

Jockey Mount Fees  
U of A, RTIP Symposium  
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On behalf of the 30 Affiliated Members  
and over 30,000 Owners and Trainers  
of the National HBPA



# ARCI Rule #008-030

## Adopted 12/5/09

- G. Jockey Mount Fees
- First line is all that is necessary:
  - *The organizations representing the majority of horse(s) owners and jockeys should reach and present an agreement to the Commission 30 days prior to the start of a race meet.*
- Eliminate jockey mount fee guideline
  - “shall be as follows” replaced with “as a guideline”
- Eliminate automatic “price adjustment”
  - “Commissions should adjust this table.....”
- Eliminate guidance on use of ranges



# Basic Philosophy

- Economics should be removed from ARCI model rule, regardless of whether it is:
  - Mandated (as before) or
  - Prescribed as a guideline (as recently approved)
- Economics should be determined between parties affected – NHBPA Board Position
  - Jockeys and Owners
- ARCI can provide guidance to its members without inclusion in model rules
- Why create a model rule that will not be uniformly adopted throughout racing jurisdictions



# Other Issues Worthy of Discussion

- Last agreed upon adjustment of losing mount fees occurred in 2001 (\$45)
- Ranges in proposed Model Rule based upon retroactive COLA indexing starting in 1964 (\$25)
- Industry indices must be used (Revenue based)
  - Handle and Purses
- Application of the industry indices using 2001 as the “base year”:
  - \$43 and \$ 51, respectively for 2010
  - \$57 (3% & SSA Cola), \$54 (CPI) for 2010
  - Not \$100 or a 100% increase in some cases



# Other “Similar” Racing Economic Factors for “Regulatory/Model Rule” Consideration/Approval

- Veterinarian, Farrier, etc. fees
- Splits between racetracks and horsemen
- ADW/OTB/Rebater signal fees
- Insurance rates
- Groom, exercise rider, pony fees
- Medication, feed, bedding, etc
- Day Rates
- Purses share of auxiliary service revenue
- Purses share of gaming revenue



# Differing Point of View

- Eliminate “automatic” increase in ranges
- Use Industry indices to regularly review the adequacy and accuracy of the fees
- Be prepared to accept decreases as well as increases
- NHBPA Counsel has concerns over “anti-competitive” consequences and has requested an “Advisory Opinion” from FTC

# Current Macroeconomic Perspective — Thoroughbred Horse Racing

• Purses Earned	\$ 1,165,000,000
• Less: Jockey Fees	- 99,000,000
• Less: Trainer Fees	- 80,000,000
• Available to Owners	<u>\$ 986,000,000</u>
• Cost to Train	- <u>1,800,000,000</u>
• Negative Cash Flow	\$ - 814,000,000
• Spent at Auction	- <u>940,000,000</u>
• Out of Pocket— Owner	<b>\$-1,754,000,000</b>



# Analysis of Jockey Mount Fees - Winning and Losing Mounts

• Purses	\$ 1.2 B	Races	50,000
• Win %	<u>60%</u>	Starters	<u>X 8</u>
• To Winner	\$720 M	Mounts	400,000
• Jockey	<u>X 10%</u>	1-2-3	<u>150,000</u>
• Of \$99M	\$ 72 M*	Losing	
• Rate Shift	<u>X 1%</u>	Mounts	250,000
• Reallocate	\$ 7.2M		

- Nearly \$30 per losing mount
- \* Equals 71% of total paid (87% on a %'s)



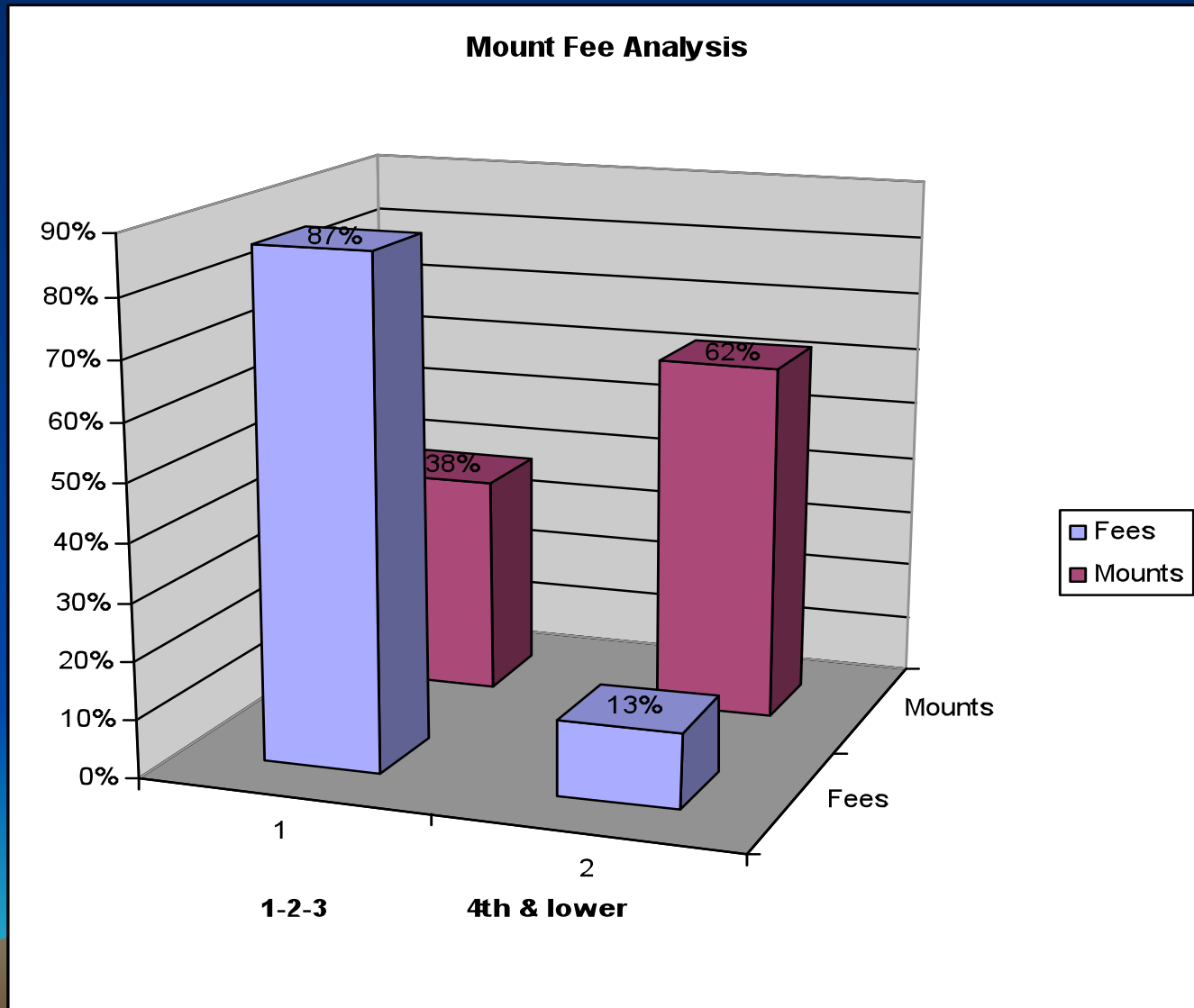


# Top-Heavy Plan

- 400,000 Mounts based upon 50,000 races with average field size of 8 starters
- 150,000 mounts finishing 1-2-3
  - Mount Fees = \$85,800,000
  - 38% of mounts consume 87% of Total Jockey Mount Fees
- 250,000 “losing mounts”
  - Mount Fees = \$13,400,000 (\$7.2M is > 50% increase)
  - 62% of mounts share 13% of Total Jockey Mount Fees



# A clear picture of the problem



# How about this thought?

- Realign the intra-jockey organizational creation of “haves” and “have nots”
- Winning jockeys (10%-ers) earn 71% of currently paid fees (w/5%-ers = 87%)
- Reduce 10% to 9.5% in 2010 and 9% in 2011 and reallocate difference to losing jockey mount fees



# “Timing is Everything”

## Recent Racing News and Announcements

- YTD October Wagering down 10.9% (September 09 = 10.2%)
- YTD October Purses decreased by 8.3% (Sept 09 = 6.1%)
- KY 2010 race dates 206 (09 = 273) -25%
- KY Breed Incentives drop 30% for 2010
- Sunshine Millions lower purses/reduces races for 2010
- MTR proposes Mar –Oct (no winter racing)
- PA loses \$50 M to State Budget (4 years)
- Delaware Park races 27 fewer days 2009
- Ellis Park suspends Simulcast Operations 11/8
- Blue Ribbon Downs closes after 50 years



# News and Announcements-Page 2

- Purses decrease at Belmont, SA, Del, Delta Downs, Finger Lakes, Golden Gate, Hawthorne, LA Downs, MNR, Retama, Suffolk, Turfway, Woodbine, Zia Park (through 10/31/09)
- Auction spending estimates for 2009 may not exceed \$700 million (2007 was \$1.2B). 1997 sales were \$693 million
- 2009 Keeneland Fall Select Mixed Sale decreased by 59.4% in Total
- Just too depressing to continue!!!!!!!!!!



# Conclusion

- RCI Mount Fee Sub-Committee interfered with two “in place dynamics”:
  - Horsemen working with the Guild on the issue
  - Increases have occurred at approx 25 tracks
- Why rush (RCI self-imposed deadline) to increase fees during the most devastating negative economic times faced by the racing industry?
- Repeal the rule that represents an invasion of owners’ rights and a hindrance to the normal contractual process (Owners and the independent contractor/jockey)

