
D.C. Lottery and Charitable Games Control Board

www.lottery.dc.gov

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Description	FY 2011 Actual	FY 2012 Approved	FY 2013 Proposed	% Change from FY 2012
Operating Budget	\$231,892,093	\$258,000,000	\$250,000,000	-3.1
FTEs	73.3	77.0	77.0	0.0

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 2013 proposed budget is presented in the following tables:

FY 2013 Proposed Gross Funds Operating Budget, by Revenue Type

Table DC0-1 contains the proposed FY 2013 agency budget compared to the FY 2012 approved budget. It also provides FY 2010 and FY 2011 actual expenditures.

Table DC0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change*
General Fund						
Special Purpose Revenue Funds	230,248	231,892	258,000	250,000	-8,000	-3.1
Total for General Fund	230,248	231,892	258,000	250,000	-8,000	-3.1
Gross Funds	230,248	231,892	258,000	250,000	-8,000	-3.1

*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 2013 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2013 Proposed Full-Time Equivalents, by Revenue Type

Table DC0-2 contains the proposed FY 2013 FTE level compared to the FY 2012 approved FTE level by revenue type. It also provides FY 2010 and FY 2011 actual data.

Table DC0-2

Appropriated Fund	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change
General Fund						
Special Purpose Revenue Funds	72.6	73.3	77.0	77.0	0.0	0.0
Total for General Fund	72.6	73.3	77.0	77.0	0.0	0.0
Total Proposed FTEs	72.6	73.3	77.0	77.0	0.0	0.0

FY 2013 Proposed Operating Budget, by Comptroller Source Group

Table DC0-3 contains the proposed FY 2013 budget at the Comptroller Source Group (object class) level compared to the FY 2012 approved budget. It also provides FY 2010 and FY 2011 actual expenditures.

Table DC0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change*
11 - Regular Pay - Continuing Full Time	5,675	5,753	6,085	6,169	83	1.4
12 - Regular Pay - Other	62	30	85	84	-1	-1.2
13 - Additional Gross Pay	102	89	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	1,095	1,128	1,212	1,337	125	10.3
15 - Overtime Pay	96	21	123	123	0	0.0
Subtotal Personal Services (PS)	7,030	7,021	7,505	7,712	207	2.8
20 - Supplies and Materials	62	58	136	118	-17	-12.8
30 - Energy, Comm. and Building Rentals	86	288	19	135	115	594.1
31 - Telephone, Telegraph, Telegram, Etc.	215	188	215	294	78	36.4
32 - Rentals - Land and Structures	2,269	2,262	2,403	2,403	0	0.0
33 - Janitorial Services	12	5	11	0	-11	-100.0
34 - Security Services	5	16	17	17	0	0.0
35 - Occupancy Fixed Costs	40	7	16	16	0	0.0
40 - Other Services and Charges	16,468	15,790	16,248	17,442	1,194	7.4
41 - Contractual Services - Other	3,523	3,295	4,076	3,938	-137	-3.4
50 - Subsidies and Transfers	200,160	202,804	226,875	217,550	-9,325	-4.1
70 - Equipment and Equipment Rental	377	157	479	374	-105	-21.9
Subtotal Nonpersonal Services (NPS)	223,218	224,871	250,495	242,288	-8,207	-3.3
Gross Funds	230,248	231,892	258,000	250,000	-8,000	-3.1

*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** - provide 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 2013 proposed budget.

FY 2013 Proposed Operating Budget and FTEs, by Program and Activity

Table DCO-4 contains the proposed FY 2013 budget by program and activity compared to the FY 2012 approved budget. It also provides FY 2011 actual data.

Table DCO-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012
(1000) Agency Management Program								
(1010) Human Resources	446	465	466	1	5.7	5.0	5.0	0.0
(1015) Executive Direction and Support	1,723	2,024	1,915	-109	3.8	4.0	4.0	0.0
(1030) Property and Fleet Management	458	582	585	2	2.9	3.0	3.0	0.0
(1040) Information Technology	346	391	389	-2	2.9	3.0	3.0	0.0
(1050) Financial Services	2,829	2,682	2,865	183	0.0	0.0	0.0	0.0
(1075) Security	893	1,110	931	-180	4.8	5.0	4.0	-1.0
(1080) Communications	495	603	585	-19	3.8	4.0	4.0	0.0
Subtotal (1000) Agency Management Program	7,190	7,858	7,735	-123	23.8	24.0	23.0	-1.0
(100F) Agency Financial Operations								
(110F) Budget Operations	77	86	86	-1	1.9	1.0	1.0	0.0
(120F) Accounting Operations	510	568	575	8	5.7	6.0	6.0	0.0
(130F) Fiscal Officer	342	387	396	9	2.9	3.0	3.0	0.0
Subtotal (100F) Agency Financial Operations	929	1,041	1,057	16	10.5	10.0	10.0	0.0
(2000) Instant Games								
(2100) Instant Games (Activity)	53,200	56,953	60,153	3,200	0.0	0.0	0.0	0.0
Subtotal (2000) Instant Games	53,200	56,953	60,153	3,200	0.0	0.0	0.0	0.0
(3000) On Line Games								
(3100) Lucky Numbers	50,837	54,606	49,759	-4,846	0.0	0.0	0.0	0.0
(3200) Instant Fast Play	1,965	1,898	5,684	3,785	0.0	0.0	0.0	0.0
(3300) DC Four	62,135	67,395	60,602	-6,793	0.0	0.0	0.0	0.0
(3400) DC Daily Six	461	0	0	0	0.0	0.0	0.0	0.0
(3600) Powerball	13,434	18,035	15,157	-2,879	0.0	0.0	0.0	0.0
(3800) Keno	10,942	14,238	12,315	-1,924	0.0	0.0	0.0	0.0
(4200) Hot Lotto	3,150	3,322	3,316	-7	0.0	0.0	0.0	0.0
(4400) DC Five	12,203	12,340	14,209	1,870	0.0	0.0	0.0	0.0
(4600) Mega Million	8,232	10,441	8,999	-1,442	0.0	0.0	0.0	0.0
(4700) Race 2 Riches	3,480	5,695	6,631	936	0.0	0.0	0.0	0.0
(9800) Unclassified Revenue and Expenditures	-63	0	0	0	0.0	0.0	0.0	0.0
Subtotal (3000) On Line Games	166,776	187,972	176,672	-11,300	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 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012
(6000) Gaming Operations Program								
(6200) Marketing	767	786	849	64	8.6	7.0	7.0	0.0
(6300) Trade Development	1,038	1,150	1,283	133	8.6	12.0	13.0	1.0
(6400) Draw Division	407	454	444	-11	5.2	5.5	5.5	0.0
(6500) Licensing and Charitable Games	563	642	655	13	4.8	6.0	6.0	0.0
(6600) Information Technology (Games)	888	993	1,001	8	10.0	10.5	10.5	0.0
(6700) Claim Center	134	152	152	0	1.9	2.0	2.0	0.0
Subtotal (6000) Gaming Operations Program	3,796	4,177	4,384	207	39.0	43.0	44.0	1.0
Total Proposed Operating Budget	231,892	258,000	250,000	-8,000	73.3	77.0	77.0	0.0

(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 2013 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2013 Proposed Budget Changes

The D.C. Lottery and Charitable Games Control Board's (DCLB) proposed FY 2013 gross budget is \$250,000,000, which represents a 3.1 percent decrease from its FY 2012 approved gross budget of \$258,000,000. The budget is comprised entirely of Special Purpose Revenue funds.

Based on DCLB projections, the FY 2013 projected transfer to the District's General fund is \$63.2 million, a decrease of \$4.8 million from the approved FY 2012 transfer amount. The \$8.0 million reduction from the FY 2012 budget and the decrease in the amount of the transfer to the District's General Fund are attributed to several factors.

The cumulative decline in ticket sales for the daily core games, DC3 and DC4, totals \$12.0 million from the FY 2012 projected ticket sales budgets. DCLB attributes the reduction in ticket sales to the overall economy and demographic changes in the District's population. The games DC3 and DC4 account for over 46 percent of projected ticket sales agency-wide and represent 59 percent of estimated transfer to the District's General Fund.

Other factors for the decline in revenue include the Multi-State Lottery Association's (MUSL) decision to allow for the selling of Powerball and Mega Millions tickets in FY 2010 in Maryland and Virginia. This change continues to impact the District's game ticket sales within Powerball, which are projected to drop by \$3.0 million to \$16.0 million. The FY 2013 impact of MUSL increasing individual Powerball tickets from \$1 to \$2 in early 2012 is expected to increase total jackpots and is reflected in the FY 2013 budget. Due to similar factors, the ticket sales budget for the other national game, Mega Millions, will also decrease by \$1.5 million to \$9.5 million. Other Lottery gaming categories like Instant Games, kiosk-based games like "Race to Riches" and "Fast Play", the DC5 ticket game, and operational savings within DCLB offset projected decreases in revenue collection.

Initial Adjusted Budget

Cost Increase: The Instant Games program expects sales of game tickets to increase by \$2,444,808 due to the offering of higher price-point games and greater prize payouts. The proposed budget reflects an increase of \$1,194,360 in Other Services and Charges as a result of changes in certain operational contractual-related services. An increase

of \$207,263 reflects miscellaneous personal services adjustments to salary, Fringe Benefits and step increases, and agency-managed Telecom and Energy costs increased by a total of \$193,749. Lastly, the agency reallocated funding to the Gaming Operations program totaling \$114,033 to cover costs associated with an information technology position.

Cost Decrease: The MUSL's decision to allow for the "cross selling" of Powerball and Mega Millions game tickets in FY 2010 will impact the FY 2013 proposed budget significantly by reducing projected collections, particularly within the Online Games program. As a result of these factors, the DCLB Online Games program reduced its budget by a total of \$11,769,808. Additionally, the agency reduced its Contractual Services budget by \$137,300 due to professional consultant services and security contract savings; reduced its budget for Supplies and Equipment by \$122,400; and abolished \$114,300 and 1.0 FTE within the Agency Management program.

Additionally Adjusted Budget

Technical Adjustment: Adjustments of Fringe Benefits to restore the District Government contribution for employee health insurance from 72 percent, implemented in the FY 2011 budget, to 75 percent in FY 2013, resulting in an increase of \$22,989 in Special Purpose Revenue funds.

Additional Adjustments: For Special Purpose Revenue funds, the agency absorbed the effect of the increase District Government contribution for employee health insurance, resulting in a decrease of \$22,989 in Other Services and Charges.

FY 2012 Approved Budget to FY 2013 Proposed Budget, by Revenue Type

Table DC0-5 itemizes the changes by revenue type between the FY 2012 approved budget and the FY 2013 proposed budget.

Table DC0-5
(dollars in thousands)

	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2012 Approved Budget and FTE		258,000	77.0
Cost Increase: In projected games prize payouts, agent commissions and related costs	Instant Games	2,445	0.0
Cost Increase: Other Services and Charges	Multiple Programs	1,194	0.0
Cost Increase: Adjustments to salary, Fringe Benefits and step increases	Multiple Programs	207	0.0
Cost Increase: Energy and Telecom costs	Agency Management Program	194	0.0
Cost Increase: Funding for IT-related staffing	Gaming Operations Program	114	1.0
Cost Decrease: Janitorial Services savings	Agency Management Program	-11	0.0
Cost Decrease: Lower ticket sales for several games, reduced prize payouts and other related fees	On Line Games	-11,770	0.0
Cost Decrease: Contractual Services savings	Multiple Programs	-137	0.0
Cost Decrease: Net reduction in Supplies and Equipment purchases	Multiple Programs	-122	0.0
Cost Decrease: Cost savings resulting from the elimination of a position	Agency Management Program	-114	-1.0
FY 2013 Initial Adjusted Budget		250,000	77.0
Additional Adjustments: Agency absorption of Health Care Contribution	Multiple Programs	-23	0.0
Technical Adjustment: Health Care Contribution	Multiple Programs	23	0.0
FY 2013 Additionally Adjusted Budget		250,000	77.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2013 Proposed Budget and FTE		250,000	77.0
Gross for DC0 - D.C. Lottery and Charitable Games Control Board		250,000	77.0

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