

Thoroughbred Breeding in Iowa

By Dave Astar

For some people Thoroughbred breeding can be a tricky business. The emotional attachment many breeders have with their mares and foals is sometimes all it takes to be a breeder. The complexity of matching mares and stallions based upon pedigrees, nicks and even physical type is also often fun and challenging. The possibility of breeding a Black Type or even Triple Crown performer is always a dreamy potential. Nevertheless, systemically successful Thoroughbred breeding programs will always be driven by economics.

Many Thoroughbred state designated breeder funds contribute hundreds of thousands of dollars to breeders annually. These state programs were not constituted as cosmic handouts or giveaways. Instead, they were purposefully originated to “improve” the in-state racing and breeding environment. Nevertheless, many politically based organizations never realize anything close to “improvement” and instead ignore breeding declines year after year, even as state breeder’s fund expenditures continually increase.

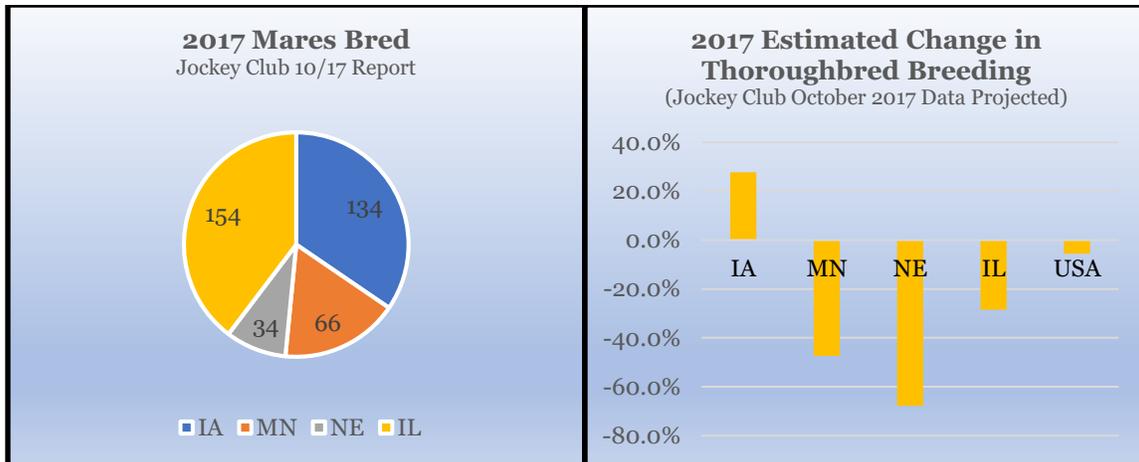
Purse structures and breeder fund awards are a key part of breeder’s programs. Breeding economics are also affected by breeder’s fund rules, local stallion quality, purse distribution methodologies, marketing/advertising capability, public auction capability, and restricted state bred and stallion race opportunities. When all of these items are effectively integrated, they can create a positive economic breeding environment that contributes to state’s local racing and the breeding agricultural. If programs are ill conceived, or never adapted to today’s transparent and contemporary competitive environment, they can depress breeding activity and drive breeders to more rewarding activities or more favorable breeding environments.

Iowa, unlike many states, seems to have developed an “economically competitive” breeding program equation. This was recently apparent after reviewing the October 25, 2017, Jockey Club news release focused on 2017 mares bred.

<http://www.jockeyclub.com/Default.asp?section=Resources&area=10&story=1015>)

While all Jockey Club 2017 registration reports are not yet in, history reflects that this recent report is over 90% complete at this stage.....and here’s the real shocker related for Iowa. While 2017 breeding has dropped 5.6% nationwide, Iowa has already experienced a 19.6% increase, with more reports coming in! Not only is this a solid Iowa Thoroughbred breeding result but, in the face of nationwide trends and bordering state results it is both rare and exciting.

Here are some simple comparisons of this data for the racing states which border Iowa:



Iowa's 19.6% increase, projected to end up near 28% when all 2017 reports are in, is in direct opposition to the three border racing states which are projected to show a 43% decline collectively! In fact, Iowa is projected to have bred 9.7 mares bred per million dollars overall purses available in 2017. The three border states combined are projected to only produce 5.7 mares bred per million dollars of their overall available purse dollars, with Iowa's closest and most similar breeding competitor Minnesota breeding only 4.9 mares per million dollars of available purses in 2017. By relating breeding volume to a state's available purse dollars, the effectiveness of breeding programs can be properly understood, and Iowa is simply a standout in this regard!

Surprisingly, two Iowa stallions, Stroll and Woke Up Dreamin, have more reported mares bred than the entire state of Minnesota combined. The leading Iowa stallions based upon the 2017 Jockey Club reports received to date are:

Iowa Stallion	2017 Mares Bred
Stroll	39
Woke Up Dreamin	30
Sing Baby Sing	25
Formidable	14
Native Ruler	14

Clearly, breeding is not only headed in the right direction in Iowa but Iowa is bucking regional and national trends by attracting and stimulating breeding activity. So, the question is simply, what's up? The answer lies in Iowa's well-designed overall breeder's program.

Iowa smartly instituted a clear 12% of earned purse breeders award for winning horses. As a result, breeders know what their economic return will be months and years before awards are actually paid. This allows breeders to effectively consider future economics in their business plans, as long as they do their jobs and breed high quality winning Thoroughbreds. For example, when an Iowa bred horse won their \$41,000 state bred purse 2017 Maiden Special Weight race earlier this year, the Iowa breeder immediately knew they got \$2,952 for that win.

Overall Iowa MSW Purse	\$41,000
Winners Share of Purse	60%
Breeder's Award %	12%
Breeder's Award	\$2,952

You see, whether an Iowa breeder's 3-year-old foal broke their maiden in April of 2017, or the breeder was in the process of breeding that foal four years ago in March of 2013, an Iowa breeder effectively understood the economic benefit their breeding activity would generate!

By comparison, Minnesota and Nebraska breeders not only have much lower state bred purses, but they also have highly variable pro-rated award systems. Their breeders are not given award percentages, and breeders only learn what they will be paid after the racing season concludes. Those payments, as a percentage of earned purses, vary wildly from year to year. Programs of this nature are the equivalent of selecting Powerball numbers 3 to 4 years after you buy a ticket. In other words, the behavioral motivation associated with the expense and act of breeding, is almost entirely disassociated with an undefined reward realized many years after the act.

The other border state, Illinois, does have an advertised percentage earned purse breeder payment but their state's winning horse breeders receive less than half of what Iowa breeders receive. For example, utilizing the common Maiden Special Weight state bred horse race example again, they have lower purses and the 11.5% award percentage is diluted for state bred races with only 60% of the 11.5% going to the breeder.

Overall Illinois MSW Purse	\$28,000
Winners Share of Purse	60%
Breeder's Award %	11.5%
Winner Award Adjustment	60%
Breeder's Award	\$1,159.20

Based upon the most recently available Jockey Club State Fact Books, over 50% of the total 2016 Iowa available purses were paid to state bred horses! It is therefore easy to conclude that Iowa establishes very competitive state bred purse structures and conducts several restricted state-bred races per race day. That commitment to their Iowa state breeding program, and their purse distribution methodology, sends a strong commitment message to Iowa breeders. Comparatively, the 2016 Jockey State Fact Books indicate that the three bordering racing states of Illinois, Nebraska and Minnesota pay less than 40% of their overall available purses to their state bred race horse owners.

Publicly sold Iowa bred yearlings have averaged over \$15,000 per yearling over the last 5 recorded years. That means that for every one million dollars in available Iowa purses, \$1,094 was publicly paid for their state bred yearlings. This is again a way to determine program effectiveness. The three previously mentioned bordering states have not approached the \$1,000 public auction average yearling value per million dollars of available purses over the same 5-year period. The most similar state in both racing days and overall purses available, Minnesota, averaged \$10,200 per publicly sold state bred yearling, and their yearling public sale value per million dollars of available purses was only \$750, over the same time period.

Solid local Iowa stallions seem to offer a low cost and less risky mare/foal shipping alternatives for Iowa breeders. Iowa also presents broad nationwide stallion options. They conduct restricted stallion season auction races that support their stallion season auction with \$219,000 in purses for 3 restricted stallion stakes races, two of which qualify as Black Type, for stallions who contribute breeding seasons to their stallion auction.

So, there you have it. Iowa has designed an overall breeding program which is effective, integrated and contemporary. The breeder economics are clear and competitive. Iowa's purse distribution methodologies strongly support state breeding. Stallion options are favorable. Foals sell at competitive prices, and with only 74% of Iowa state bred horse earnings being earned in Iowa, it is clear that Iowa state bred horses represent high quality horses that can compete anywhere.

Yes, Iowa has become one of just a handful of states in the country that is experiencing significant improvement in breeding results. Iowa can now be described as a "go to" state for Thoroughbred breeding, and for those breeders who have the option of breeding anywhere, Iowa is definitely on the list.

Facts are stubborn things, and Iowa's recent breeding results speak for themselves.

About the Author

Dave Astar is a retired Fortune 500 executive with a statistical background. He has studied breeding results and programs across the country. His breeding and racing stables (Astar Thoroughbred & Astar Lindquist Stables) have experienced over 100 related Midwest wins, while also capturing breeding and racing awards in both Iowa and Minnesota.