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# D.C. Lottery and Charitable Games Control Board

[www.lottery.dc.gov](http://www.lottery.dc.gov)

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Description	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed	% Change from FY 2010
Operating Budget	\$245,093,988	\$250,000,000	\$260,250,000	4.1
FTEs	65.2	77.0	77.0	0.0

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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 \$1.6 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 2011 proposed budget is presented in the following tables:

## FY 2011 Proposed Gross Funds Operating Budget, by Revenue Type

Table DC0-1 contains the proposed FY 2011 agency budget compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

**Table DC0-1**  
(dollars in thousands)

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
<b>General Fund</b>						
Special Purpose Revenue Funds	252,748	245,094	250,000	260,250	10,250	4.1
<b>Total for General Fund</b>	<b>252,748</b>	<b>245,094</b>	<b>250,000</b>	<b>260,250</b>	<b>10,250</b>	<b>4.1</b>
<b>Gross Funds</b>	<b>252,748</b>	<b>245,094</b>	<b>250,000</b>	<b>260,250</b>	<b>10,250</b>	<b>4.1</b>

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

## FY 2011 Proposed Full-Time Equivalents, by Revenue Type

Table DC0-2 contains the proposed FY 2011 FTE level compared to the FY 2010 approved FTE level by revenue type. It also provides FY 2008 and FY 2009 actual data.

**Table DC0-2**

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
<b>General Fund</b>						
Special Purpose Revenue Funds	63.4	65.2	77.0	77.0	0.0	0.0
<b>Total for General Fund</b>	<b>63.4</b>	<b>65.2</b>	<b>77.0</b>	<b>77.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Proposed FTEs</b>	<b>63.4</b>	<b>65.2</b>	<b>77.0</b>	<b>77.0</b>	<b>0.0</b>	<b>0.0</b>

## FY 2011 Proposed Operating Budget, by Comptroller Source Group

Table DC0-3 contains the proposed FY 2011 budget at the Comptroller Source Group (object class) level compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

**Table DC0-3**

(dollars in thousands)

Comptroller Source Group	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
11 Regular Pay - Cont Full Time	4,864	5,332	5,826	5,909	83	1.4.
12 Regular Pay - Other	144	128	206	166	-40	-19.5
13 Additional Gross Pay	109	43	0	0	0	N/A
14 Fringe Benefits - Curr Personnel	887	951	980	1,073	93	9.4
15 Overtime Pay	84	82	351	123	-228	-65.0
<b>Subtotal Personal Services (PS)</b>	<b>6,089</b>	<b>6,536</b>	<b>7,364</b>	<b>7,271</b>	<b>-93</b>	<b>-1.3</b>
20 Supplies and Materials	86	90	148	133	-15	-10.0
30 Energy, Comm. and Bldg Rentals	49	44	57	255	198	350.1
31 Telephone, Telegraph, Telegram, Etc.	281	265	252	308	56	22.3
32 Rentals - Land and Structures	1,833	2,299	2,300	2,535	235	10.2
33 Janitorial Services	5	6	12	18	6	45.4
34 Security Services	10	0	12	16	4	37.5
35 Occupancy Fixed Costs	11	0	40	13	-27	-67.7
40 Other Services and Charges	18,979	18,984	18,658	18,334	-325	-1.7
41 Contractual Services - Other	3,845	4,471	4,564	4,515	-50	-1.1
50 Subsidies and Transfers	221,142	212,149	215,950	226,300	10,350	4.8
70 Equipment & Equipment Rental	418	251	644	554	-90	-14.0
<b>Subtotal Nonpersonal Services (NPS)</b>	<b>246,659</b>	<b>238,558</b>	<b>242,636</b>	<b>252,979</b>	<b>10,343</b>	<b>4.3</b>
<b>Gross Funds</b>	<b>252,748</b>	<b>245,094</b>	<b>250,000</b>	<b>260,250</b>	<b>10,250</b>	<b>4.1</b>

\*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 Administration** - 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 goals are 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 goals are 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 targeted social settings 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 10 activities:

- **Lucky Numbers, DC Four, DC Daily Six, PowerBall, KENO, Hot Lotto, DC Five, Alpha Game (Hot Five), Mega Millions**– 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; and
- **Unclassified Revenue and Expenditures** – provides for the collection and investment of funds that contribute to the District's General Fund.

**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 had no program structure changes in the FY 2011 Proposed Budget.

## FY 2011 Proposed Budget Changes

## FY 2011 Proposed Operating Budget and FTEs, by Program and Activity

Table DCO-4 contains the proposed FY 2011 budget by program and activity compared to the FY 2010 approved budget. It also provides FY 2009 actual data.

**Table DCO-4**

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
<b>(1000) Agency Management Program</b>								
(1010) Human Resources	466	496	500	4	4.6	6.0	6.0	0.0
(1015) Executive Direction and Support	1,975	2,283	2,009	-275	3.8	4.0	4.0	0.0
(1030) Property and Fleet Management	450	599	566	-33	2.9	3.0	3.0	0.0
(1040) Information Technology	211	357	381	24	1.5	3.0	3.0	0.0
(1050) Financial Services	590	2,421	2,724	303	0.0	0.0	0.0	0.0
(1075) Security	1,048	1,100	1,092	-8	4.7	5.0	5.0	0.0
(1080) Communications	459	553	591	38	2.8	4.0	4.0	0.0
<b>Subtotal (1000) Agency Management Program</b>	<b>5,199</b>	<b>7,809</b>	<b>7,862</b>	<b>53</b>	<b>20.3</b>	<b>25.0</b>	<b>25.0</b>	<b>0.0</b>
<b>(100F) Agency Financial Operations</b>								
(110F) Budget Operations	124	170	171	2	1.4	2.0	2.0	0.0
(120F) Accounting Operations	487	557	564	7	5.8	6.0	6.0	0.0
(130F) Fiscal Officer	292	372	382	9	2.2	3.0	3.0	0.0
<b>Subtotal (100F) Agency Financial Operations</b>	<b>902</b>	<b>1,099</b>	<b>1,117</b>	<b>18</b>	<b>9.5</b>	<b>11.0</b>	<b>11.0</b>	<b>0.0</b>
<b>(2000) Instant Games</b>								
(2100) Instant Games (Activity)	43,092	45,270	46,082	812	0.0	0.0	0.0	0.0
<b>Subtotal (2000) Instant Games</b>	<b>43,092</b>	<b>45,270</b>	<b>46,082</b>	<b>812</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>(3000) On Line Games</b>								
(3100) Lucky Numbers	58,311	58,178	55,698	-2,480	0.0	0.0	0.0	0.0
(3300) DC Four	76,043	77,348	73,690	-3,658	0.0	0.0	0.0	0.0
(3400) DC Daily Six	3,769	3,701	3,326	-376	0.0	0.0	0.0	0.0
(3500) DC Rolling Cash 5	2,573	2,847	0	-2,847	0.0	0.0	0.0	0.0
(3600) Powerball	31,342	33,217	18,053	-15,164	0.0	0.0	0.0	0.0
(3800) Keno	11,897	13,192	13,777	585	0.0	0.0	0.0	0.0
(4200) Hot Lotto	3,650	3,322	3,088	-234	0.0	0.0	0.0	0.0
(4400) DC Five	2,758	0	12,352	12,352	0.0	0.0	0.0	0.0
(4500) Alpha Game	0	0	2,850	2,850	0.0	0.0	0.0	0.0
(4600) Mega Million	0	0	18,053	18,053	0.0	0.0	0.0	0.0
(9800) Unclassified Revenue and Expenditures	2,046	250	410	160	0.0	0.0	0.0	0.0
<b>Subtotal (3000) On Line Games</b>	<b>192,388</b>	<b>192,055</b>	<b>201,297</b>	<b>9,242</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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**Table DC0-4 (Continued)**

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
<b>(6000) Gaming Operations Program</b>								
(6200) Marketing	829	882	933	51	7.0	9.0	9.0	0.0
(6300) Trade Development	795	810	825	14	8.5	9.0	9.0	0.0
(6400) Draw Division	420	438	444	5	5.1	5.5	5.5	0.0
(6500) Licensing and Charitable Games	444	558	577	18	3.8	5.0	5.0	0.0
(6600) Information Technology (Games)	890	933	965	31	9.1	10.5	10.5	0.0
(6700) Claim Center	134	145	150	5	1.9	2.0	2.0	0.0
<b>Subtotal (6000) Gaming Operations Program</b>	<b>3,513</b>	<b>3,767</b>	<b>3,893</b>	<b>125</b>	<b>35.4</b>	<b>41.0</b>	<b>41.0</b>	<b>0.0</b>
<b>Total Proposed Operating Budget</b>	<b>245,094</b>	<b>250,000</b>	<b>260,250</b>	<b>10,250</b>	<b>65.2</b>	<b>77.0</b>	<b>77.0</b>	<b>0.0</b>

(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 2011 Operating Appendices** located on the Office of the Chief Financial Officer's website.

The D.C. Lottery and Charitable Games Control Board includes enhancements of \$10,350,000 in the Online Games program due to the introduction of new or recently introduced games (Mega Millions and DC Cash Five, respectively), and the introduction of new monitor-type games. Cost savings of \$573,000 include a decrease in sales of several games including Powerball, Lucky Numbers, and DC Four due to national and local economic trends and the erosion of interest in these games; and miscellaneous decreases in certain operational areas, including a reduction in overtime, salaries, fixed costs, equipment, and gaming contractor fees, as a result of the anticipated savings from the implementation of a new gaming system. The agency also reflects a cost increase of \$473,000 due to fixed cost adjustments.

The D.C. Lottery and Charitable Games Control Board is projecting a cumulative decline in revenue of its core games: Lucky Numbers, DC Four, and Powerball. The traditional games of Lucky Numbers and DC Four have been impacted by the national and local economy over the last few years as well as an erosion of interest for these types of games. These two

games account for 52.2 percent of projected ticket sales and 59.0 percent of the overall projected transfer to the District's General Fund.

Powerball sales are projected to be less than the FY 2010 Approved Budget. Until FY 2010, Powerball was only available locally within the District. However, Maryland and Virginia have now included Powerball in their portfolio of games, which is projected to erode the game in the District since a large percentage of sales are derived from players living in the surrounding jurisdictions. To offset lower revenue, the D.C. Lottery and Charitable Games Control Board will introduce new games including Mega Millions. The introduction of the Mega Millions game could stabilize and increase overall lotto-type game revenue if the higher jackpots are generated simultaneously or at increasing intervals.

## FY 2010 Approved Budget to FY 2011 Proposed Budget, by Revenue Type

Table DC0-5 itemizes the changes by revenue type between the FY 2010 approved budget and the FY 2011 proposed budget.

**Table DC0-5**  
(dollars in thousands)

	PROGRAM	BUDGET	FTE
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2010 Approved Budget and FTE</b>		<b>250,000</b>	<b>77.0</b>
Enhance: Additional revenue from new games (Mega Millions and DC Five)	On Line Games	10,350	0.0
Cost Decrease: Savings due to implementation of new gaming contract and various contractor fees.	Multiple Programs	-375	0.0
Cost Decrease: Overtime and miscellaneous personal services reductions	Multiple Programs	-30	0.0
Reduce: Supplies and equipment budget	Multiple Programs	-105	0.0
Cost Increase: Miscellaneous adjustments to fixed cost	Multiple Programs	473	0.0
Reduce: Hold salary step constant	Multiple Programs	-63	0.0
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Proposed Budget and FTE</b>		<b>260,250</b>	<b>77.0</b>
<b>Gross for DC0 - D.C. Lottery and Charitable Games Control Board</b>		<b>260,250</b>	<b>77.0</b>

