 Legislatively Approved	2023-25 Current Service Level	2023-25 LFO Recommended
Other Funds	5,864,493	7,523,592	8,014,285	7,313,421
<b>Total Funds</b>	<b>5,864,493</b>	<b>7,523,592</b>	<b>8,014,285</b>	<b>7,313,421</b>
Positions	14	15	15	15
FTE	9.90	10.64	10.64	10.64

The Oregon Racing Commission (ORC) regulates Oregon's pari-mutuel industry, overseeing horse racing at county fairs, Grants Pass Downs, and off-site simulcast races. They audit financial transactions, conduct background checks, and license all race meet participants. The Commission investigates irregularities and safety issues to ensure the integrity of the sport, participant and animal well-being, and promote horse racing in Oregon. By statute, 25% of wagering fees go to the state General Fund, and 75% supports racing industry activities.

LFO is recommending a budget for the Oregon Racing Commission of \$7,313,421 Other Funds with 15 positions (10.64 FTE), which is a 2.8% decrease from the 2021-23 Legislatively Approved Budget and a 8.8% decrease from 2023-25 Current Service Level. The recommended budget leaves ORC's ending fund balance at a four month operating reserve.

The decreases from current service level are attributable to two factors: a decrease of \$600,000 in special payments resulting from insufficient revenue, and a reduction of \$100,864 in the facility rental budget due to the agency's transition to a fully remote work setting.

## **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 2023-25 Key Performance Measures.”

***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)

## **Recommended Changes**

LFO recommends a budget of \$7,313,421 Other Funds, and 15 positions (10.64 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, 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)
<b>2021-23 Agy. Leg. Adopted</b>	-	-	<b>7,351,396</b>	-	-	-	<b>7,351,396</b>	<b>14</b>	<b>10.39</b>
2021-23 Ebds, SS & Admin Act	-	-	172,196	-	-	-	172,196	1	0.25
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	-	-	<b>7,523,592</b>	-	-	-	<b>7,523,592</b>	<b>15</b>	<b>10.64</b>
<b>2021-23 Leg Approved Budget (Base)</b>	-	-	<b>7,523,592</b>	-	-	-	<b>7,523,592</b>	<b>15</b>	<b>10.64</b>
Summary of Base Adjustments	-	-	172,819	-	-	-	172,819	-	-
<b>2023-25 Base Budget</b>	-	-	<b>7,696,411</b>	-	-	-	<b>7,696,411</b>	<b>15</b>	<b>10.64</b>
010: Non-PICS Pers Svc/Vacancy Factor	-	-	36,246	-	-	-	36,246	-	-
030: Inflation & Price List Adjustments	-	-	281,628	-	-	-	281,628	-	-
<b>2023-25 Current Service Level</b>	-	-	<b>8,014,285</b>	-	-	-	<b>8,014,285</b>	<b>15</b>	<b>10.64</b>
<b>Adjusted 2023-25 Current Service Level</b>	-	-	<b>8,014,285</b>	-	-	-	<b>8,014,285</b>	<b>15</b>	<b>10.64</b>
<b>Total LFO Recommended Packages</b>	-	-	<b>(700,864)</b>	-	-	-	<b>(700,864)</b>	-	-
<b>2023-25 Legislative Actions</b>	-	-	<b>7,313,421</b>	-	-	-	<b>7,313,421</b>	<b>15</b>	<b>10.64</b>
Net change from 2021-23 Leg Approved Budget	-	-	(210,171)	-	-	-	(210,171)	-	-
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	(2.8%)	0.0%	0.0%	0.0%	(2.8%)	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	-	-	(700,864)	-	-	-	(700,864)	-	-
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	(8.8%)	0.0%	0.0%	0.0%	(8.8%)	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)
<b>2021-23 Agy. Leg. Adopted</b>	-	-	<b>7,351,396</b>	-	-	-	<b>7,351,396</b>	<b>14</b>	<b>10.39</b>
2021-23 Ebds, SS & Admin Act	-	-	172,196	-	-	-	172,196	1	0.25
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2021-23 Leg Approved Budget</b>	-	-	<b>7,523,592</b>	-	-	-	<b>7,523,592</b>	<b>15</b>	<b>10.64</b>
<b>2021-23 Leg Approved Budget (Base)</b>	-	-	<b>7,523,592</b>	-	-	-	<b>7,523,592</b>	<b>15</b>	<b>10.64</b>
Summary of Base Adjustments	-	-	172,819	-	-	-	172,819	-	-
<b>2023-25 Base Budget</b>	-	-	<b>7,696,411</b>	-	-	-	<b>7,696,411</b>	<b>15</b>	<b>10.64</b>
010: Non-PICS Pers Svc/Vacancy Factor	-	-	36,246	-	-	-	36,246	-	-
030: Inflation & Price List Adjustments	-	-	281,628	-	-	-	281,628	-	-
<b>2023-25 Current Service Level</b>	-	-	<b>8,014,285</b>	-	-	-	<b>8,014,285</b>	<b>15</b>	<b>10.64</b>
<b>Adjusted 2023-25 Current Service Level</b>	-	-	<b>8,014,285</b>	-	-	-	<b>8,014,285</b>	<b>15</b>	<b>10.64</b>
<b>Total LFO Recommended Packages</b>	-	-	<b>(700,864)</b>	-	-	-	<b>(700,864)</b>	-	-
<b>2023-25 Legislative Actions</b>	-	-	<b>7,313,421</b>	-	-	-	<b>7,313,421</b>	<b>15</b>	<b>10.64</b>
Net change from 2021-23 Leg Approved Budget	-	-	(210,171)	-	-	-	(210,171)	-	-
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	(2.8%)	0.0%	0.0%	0.0%	(2.8%)	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	-	-	(700,864)	-	-	-	(700,864)	-	-
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	(8.8%)	0.0%	0.0%	0.0%	(8.8%)	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)
--	--------------	---------------	-------------	---------------	------------------------	--------------------------	-------------	-----------	----------------------------

**Package 090 Analyst Adjustments**

Package Description Due to a low ending balance at Current Service Level (approximately \$600,000) leaving the Agency with less than two months of operating funds, a reduction of \$600,000 in Special Payments to the OHBPA, OTOBA, OQHRA, and HRA, LLC is recommended. This will reduce the amount each of these organizations receive and result in reducing purses, breeders' and owners' awards. This reduction would leave the agency with approximately 4 months of operating expenses as opposed to 2 months of operating balance left at CSL.

Facilities rental budget reduced \$100,864 due to agency moving to 100% remote work setting.

LFO Recommendation The Legislative Fiscal Office recommends approval.

<b>LFO Recommended</b>	-	-	(700,864)	-	-	-	(700,864)	-	-
------------------------	---	---	-----------	---	---	---	-----------	---	---

# Legislatively Proposed 2023 - 2025 Key Performance Measures

Published: 4/19/2023 9:52:47 AM

**Agency:** Oregon Racing Commission

**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 2024	Target 2025
1. Animal Safety - Number of race-related equine fatalities per every 1,000 starters. Oregon's target is no more than 1.5 fatalities per 1,000 starters.		Approved	73%	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. Target equals 5-day turnaround.		Approved	99	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	0%	80%	80%
	b) Accuracy		0%	80%	80%
	c) Overall		0%	80%	80%
	d) Expertise		0%	80%	80%
	e) Helpfulness		0%	80%	80%
	f) Availability of Information		0%	80%	80%
4. Best Practices - Percent of total best practices met by the Board.		Approved	89%	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 represents an above target number in catastrophic injuries. 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 1464 starters. So divide 3 by 1464 = 0.00205. Multiply that by 1000 (because calculation is based on 1000 starters) = 2.049. Round up to 2.05 fatalities per 1000 starters. So 1.5 (target) divided by 1.02 (actual) = 0.73 x 100 (to make it a percentage) = 73%.

KPM #3 - Excellent Customer Service, results for 2022 are zero because the annual customer service survey was not completed for years 2021 and 2022.

**SubCommittee Action:**