

ask The Owners' Circle

By Mary Forney

How are purses determined, and are the allocations greater in Southern California than in Northern California?

Contrary to popular belief, purses are not funded by the racetracks. Rather, purse money is **owners' money and owners' money alone**.

In California, purses are funded through statutory deductions from wagers – the handle – with the deduction varying depending on the type of wager, the location at or through which it is made, and upon the specific meet on which the wager is placed. The money deducted is held in a “purse account” maintained by each operating racetrack, segregated from racetrack operating funds. On behalf of owners, the purse account is administered by the paymaster of purses at each track, who arranges for purse payments to owners, jockeys, and trainers.

How Purse Levels are Determined

Throughout California, purse levels are negotiated as part of the “race meet agreement” TOC executes with each racetrack, as is required by California’s Horse Racing Regulations. Several months before the start of each meet, representatives of the racetrack and TOC meet to review purse revenue projections and to negotiate a purse schedule for both stakes and overnight races based upon those projections.

In negotiating the purse levels, each track submits an estimate of total purse money for the coming meet based on wagering at the corresponding meet of the prior year (or for the same dates in a prior year if that track did not operate at that time in the preceding year), and in light of current wagering trends. That estimate is reviewed by TOC staff, and any material discrepancies are highlighted and discussed.

Once the purse projections have been determined to be substantially similar, the next step is to agree upon an allocation between stakes and overnight races. The allocation for stakes purses depends upon the meet, ranging from a low of approximately 6% to a high of 29%. Based upon historical allocations and projected revenues, the racetracks submit lists of the scheduled stakes they intend to offer during the meet, and proposed purses for each. While there is some flexibility to alter the value

of a stakes from year to year, there are other factors that may prevent significant changes, such as a race’s stakes grading or its place in the calendar.

Not surprisingly, purse funds not allocated to stakes pay for overnight races; i.e., non-scheduled stakes races including allowance, claiming, and overnight stakes races. Track partners thus also submit a proposed overnight purse schedule for approval, which identifies each type of overnight race to be offered and the purse corresponding to such races. Both of these aspects of the agreement are often at the center of intense negotiations, and continually are evaluated and re-evaluated by each party.

As with any good racing program, the quality of the stakes program must be balanced against the overall objectives and strengths of the overnight program. An attractive, quality stakes program remains a necessary ingredient of any meet seeking to strengthen itself for the coming years ahead, as such races continually encourage owners and breeders to reinvest in the future by buying and breeding new and better horses. Stakes are also necessary to attract and retain top quality horses today, the kind that generate headlines and fan interest. Ask any racing journalist if they can make a career, or obtain even one column inch in a newspaper, writing day in and day out about low level claiming horses. In the end, it’s the balance between such races that makes a meet successful, and all owners happy.

Purses Vary from Track to Track / North to South

As mentioned above, purses will fluctuate from track to track due to the differences in the amounts wagered at each race meet. For example, purses at Del Mar’s summer meet are historically higher than at Hollywood Park’s fall meet due to greater fan interest and the overall amount wagered on Del Mar’s races. The same reasons account for the differences between purses in the South as compared to the North. Purse levels are dependant on wagering, and a well-constructed, fan appealing race and purse program positively impacts attendance and wagering at a meet.