



President's Update

By Dan Sullivan



Purses—Nothing But Purses!

A check with ITBOF's lobbyists confirms what the press has repeatedly stated. The little kids down in Springfield are still playing games instead of acting like adults facing big boy problems that affect all of us. So, the chances of getting a gaming bill even considered, at least this year, appear remote and extremely unlikely.

So, if you are an owner hoping and wishing for subsidies to keep your horse racing participation alive and competitive, on the same basis as existed historically, is just like praying for your fairy godmother to get you money to pay the next vet bill.

However, keeping owners in Illinois racing is really simple in these times that are unlike the past where all the stakeholders on the backstretch could belly up to the slop trough and take some money. The business model allowing continued racing in Illinois without a gaming subsidy is so simple. Yet those people who rely upon racing for a livelihood basically ignore it.

Every aspect of racing in Illinois rests upon being able to pay competitive purses to the owner of the horse. Nothing else counts. If the owner of the race horse receives an adequate chance at purse money that will support the owner's involvement in horse racing, every other person involved with Illinois racing will succeed.

If the owner doesn't have a chance to receive adequate funding for owning a race horse, nothing else will matter. There won't be any concern about the welfare on the back stretch. This is because the back stretch will be closed down and empty. There won't be any concern by trainers as to the cost of hay because no hay will be delivered to the back stretch and there won't be any trainers. The hay wholesalers and trainers will find something else to do or move to another area. The vets can transition to a small animal practice or move to a rural area. The track owners will make a killing by developing the track for some other commercial purpose.

The horse racing business model can be thought of as an inverted pyramid setting on a base that is the breeding farm. Horse racing is precariously balanced upon the inverted pyramid with the owner as the single individual holding up the entire industry. The upside down pyramid depends upon ownership by entrepreneurs buying a horse hoping to win a race to pay for that horse and make a profit.

Keeping that horse means the owner pays for a people intensive support staff. The upside down pyramid spreads the owner's money to hired help that usually starts with the trainer. Most (if not all) trainers don't perform hands on training. They hire grooms and hot walkers who indirectly depend on the owner's money. The trainers arrange vets and farriers so necessary to the well-being of the horse that directly depend upon the owner's money. There are the hay merchants, grain merchants, tack shops and other businesses accessory to a two-minute race that depend upon the owner's money. But, at root they all depend upon the owner taking a chance at making money by buying and owning a horse. They depend entirely upon the owner who buys

a horse thinking he or she can pay for the horse and realize a profit.

There are very, very few owners that have enough money to put a horse at the track and pay for all these people as if they were recipients of a charitable cause. And, those very few that are extremely wealthy usually get there by not throwing money at a certain losing endeavor.

So, what keeps an owner buying horses and racing in Illinois? Purses—nothing but purses.

Without a gaming bill supporting a business model that statistically forbids success, it is inevitable the back stretch, as well as the track itself, will lose the honey pot that allows the existence of the entire enterprise.

This means the business in Illinois must be rationalized to support the owner and keep the owner putting horses at the Illinois tracks. How is this done? At a minimum, there should be no money for the purses that are designated by the statutes and regulations as purse money, used for the payment of anything but purses. That is the starting point. That is blindly resisted at the present. Not all purse money is used for purses.

Because it is blindly resisted, horse racing in Illinois is on a collision course with that grim reaper standing around the corner with a smirk on his face. Horse racing will die.

Further, it is no good hoping gaming will bail out a business model that allows one penny of the purses to be diverted from the owner. Gaming in every state starts by supporting racing. Then every legislature finds that money is better suited for schools just like Illinois did on the impact money. Gaming is a short term fix for a long term problem that has to focus on purses to keep owners buying horses.

The failure to thoroughly realize this basic fact will affect more than the back stretch and the track. This failure to rationalize the industry has resulted in a reduction in the Illinois breeding program that is so severe it is rapidly fading into the sunset.

The present irrational conduct is backing will back up to the farms.

This is because horses are a capital intensive livestock investment. Compared to cattle, the investment in feed, veterinarian and, most especially, in labor is huge. There must be statistics somewhere that show the difference but the number of people it takes to care for the breeding, foaling, raising, breaking and training a single horse will probably allow a farmer to handle at least 100 to 200 head of cattle.

So, one can only hope that very soon those involved in any way with the purse account will make an effort to get the entire purse distribution to the people who should receive it—the owners.

