



Office of  
Financial Management  
STATE OF WASHINGTON

# Budget Activity Assessment

## Washington Horse Racing Commission

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## Executive Summary

- The average number of horses per race is not really changing, and the target of 7.82 has never been met. The Commission either needs to do something different to change the underlying processes to improve performance, or the target should be brought into line with current performance capabilities.
- It is not obvious to a casual reader why the average number of horses running in each race is relevant. The footnote from the strategic plan that explains, “This reflects the overall strength of the racing and breeding programs throughout the state” should be added to the published footnotes in the Performance Measure Tracking System (PMT).
- The strategic plan measure, “Annual in-state pari-mutuel wagering” would be a useful addition to the current budget activity measure, “The average number of horses running in each horse race.”
- Based on the agency strategic plan and an outsider’s analysis of Commission processes, there are a number of other potential performance measures that could be used to tell a more comprehensive and compelling story of agency performance – See slide 6.

# Budget Activity Measure Qualitative Evaluation Summary

Budget Activity Number & Title	Evaluation Criteria						
	Relevance	Understandability	Comparability	Timeliness	Consistency	Reliability	Performance
A001 – Promotion of Horse Racing	Red	Yellow	Green	Yellow	Green	Yellow	Red
A002 – Regulation of Horse Racing	Red	Yellow	Green	Yellow	Green	Yellow	Red

**Meets or Exceeds OFM Expectations**

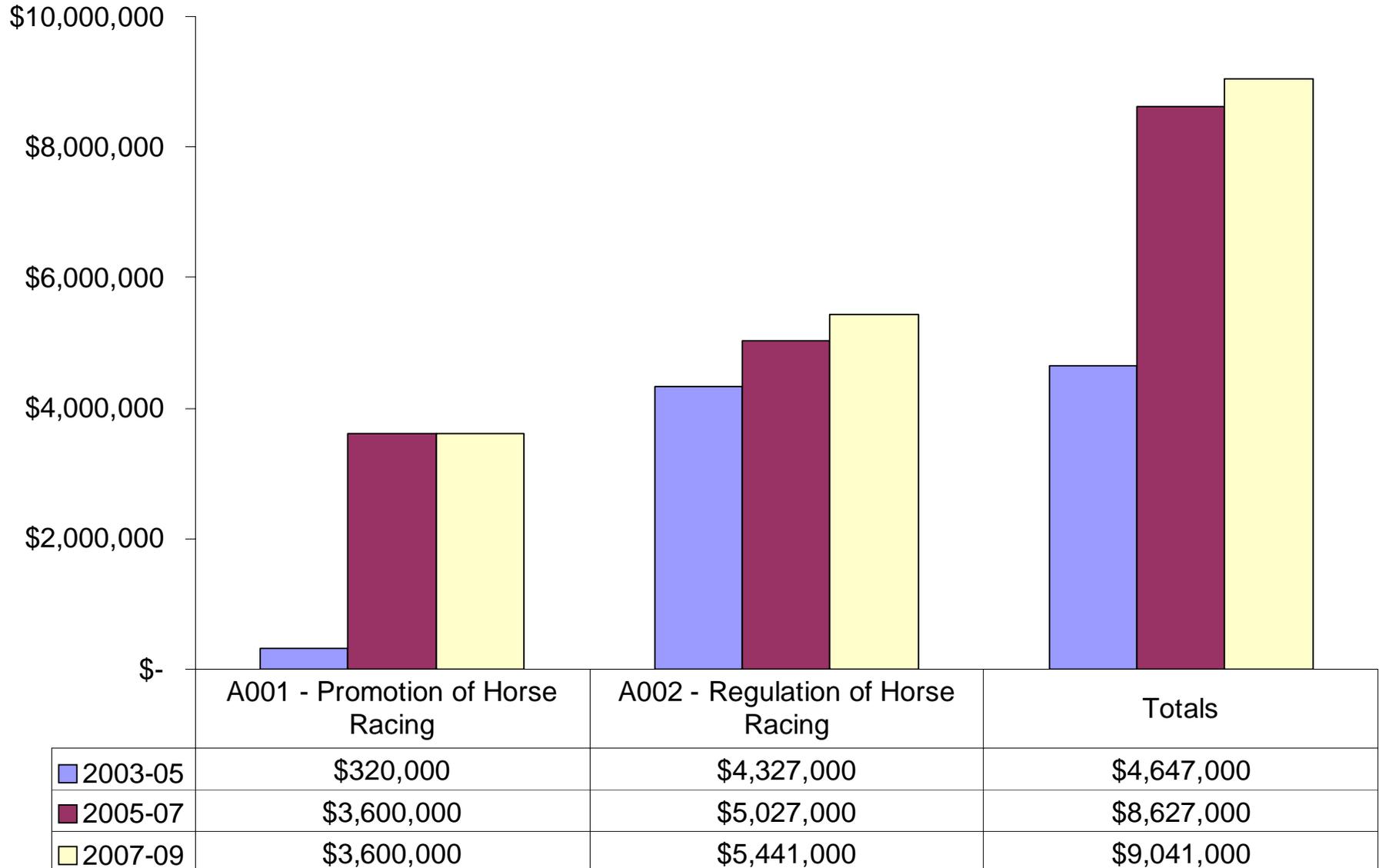
**Marginally meets OFM Expectations**

**Needs Improvement to Meet OFM Expectations**

Evaluation Criteria Definitions	
Relevance	Useful to a budget/policy development audience in assessing the level of accomplishment
Understandability	Clear, concise, and easy for a non-expert to understand
Comparability	Do the data, targets, and footnotes provide the reader with enough context to tell whether performance is getting better, worse, or staying the same?
Timeliness	Is the data current and reported frequently enough to be of value in assessing accountability and making decisions?
Consistency	Is the data collection method standardized and is the operational definition for data calculations adhered to?
Reliability	Is the information verifiable, free from bias, and a faithful representation of what it purports to represent?
Performance	Is actual performance in reference to the stated targets getting better, worse, or staying the same over time?

# Budget History by Activity

## Horse Racing Commission Budget Allocations 2003-05 to 2007-09



# Agency Comments and Reactions

## Promotion of Horse Racing

- **Average number of horses per race** (at Emerald Downs). *This reflects the overall health of the racing and breeding programs throughout the state. Increasing the number of horses racing makes the races more exciting, increases wagering and payouts.*
- **Total pari-mutuel handle, including source market fee from advance deposit wagering.** *Wagering is the main source of revenues for the horse racing industry. Purses, awards, track and state revenues are directly related to the amount of the pari-mutuel handle. The total pari-mutuel handle and source market fee reflects the overall health of the horse racing industry in the state.*
- **Participant safety.** *A major focus of the WHRC and the horse racing industry has been the reduction of workplace injuries. This is partly due to the responsibility of the WHRC to collect industrial insurance premiums with the annual license renewals. The Horsemen's Benevolent and Protective Association (HBPA) and the Department of Labor and Industries (L&I) assists the WHRC in monitoring claims by track and risk class.*

We would like to continue to report average number of horses per race, but limit our report to only Emerald Downs. While, we have little impact on the total pari-mutuel handle, it is a method of monitoring the overall health of the horse racing industry. We have included a performance measure regarding participant safety, but I am not sure I want to report this at this level.

## Regulation of Horse Racing

- **Races without riding or medication violations.** *The WHRC stewards and veterinary staff closely monitor racing to insure the public has confidence in the integrity of live horse racing in this state. Racing violations, including unsafe riding and medication violations lessen the public's confidence in live racing. While the stewards regulate the running of the race, including disqualifying the horse and penalizing the rider, when riding violations are detected, the WHRC veterinarians examine horses prior to racing and conduct post-race drug testing on horses to ensure that medications are safe for horses and do not affect performance.*
- **Total number of positive drug/alcohol tests.** *In order to protect the interests of the public and safety of the participants in horseracing, the WHRC conducts random drug and alcohol testing of licensees, which includes persons on horseback and those with a documented history of the drug/alcohol violations. Tests may also be conducted where reasonable suspicion exists to believe the licensee has used or is under the influence of alcohol and/or drugs.*

## Specific Opportunities for Improvement

Budget Activity Number and Title	Measures	Improvement Suggestions
<p>A001 – Promotion of Horse Racing</p> <hr/> <p>A002 – Regulation of Horse Racing</p>	<p>1600 – Average number of horses running in each horse race</p>	<p>The average number of horses running in each racing isn't really changing over time. The target of 7.82 has never been met or exceeded. Either the Commission needs to change something in the underlying processes to improve performance or it should consider changing the target.</p> <p>This particular measure would benefit from the footnote included in the strategic plan, "This reflects the overall strength of the racing and breeding programs throughout the state."</p> <p>The current strategic plan measure, "Annual in-state pari-mutuel wagering" would be a useful addition that would improve the relevance of the measures associated with these budget activities.</p> <p>There are numerous other potential measures not listed in the agency strategic plan the Commission should consider reporting if it wants to improve the current story of agency performance. A few examples are listed in the table below.</p>

Inputs/Workload Measures	Process Measures	Output Measures	Outcomes
<ul style="list-style-type: none"> <li>• <b><i>The number of new license applications</i></b></li> </ul>	<ul style="list-style-type: none"> <li>• <b><i>The number of days it takes to process license applications</i></b></li> <li>• The number of days it takes to process a criminal background check for license applicants</li> <li>• The number and type of major injuries incurred by horses during races</li> <li>• The number and type of injuries to participants at racetracks</li> </ul>	<ul style="list-style-type: none"> <li>• The amount of funding donated to non-profit racetracks each year</li> <li>• Number of investigations of compliance violations with the Rules of Racing</li> <li>• <b><i>Number of sanctions (Undesirable)</i></b></li> </ul>	<ul style="list-style-type: none"> <li>• Annual attendance at racetracks</li> </ul>

# Budget Activity and Measure Critique

**Budget Activity Number & Title:** A001 – Promotion of Horse Racing

**Budget Activity Summary:** Responsible for encouraging the training and development of the equine industry and promoting the economic benefits derived from the industry. It annually provides purse funds to nonprofit race tracks, collects and distributes the Washington bred owners' bonus funds.

## Related Performance Measures

Number & Title	Type	Analysis Comments
1600 – Average number of horses running in each horse race	Outcome	Stable and predictable – Noting is changing – Future results should be similar to current performance levels Actual performance is not capable of regularly meeting or exceeding the target of 7.82.

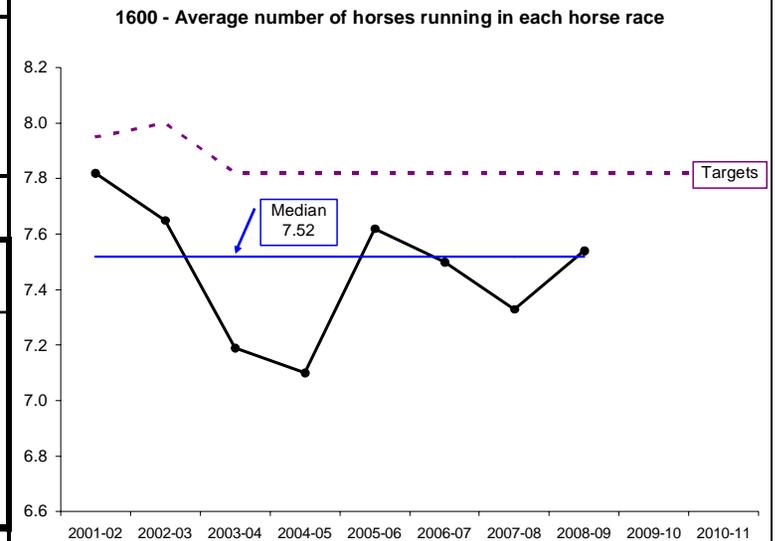
**OFM Assessor Comments:** This measure could be improved with the addition of a published footnote from the version listed in the agency strategic plan, “This reflects the overall strength of the racing and breeding programs throughout the state.”

There are only two real management options when actual performance is not capable of regularly achieving the set performance targets:

- Change something in the underlying processes that improves performance
- Change the target

The addition of the existing performance measure from the agency strategic plan, “Annual in-state pari-mutuel wagering” would help this budget activity tell a more compelling story of Commission performance.

**Agency Contextual Comments:**



# Budget Activity and Measure Critique

**Budget Activity Number & Title:** A002 – Regulation of Horse Racing

**Budget Activity Summary:** Licenses regulates, and supervises pari-mutuel horse race meets and licenses individuals who participate in pari-mutuel horse racing to ensure public confidence in the integrity of racing and pari-mutuel wagering.

## Related Performance Measures

Number & Title	Type	Analysis Comments
1600 – Average number of horses running in each horse race	Outcome	Stable and predictable – Noting is changing – Future results should be similar to current performance levels Actual performance is not capable of regularly meeting or exceeding the target of 7.82.

**OFM Assessor Comments:** This measure could be improved with the addition of a published footnote from the version listed in the agency strategic plan, “This reflects the overall strength of the racing and breeding programs throughout the state.”

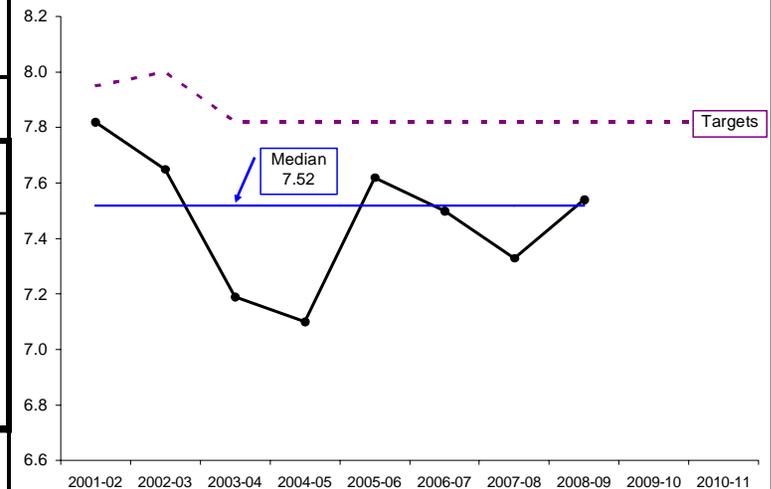
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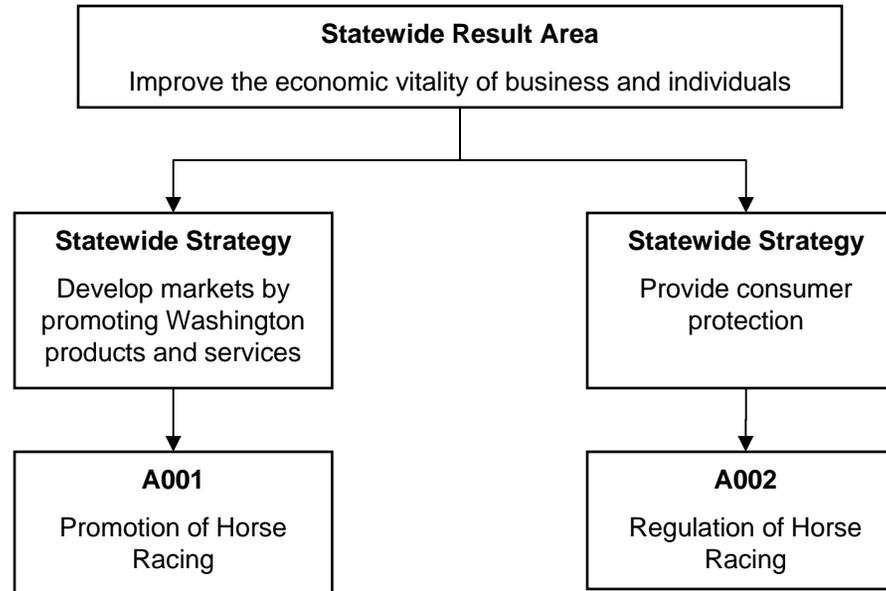
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**Agency Contextual Comments:**

1600 - Average number of horses running in each horse race

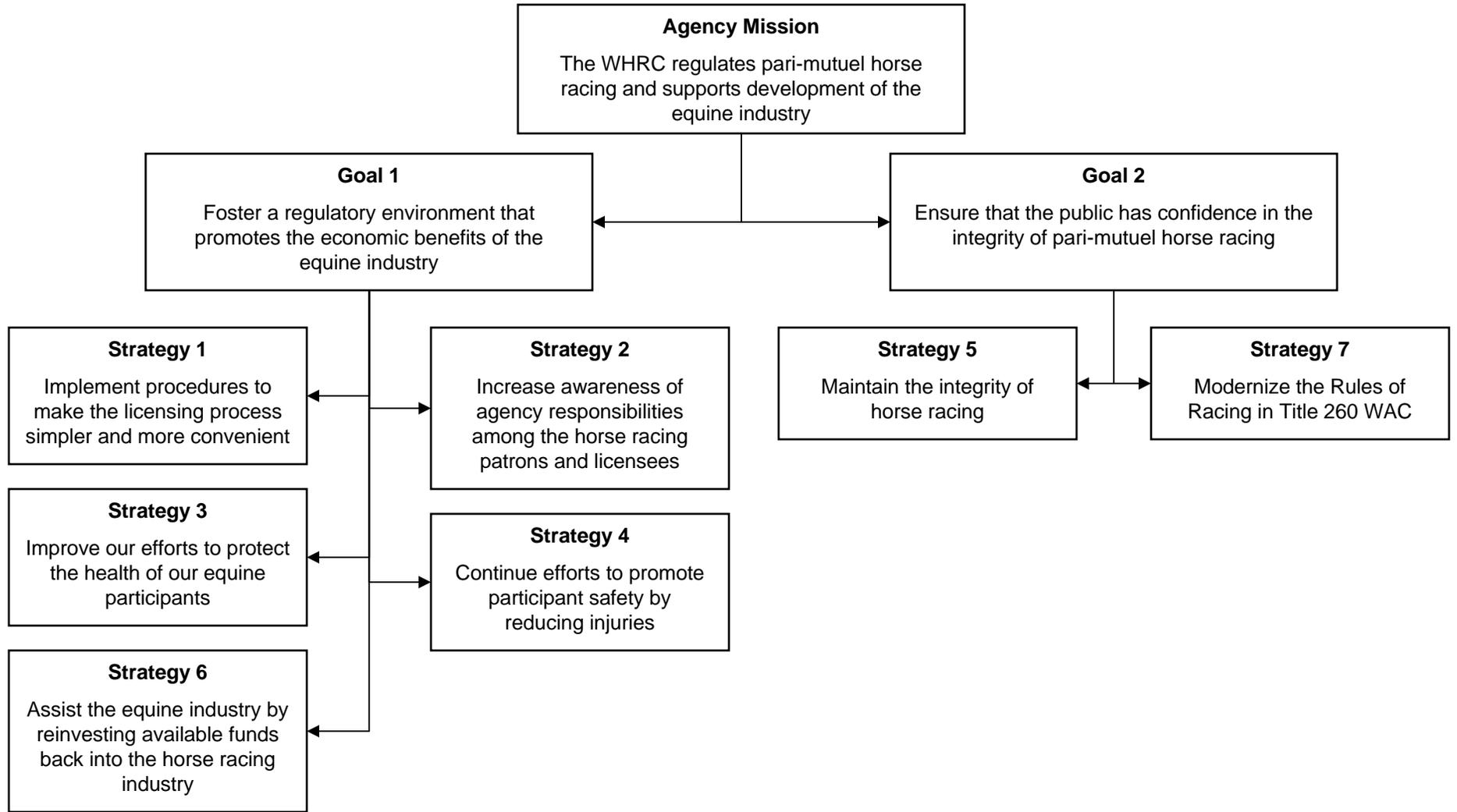


# Alignment Overview – Budget Activity Structure



Input/Workload Measures	Process/Efficiency Measures	Output Measures	Outcome Measures
None	None	None	1600 – Average number of horses running in each horse race

# Alignment Overview – Agency Strategic Plan Structure



- Input/Workload Measures**
- Number of live racing days
  - Number of horse races
  - Number of horses starting

- Process/Efficiency Measures**
- None

- Output Measures**
- None

- Outcome Measures**
- Average number of horses per race
  - Annual in-state pari-mutuel wagering