
D.C. Lottery and Charitable Games Control Board

www.lottery.dc.gov

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Description	FY 2014 Actual	FY 2015 Approved	FY 2016 Proposed	% Change from FY 2015
Operating Budget	\$215,662,298	\$242,156,316	\$220,000,000	-9.1
FTEs	64.7	76.0	73.5	-3.3

The mission of the D.C. Lottery and Charitable Games Control Board (DCLB) is to generate revenue for the District's General Fund through the sale of lottery games and to regulate charitable gaming.

Since its inception in 1982, DCLB has contributed over \$1.8 billion to the District's General Fund. The DCLB annual transfer to the General Fund remains a vital component in aiding the city's economy, thereby benefiting all residents of the District of Columbia. The General Fund supports services such as education, recreation and parks, public safety, housing, and senior and child services. The DCLB directly benefits its players by paying out more than 50 percent of annual sales in prize money. It also directly benefits local businesses by providing commissions to retailers licensed to sell D.C. Lottery games and offering contracting opportunities.

The agency's FY 2016 proposed budget is presented in the following tables:

FY 2016 Proposed Gross Funds Operating Budget, by Revenue Type

Table DC0-1 contains the proposed FY 2016 agency budget compared to the FY 2015 approved budget. It also provides FY 2013 and FY 2014 actual expenditures.

Table DC0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change*
General Fund						
Special Purpose Revenue Funds	242,333	215,662	0	0	0	N/A
Total for General Fund	242,333	215,662	0	0	0	N/A
Enterprise and Other						
Enterprise and Other Funds	0	0	242,156	220,000	-22,156	-9.1
Total for Enterprise and Other	0	0	242,156	220,000	-22,156	-9.1
Gross Funds	242,333	215,662	242,156	220,000	-22,156	-9.1

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to Schedule 80 Agency Summary by Revenue Source in the FY 2016 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2016 Proposed Full-Time Equivalent, by Revenue Type

Table DC0-2 contains the proposed FY 2016 FTE level compared to the FY 2015 approved FTE level by revenue type. It also provides FY 2013 and FY 2014 actual data.

Table DC0-2

Appropriated Fund	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change
General Fund						
Special Purpose Revenue Funds	67.0	64.7	0.0	0.0	0.0	N/A
Total for General Fund	67.0	64.7	0.0	0.0	0.0	N/A
Enterprise and Other						
Enterprise and Other Funds	0.0	0.0	76.0	73.5	-2.5	-3.3
Total for Enterprise and Other	0.0	0.0	76.0	73.5	-2.5	-3.3
Total Proposed FTEs	67.0	64.7	76.0	73.5	-2.5	-3.3

FY 2016 Proposed Operating Budget, by Comptroller Source Group

Table DC0-3 contains the proposed FY 2016 budget at the Comptroller Source Group (object class) level compared to the FY 2015 approved budget. It also provides FY 2013 and FY 2014 actual expenditures.

Table DC0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change*
11 - Regular Pay - Continuing Full Time	5,424	5,461	6,449	6,616	166	2.6
12 - Regular Pay - Other	20	22	102	80	-22	-21.9
13 - Additional Gross Pay	74	114	16	16	0	0.0
14 - Fringe Benefits - Current Personnel	1,124	1,115	1,441	1,486	45	3.1
15 - Overtime Pay	16	36	123	123	0	0.0
Subtotal Personal Services (PS)	6,658	6,748	8,132	8,321	189	2.3
20 - Supplies and Materials	24	19	85	85	0	0.0
30 - Energy, Communication and Building Rentals	39	192	340	355	14	4.2
31 - Telephone, Telegraph, Telegram, Etc.	215	256	312	312	0	0.0
32 - Rentals - Land and Structures	2,262	2,556	2,525	2,547	22	0.9
34 - Security Services	7	0	567	31	-537	-94.6
35 - Occupancy Fixed Costs	12	0	16	8	-8	-51.9
40 - Other Services and Charges	16,254	13,559	7,597	7,511	-86	-1.1
41 - Contractual Services - Other	3,208	1,916	5,378	13,042	7,664	142.5
50 - Subsidies and Transfers	213,336	190,416	216,725	187,306	-29,420	-13.6
70 - Equipment and Equipment Rental	318	0	479	484	5	1.0
Subtotal Nonpersonal Services (NPS)	235,675	208,914	234,025	211,679	-22,345	-9.5
Gross Funds	242,333	215,662	242,156	220,000	-22,156	-9.1

*Percent change is based on whole dollars.

Program Description

The D.C. Lottery and Charitable Games Control Board operates through the following 3 programs:

Gaming Operations – provides support services to lottery retail agents and the gaming public so that they can benefit from the portfolio of games offered by DCLB.

This program contains the following 6 activities:

- **Marketing** – provides advertising and promotional information to eligible players. The goal is to attract eligible players to purchase lottery tickets so that they may enjoy the entertainment value offered by the D.C. Lottery and Charitable Games Control Board’s portfolio of games;
- **Sales Department (Trade Development)** – provides sales goals and retail development services to lottery retail agents. The goals are to assist lottery retail agents in reaching established minimum sales volume levels and to achieve sustained growth;
- **Draw Division** – provides draw-related services to the gaming public. The goal is to maintain the public trust through ensuring unbiased and random draws;
- **Licensing and Charitable Games** – provides licensing and regulatory compliance services to existing and prospective lottery retail agents and non-profit charitable organizations. The goals are to ensure that lottery retail agents and non-profit charitable organizations receive appropriate licenses to sell lottery products and conduct charitable gaming activities in accordance with the laws and regulations set forth by the District;
- **Information Technology** – provides technical coordination and oversight services to lottery retail agents, customers, and internal DCLB operations. The goals are for retail agents, customers and internal operations to deliver, play and provide an uncompromised portfolio of lottery products; and
- **Claim Center** – provides claims processing and gaming information services to the gaming public. The goals are for the public to redeem prizes and enjoy a positive gaming experience.

Gaming Operations oversees 2 types of games:

- **Instant Games** – provides a portfolio of instant lottery games to the gaming public so that they can experience the entertainment value and potential reward of playing and winning with scratch-off style lottery tickets; and
- **Online Games** – provides online lottery-type games and services, which are lottery game tickets sold to the gaming public by lottery retail agents and video gaming machines, and played by the public at social settings targeted to the gaming public, so that the District can experience a steady source of revenue through the transfer of net proceeds from lottery sales.

Online games is comprised of the following 11 games:

- **DC 3 (Lucky Numbers), DC 4, DC 5, Powerball, Mega Millions, Hot Lotto, D.C. KENO, Race 2 Riches, Monopoly Millionaires’ Club, Tap-N-Play, and D.C. Fast Play** – provides an online (kiosk-based) lottery gaming experience for the gaming public so that they can experience the entertainment value of the DCLB’s portfolio of games and potential rewards of playing and winning.

Agency Management – provides for administrative support and the required tools to achieve operational and programmatic results. This program is standard for all agencies using performance-based budgeting.

Agency Financial Operations – provides comprehensive and efficient financial management services to, and on behalf of, District agencies so that the financial integrity of the District of Columbia is maintained. This program is standard for all agencies using performance-based budgeting.

Program Structure Change

The D.C. Lottery and Charitable Games Control Board has no program structure changes in the FY 2016 proposed budget.

FY 2016 Proposed Operating Budget and FTEs, by Program and Activity

Table DC0-4 contains the proposed FY 2016 budget by program and activity compared to the FY 2015 approved budget. It also provides FY 2014 actual data.

Table DC0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015
(1000) Agency Management								
(1010) Human Resources	589	645	699	54	4.5	7.0	7.0	0.0
(1015) Executive Direction and Support	579	2,129	747	-1,382	3.6	4.0	3.0	-1.0
(1030) Property and Fleet Management	319	574	714	140	2.7	3.0	3.0	0.0
(1040) Information Technology	391	1,396	1,433	36	2.7	3.0	3.0	0.0
(1050) Financial Services	3,004	3,168	4,549	1,381	0.0	0.0	0.0	0.0
(1060) Legal Services	0	0	10	10	0.0	0.0	0.0	0.0
(1075) Security	814	1,520	1,000	-521	2.7	4.0	4.0	0.0
(1080) Communications	403	870	801	-69	2.7	5.0	5.0	0.0
Subtotal (1000) Agency Management	6,100	10,304	9,953	-350	18.9	26.0	25.0	-1.0
(100F) Agency Financial Operations								
(110F) Budget Operations	95	128	127	0	0.9	1.0	1.0	0.0
(120F) Accounting Operations	574	617	669	52	5.4	6.0	6.0	0.0
(130F) Fiscal Officer	366	217,136	187,748	-29,388	2.7	3.0	3.0	0.0
Subtotal (100F) Agency Financial Operations	1,035	217,881	188,545	-29,336	9.0	10.0	10.0	0.0
(2000) Instant Games								
(2100) Instant Games (Activity)	43,064	0	0	0	0.0	0.0	0.0	0.0
No Activity Assigned	-4	0	0	0	0.0	0.0	0.0	0.0
Subtotal (2000) Instant Games	43,060	0	0	0	0.0	0.0	0.0	0.0
(3000) Online Games								
(3100) Lucky Numbers	49,382	0	0	0	0.0	0.0	0.0	0.0
(3200) Quick Cash	2,030	0	0	0	0.0	0.0	0.0	0.0
(3300) DC Four	53,904	0	0	0	0.0	0.0	0.0	0.0
(3600) Powerball	14,685	0	0	0	0.0	0.0	0.0	0.0
(3800) Keno	10,733	0	0	0	0.0	0.0	0.0	0.0
(4200) Hot Lotto	3,261	0	0	0	0.0	0.0	0.0	0.0
(4400) DC Five	13,243	0	0	0	0.0	0.0	0.0	0.0
(4600) Mega Million	8,430	0	0	0	0.0	0.0	0.0	0.0
(4700) Race 2 Riches	6,783	0	0	0	0.0	0.0	0.0	0.0
(4800) Touch Games	-3	0	0	0	0.0	0.0	0.0	0.0
(9800) Unclassified Revenue and Expenditures	-106	0	0	0	0.0	0.0	0.0	0.0
Subtotal (3000) OnLine Games	162,341	0	0	0	0.0	0.0	0.0	0.0

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Table DC0-4 (Continued)

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015
(6000) Gaming Operations								
(6200) Marketing	779	7,196	7,533	338	7.6	8.0	8.0	0.0
(6300) Trade Development	894	4,277	3,682	-594	8.1	11.0	11.0	0.0
(6400) Draw Division	247	571	8,358	7,788	4.9	4.0	3.5	-0.5
(6500) Licensing and Charitable Games	594	824	771	-52	5.4	6.0	5.0	-1.0
(6600) Information Technology (Games)	748	1,023	1,068	46	9.0	10.0	10.0	0.0
(6700) Claim Center	69	83	89	6	1.8	1.0	1.0	0.0
Subtotal (6000) Gaming Operations	3,331	13,972	21,502	7,530	36.8	40.0	38.5	-1.5
(9950) Audit Adjustments								
No Activity Assigned	-205	0	0	0	0.0	0.0	0.0	0.0
Subtotal (9950) Audit Adjustments	-205	0	0	0	0.0	0.0	0.0	0.0
Total Proposed Operating Budget	215,662	242,156	220,000	-22,156	64.7	76.0	73.5	-2.5

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2016 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2016 Proposed Budget Changes

The D.C. Lottery and Charitable Games Control Board's (DCLB) proposed FY 2016 gross budget is \$220,000,000, which represents a 9.1 percent decrease from its FY 2015 approved gross budget of \$242,156,316. The budget is comprised entirely of Enterprise and Other funds. The DCLB budget reflects the impact of a decline in sales across core District-specific games. In prior years, DCLB instituted cost saving measures to help maintain the amount transferred to the District's general fund. However, the continued erosion of traditional gaming public, in introduction of new gaming alternatives in surrounding jurisdictions, and pressure from Internet gaming has reduced the projected collections and the anticipated transfer amount. As a result, DCLB projects the Fiscal Year 2016 transfer to the District's general fund will total \$41.7 million, a decrease of \$20.1 million from the fiscal year 2015 transfer estimate of \$61.8 million.

Agency Budget Submission

Increase: An increase of \$7,745,500 in the Gaming Operations program supports contractual adjustments. The agency realigned its budget to more accurately reflect agency spending. Also, personal services adjustments support a net increase of \$189,164 to cover salaries, Fringe Benefits, other personnel adjustments; and the impact of a reduction of 2.5 FTEs across multiple programs. In addition, a net increase of \$28,057 across several programs to cover estimates for energy, rentals and other fixed costs commodities.

Decrease: The DCLB budget reflects a net decrease of \$162,572 due to efficiencies in supplies, equipment and certain contract-related services throughout the agency. Also, a decrease of \$536,753 primarily reflects savings from the realignment of DCLB's security services costs to the Agency Management program. Lastly,

a decrease of \$29,419,712 in the Agency Financial Operations programs is due to a projected reduction in the estimated revenue collected from gaming-related functions as well as the reallocation of certain expenditures previously classified as subsidies to Contractual Services.

Mayor's Proposed Budget

No Change: The D.C. Lottery and Charitable Games Control Board's budget proposal reflects no change from the agency budget submission to the Mayor's proposed budget.

FY 2015 Approved Budget to FY 2016 Proposed Budget, by Revenue Type

Table DC0-5 itemizes the changes by revenue type between the FY 2015 approved budget and the FY 2016 proposed budget.

Table DC0-5
(dollars in thousands)

DESCRIPTION	PROGRAM	BUDGET	FTE
ENTERPRISE AND OTHER FUNDS: FY 2015 Approved Budget and FTE		242,156	76.0
Increase: To adjust the Contractual Services budget	Gaming Operations	7,746	0.0
Increase: To adjust personal services	Multiple Programs	189	-2.5
Increase: To align Fixed Costs with proposed estimates	Multiple Programs	28	0.0
Decrease: To align funding with nonpersonal services costs	Multiple Programs	-163	0.0
Decrease: To streamline operation efficiency	Agency Management	-537	0.0
Decrease: To align budget with projected revenues	Agency Financial Operations	-29,420	0.0
ENTERPRISE AND OTHER FUNDS: FY 2016 Agency Budget Submission		220,000	73.5
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS: FY 2016 Mayor's Proposed Budget		220,000	73.5
Gross for DC0 - D.C. Lottery and Charitable Games Control Board		220,000	73.5

(Change is calculated by whole numbers and numbers may not add up due to rounding)