
D.C. Lottery and Charitable Games Control Board

www.lottery.dc.gov

Telephone: 202-645-8000

Description	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed	% Change from FY 2013
Operating Budget	\$249,600,253	\$250,000,000	\$253,000,000	1.2
FTEs	71.7	77.0	72.0	-6.5

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 \$1.7 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 2014 proposed budget is presented in the following tables:

FY 2014 Proposed Gross Funds Operating Budget, by Revenue Type

Table DC0-1 contains the proposed FY 2014 agency budget compared to the FY 2013 approved budget. It also provides FY 2011 and FY 2012 actual expenditures.

Table DC0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2011	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Percent Change*
General Fund						
Special Purpose Revenue Funds	231,892	249,600	250,000	253,000	3,000	1.2
Total for General Fund	231,892	249,600	250,000	253,000	3,000	1.2
Gross Funds	231,892	249,600	250,000	253,000	3,000	1.2

*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 2014 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2014 Proposed Full-Time Equivalents, by Revenue Type

Table DC0-2 contains the proposed FY 2014 FTE level compared to the FY 2013 approved FTE level by revenue type. It also provides FY 2011 and FY 2012 actual data.

Table DC0-2

Appropriated Fund	Actual FY 2011	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Percent Change
General Fund						
Special Purpose Revenue Funds	73.3	71.7	77.0	72.0	-5.0	-6.5
Total for General Fund	73.3	71.7	77.0	72.0	-5.0	-6.5
Total Proposed FTEs	73.3	71.7	77.0	72.0	-5.0	-6.5

FY 2014 Proposed Operating Budget, by Comptroller Source Group

Table DC0-3 contains the proposed FY 2014 budget at the Comptroller Source Group (object class) level compared to the FY 2013 approved budget. It also provides FY 2011 and FY 2012 actual expenditures.

Table DC0-3

(dollars in thousands)

	Actual FY 2011	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Percent Change*
Comptroller Source Group						
11 - Regular Pay - Continuing Full Time	5,753	5,729	6,169	6,020	-149	-2.4
12 - Regular Pay - Other	30	17	84	80	-4	-5.0
13 - Additional Gross Pay	89	81	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	1,128	1,122	1,337	1,341	4	0.3
15 - Overtime Pay	21	22	123	123	0	0.0
Subtotal Personal Services (PS)	7,021	6,971	7,712	7,563	-149	-1.9
20 - Supplies and Materials	58	40	118	118	0	0.0
30 - Energy, Comm. and Building Rentals	288	50	135	338	203	150.4
31 - Telephone, Telegraph, Telegram, Etc.	188	286	294	323	30	10.1
32 - Rentals - Land and Structures	2,262	2,262	2,403	2,525	123	5.1
33 - Janitorial Services	5	11	0	0	0	N/A
34 - Security Services	16	17	17	17	0	0.0
35 - Occupancy Fixed Costs	7	11	16	16	0	0.0
40 - Other Services and Charges	15,790	16,545	17,442	17,478	35	0.2
41 - Contractual Services - Other	3,295	2,971	3,938	4,028	90	2.3
50 - Subsidies and Transfers	202,804	220,121	217,550	220,218	2,668	1.2
70 - Equipment and Equipment Rental	157	315	374	374	0	0.0
Subtotal Nonpersonal Services (NPS)	224,871	242,629	242,288	245,437	3,149	1.3
Gross Funds	231,892	249,600	250,000	253,000	3,000	1.2

*Percent change is based on whole dollars.

Program Description

The D.C. Lottery and Charitable Games Control Board operates through the following 5 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.

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.

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.

This program contains the following 9 activities:

- **DC3 (Lucky Numbers), DC4, DC5, Powerball, Mega Millions, Hot Lotto, Keno, Race 2 Riches, and Instant Fast Play** – provides 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 2014 proposed budget.

FY 2014 Proposed Operating Budget and FTEs, by Program and Activity

Table DC0-4 contains the proposed FY 2014 budget by program and activity compared to the FY 2013 approved budget. It also provides FY 2012 actual data.

Table DC0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013
(1000) Agency Management								
(1010) Human Resources	467	466	497	31	4.7	5.0	5.0	0.0
(1015) Executive Direction and Support	1,790	1,915	2,053	138	3.7	4.0	4.0	0.0
(1030) Property and Fleet Management	454	585	594	9	2.8	3.0	3.0	0.0
(1040) Information Technology	365	389	405	16	2.8	3.0	3.0	0.0
(1050) Financial Services	2,637	2,865	3,220	355	0.0	0.0	0.0	0.0
(1075) Security	730	931	845	-86	4.7	4.0	3.0	-1.0
(1080) Communications	412	585	470	-115	3.7	4.0	3.0	-1.0
Subtotal (1000) Agency Management	6,854	7,735	8,082	347	22.4	23.0	21.0	-2.0
(100F) Agency Financial Operations								
(110F) Budget Operations	83	86	90	5	0.9	1.0	1.0	0.0
(120F) Accounting Operations	529	575	606	30	5.6	6.0	6.0	0.0
(130F) Fiscal Officer	312	396	367	-29	2.8	3.0	3.0	0.0
Subtotal (100F) Agency Financial Operations	923	1,057	1,062	6	9.3	10.0	10.0	0.0
(2000) Instant Games								
(2100) Instant Games (Activity)	57,157	60,153	57,920	-2,234	0.0	0.0	0.0	0.0
Subtotal (2000) Instant Games	57,157	60,153	57,920	-2,234	0.0	0.0	0.0	0.0
(3000) On Line Games								
(3100) Lucky Numbers	50,575	49,759	50,630	871	0.0	0.0	0.0	0.0
(3200) Quick Cash	5,457	5,684	6,147	463	0.0	0.0	0.0	0.0
(3300) DC Four	62,597	60,602	62,425	1,823	0.0	0.0	0.0	0.0
(3600) Powerball	16,333	15,157	16,551	1,394	0.0	0.0	0.0	0.0
(3800) Keno	11,896	12,315	11,818	-497	0.0	0.0	0.0	0.0
(4200) Hot Lotto	2,619	3,316	3,305	-11	0.0	0.0	0.0	0.0
(4400) DC Five	14,344	14,209	15,132	922	0.0	0.0	0.0	0.0
(4600) Mega Million	10,139	8,999	8,512	-488	0.0	0.0	0.0	0.0
(4700) Race 2 Riches	6,810	6,631	7,093	462	0.0	0.0	0.0	0.0
Subtotal (3000) On Line Games	180,770	176,672	181,611	4,940	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 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013
(6000) Gaming Operations Program								
(6200) Marketing	902	849	1,037	187	6.5	7.0	8.5	1.5
(6300) Trade Development	978	1,283	938	-345	11.2	13.0	9.0	-4.0
(6400) Draw Division	406	444	473	29	5.1	5.5	5.5	0.0
(6500) Licensing and Charitable Games	597	655	699	44	5.6	6.0	6.0	0.0
(6600) Information Technology (Games)	907	1,001	1,029	29	9.8	10.5	10.0	-0.5
(6700) Claim Center	106	152	149	-3	1.9	2.0	2.0	0.0
Subtotal (6000) Gaming Operations Program	3,895	4,384	4,324	-59	40.1	44.0	41.0	-3.0
Total Proposed Operating Budget	249,600	250,000	253,000	3,000	71.7	77.0	72.0	-5.0

(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 2014 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2014 Proposed Budget Changes

The D.C. Lottery and Charitable Games Control Board's (DCLB) proposed FY 2014 gross budget is \$253,000,000, which represents a 1.2 percent increase over its FY 2013 approved gross budget of \$250,000,000. The budget is comprised entirely of Special Purpose Revenue funds.

Based on DCLB projections, the FY 2014 projected transfer to the District's General fund is \$63.5 million, an increase of \$0.3 million over the approved FY 2013 transfer amount of \$63.2 million. While the recovery from the national economic recession progresses at a modest rate, DCLB projects that the impact on lottery games will reverse from the recent downward trend of recent years. Also contributing to an increase in projected revenue, the Multi-State Lottery Association's (MUSL) decision in early 2012 to increase the cost of individual Powerball tickets from \$1 to \$2 did not have as negative an impact as previously projected. The increase in individual ticket costs allows for the likelihood of large jackpots, which increase the likelihood of greater participation in game play locally. While DCLB anticipates that game revenue will increase, the agency's budget also reflects a decrease in certain areas due to operational savings.

Agency Budget Submission

Increase: Within the On-Line Games program, a proposed increase of \$5,104,640 reflects the offering of higher price-point games and greater prize payouts, as well as the expectation of higher prize payouts and greater participation by the gaming public. The Agency Management program reflects an increase of \$352,647 primarily due to higher agency-managed fixed cost estimates. Personal services costs increases by \$94,581 due to salary and step adjustments. An increase of \$90,000 in Contractual Services costs within the Agency Management program is due to professional consultant services and administrative fees.

Decrease: Within the On-Line Games program, a proposed increase of \$2,179,640 reflects the lower ticket sales for several games, reduced prize payouts and other related fees. The impact of operational savings to maximize the amount the DCLB transfers to the District's General fund results in a decrease of personal services costs by \$462,229 and 5.0 FTEs.

Mayor's Proposed Budget

Cost-of-Living Adjustment: This agency received a proposed cost-of-living adjustment (COLA) in non-Local funds. This adjustment includes \$218,890 in Special Purpose Revenue funds.

Decrease: Special Purpose Revenue funds are reduced by \$218,890 to offset the proposed cost-of-living adjustment.

District's Proposed Budget

The D.C. Lottery and Charitable Games Control Board has no changes from the FY 2014 Mayor's proposed budget to the FY 2014 District's proposed budget.

FY 2013 Approved Budget to FY 2014 Proposed Budget, by Revenue Type

Table DC0-5 itemizes the changes by revenue type between the FY 2013 approved budget and the FY 2014 proposed budget.

Table DC0-5
(dollars in thousands)

	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2013 Approved Budget and FTE		250,000	77.0
Increase: Projected games prize payouts, agent commissions and related costs	On Line Games	5,105	0.0
Increase: Operational and Fixed Costs adjustments	Agency Management	353	0.0
Increase: Administrative costs	Agency Management	90	0.0
Increase: Higher salaries and steps	Multiple Programs	95	0.0
Decrease: Projected lower ticket sales and reduced prize payouts	Instant Games	-2,180	0.0
Decrease: Savings due to a reduction of five positions	Multiple Programs	-462	-5.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Agency Budget Submission		253,000	72.0
Cost-of-Living Adjustment: FY 2014 proposed adjustment	Multiple Programs	219	0.0
Decrease: To offset the proposed cost-of-living adjustment	Multiple Programs	-219	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Mayor's Proposed Budget		253,000	72.0
No Changes		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 District's Proposed Budget		253,000	72.0
Gross for DC0 - D.C. Lottery and Charitable Games Control Board		253,000	72.0

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

