
D.C. Lottery and Charitable Games Control Board

www.lottery.dc.gov

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Description	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	% Change from FY 2014
Operating Budget	\$242,332,709	\$253,000,000	\$242,156,316	-4.3
FTEs	67.0	72.0	76.0	5.6

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 2015 proposed budget is presented in the following tables:

FY 2015 Proposed Gross Funds Operating Budget, by Revenue Type

Table DC0-1 contains the proposed FY 2015 agency budget compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

Table DC0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
General Fund						
Special Purpose Revenue Funds	249,600	242,333	253,000	0	-253,000	-100.0
Total for General Fund	249,600	242,333	253,000	0	-253,000	-100.0
Enterprise and Other						
Enterprise and Other Funds	0	0	0	242,156	242,156	N/A
Total for Enterprise and Other	0	0	0	242,156	242,156	N/A
Gross Funds	249,600	242,333	253,000	242,156	-10,844	-4.3

*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 2015 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2015 Proposed Full-Time Equivalent, by Revenue Type

Table DC0-2 contains the proposed FY 2015 FTE level compared to the FY 2014 approved FTE level by revenue type. It also provides FY 2012 and FY 2013 actual data.

Table DC0-2

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change
General Fund						
Special Purpose Revenue Funds	71.7	67.0	72.0	0.0	-72.0	-100.0
Total for General Fund	71.7	67.0	72.0	0.0	-72.0	-100.0
Enterprise and Other						
Enterprise and Other Funds	0.0	0.0	0.0	76.0	76.0	N/A
Total for Enterprise and Other	0.0	0.0	0.0	76.0	76.0	N/A
Total Proposed FTEs	71.7	67.0	72.0	76.0	4.0	5.6

FY 2015 Proposed Operating Budget, by Comptroller Source Group

Table DC0-3 contains the proposed FY 2015 budget at the Comptroller Source Group (object class) level compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

Table DC0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
11 - Regular Pay - Continuing Full Time	5,729	5,424	6,020	6,449	429	7.1
12 - Regular Pay - Other	17	20	80	102	22	28.0
13 - Additional Gross Pay	81	74	0	16	16	N/A
14 - Fringe Benefits - Current Personnel	1,122	1,124	1,341	1,441	101	7.5
15 - Overtime Pay	22	16	123	123	0	0.0
Subtotal Personal Services (PS)	6,971	6,658	7,563	8,132	568	7.5
20 - Supplies and Materials	40	24	118	85	-34	-28.7
30 - Energy, Comm. and Building Rentals	50	39	338	340	2	0.7
31 - Telephone, Telegraph, Telegram, Etc.	286	215	323	312	-12	-3.6
32 - Rentals - Land and Structures	2,262	2,262	2,525	2,525	0	0.0
33 - Janitorial Services	11	0	0	0	0	N/A
34 - Security Services	17	7	17	567	550	3,159.0
35 - Occupancy Fixed Costs	11	12	16	16	0	0.0
40 - Other Services and Charges	16,545	16,254	17,478	7,597	-9,881	-56.5
41 - Contractual Services - Other	2,971	3,208	4,028	5,378	1,350	33.5
50 - Subsidies and Transfers	220,121	213,336	220,218	216,725	-3,493	-1.6
70 - Equipment and Equipment Rental	315	318	374	479	105	28.1
Subtotal Nonpersonal Services (NPS)	242,629	235,675	245,437	234,025	-11,412	-4.6
Gross Funds	249,600	242,333	253,000	242,156	-10,844	-4.3

*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 9 games:

- **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 proposed program structure changes are provided in the Agency Realignment appendix to the proposed budget, which is located at www.cfo.dc.gov on the Annual Operating Budget and Capital Plan page.

FY 2015 Proposed Operating Budget and FTEs, by Program and Activity

Table DC0-4 contains the proposed FY 2015 budget by program and activity compared to the FY 2014 approved budget. It also provides FY 2013 actual data.

Table DC0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014
(1000) Agency Management								
(1010) Human Resources	505	497	645	148	4.4	5.0	7.0	2.0
(1015) Executive Direction and Support	1,728	2,053	2,129	77	3.5	4.0	4.0	0.0
(1030) Property and Fleet Management	501	594	574	-19	2.6	3.0	3.0	0.0
(1040) Information Technology	376	405	1,396	992	2.6	3.0	3.0	0.0
(1050) Financial Services	2,729	3,220	3,168	-52	0.0	0.0	0.0	0.0
(1075) Security	806	845	1,520	676	3.5	3.0	4.0	1.0
(1080) Communications	342	470	870	400	3.5	3.0	5.0	2.0
Subtotal (1000) Agency Management	6,988	8,082	10,304	2,221	20.0	21.0	26.0	5.0
(100F) Agency Financial Operations								
(110F) Budget Operations	53	90	128	37	0.9	1.0	1.0	0.0
(120F) Accounting Operations	513	606	617	11	5.2	6.0	6.0	0.0
(130F) Fiscal Officer	299	367	217,136	216,769	2.6	3.0	3.0	0.0
Subtotal (100F) Agency Financial Operations	865	1,062	217,881	216,818	8.7	10.0	10.0	0.0
(2000) Instant Games								
(2100) Instant Games (Activity)	55,785	57,920	0	-57,920	0.0	0.0	0.0	0.0
No Activity Assigned	218	0	0	0	0.0	0.0	0.0	0.0
Subtotal (2000) Instant Games	56,002	57,920	0	-57,920	0.0	0.0	0.0	0.0
(3000) Online Games								
(3100) Lucky Numbers	51,627	50,630	0	-50,630	0.0	0.0	0.0	0.0
(3200) Quick Cash	5,915	6,147	0	-6,147	0.0	0.0	0.0	0.0
(3300) DC Four	57,931	62,425	0	-62,425	0.0	0.0	0.0	0.0
(3600) Powerball	15,998	16,551	0	-16,551	0.0	0.0	0.0	0.0
(3800) Keno	12,083	11,818	0	-11,818	0.0	0.0	0.0	0.0
(4200) Hot Lotto	2,986	3,305	0	-3,305	0.0	0.0	0.0	0.0
(4400) DC Five	14,891	15,132	0	-15,132	0.0	0.0	0.0	0.0
(4600) Mega Million	6,039	8,512	0	-8,512	0.0	0.0	0.0	0.0
(4700) Race 2 Riches	7,091	7,093	0	-7,093	0.0	0.0	0.0	0.0
(4800) Touch Games	202	0	0	0	0.0	0.0	0.0	0.0
Subtotal (3000) Online Games	174,763	181,611	0	-181,611	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 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014
(6000) Gaming Operations Program								
(6200) Marketing	903	1,037	7,196	6,159	6.1	8.5	8.0	-0.5
(6300) Trade Development	838	938	4,277	3,339	11.3	9.0	11.0	2.0
(6400) Draw Division	363	473	571	98	4.8	5.5	4.0	-1.5
(6500) Licensing and Charitable Games	622	699	824	125	5.2	6.0	6.0	0.0
(6600) Information Technology (Games)	912	1,029	1,023	-7	9.2	10.0	10.0	0.0
(6700) Claim Center	66	149	83	-66	1.7	2.0	1.0	-1.0
Subtotal (6000) Gaming Operations Program	3,704	4,324	13,972	9,648	38.3	41.0	40.0	-1.0
(9950) Audit Adjustments								
No Activity Assigned	10	0	0	0	0.0	0.0	0.0	0.0
Subtotal (9950) Audit Adjustments	10	0	0	0	0.0	0.0	0.0	0.0
Total Proposed Operating Budget	242,333	253,000	242,156	-10,844	67.0	72.0	76.0	4.0

(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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2015 Proposed Budget Changes

The D.C. Lottery and Charitable Games Control Board's (DCLB) proposed FY 2015 gross budget is \$242,156,316, which represents a 4.3 percent decrease from its FY 2014 approved gross budget of \$253,000,000. The budget is comprised entirely of Enterprise and Other funds.

Note: For FY 2015, a new appropriated fund, Enterprise and Other Funds, was created to replace the appropriated fund associated with the General Fund. In tables that categorized changes by fund, the budget associated with the original appropriated fund, Special Purpose Revenue, is reflected as a decrease. As the budget shifts from the General Fund to the new Enterprise and Other appropriated fund, the budget is shown as a corresponding increase.

The DCLB budget reflects the impact of a decline in sales across core District-specific games. While national games have rebounded, the impact of the Multi-State Lottery Association's decision to allow for the selling of Powerball and Mega Millions tickets in Fiscal Year 2010 in Maryland and Virginia continues to affect DCLB sales. Fluctuations in revenue have led to a decline in vendor payments and have required the agency to institute cost-saving measures to help maintain the amount transferred to the General Fund.

Agency Budget Submission

Shift: The budget shows a shift from Special Purpose Revenue to Enterprise and Other funds, a decrease of \$253,000,000 and 72.0 FTEs offset by an increase of \$242,156,000 and 76.0 FTEs. Included in the shift, the budget reflects an increase of \$224,165,251 and supports the transfer of certain fiduciary components from the Online Games and Instant Games programs to the Agency Financial Operations program. Specifically, this

includes the management of fiduciary responsibilities for lottery agent commissions, the transfer of lottery proceeds to the District's General Fund and the distribution of winnings to the gaming public. An increase of \$1,350,000 is primarily due to changes to certain contracts, including the contract for instant game tickets. An increase of \$689,661 supports the agency's efforts to align its operations by providing funding for new lottery equipment, office support, and Intralot contractual fees. Additionally, the budget increased by \$443,059 to support an additional 5.0 FTEs in the Agency Management program and cover other personnel adjustments. Agencywide, the budget increased by \$58,215 for various adjustments to personal services costs.

The agency made several personal services adjustments, which reflect a net decrease of \$8,761 across multiple programs and the elimination of 1.0 FTE in the Gaming Operations program. Additionally, a decrease of \$290,000 in multiple programs reflects savings due to agency efficiencies in supplies, equipment, and certain contract-related services. A net decrease of \$237,251,110 in the Instant and Online Games programs is due to the reorganization of the agency to better align the budget with actual programmatic functions and a projected reduction in anticipated revenue. The Instant Games program contained costs that were primarily associated with scratch-off, ticket-based games, and the Online Games program supported the daily and multi-weekly numbers games, such as DC Four and Powerball. Those gaming categories and their administrative and other fiduciary functions have been reallocated to the remaining three agency programs.

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.

District's Proposed Budget

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

FY 2014 Approved Budget to FY 2015 Proposed Budget, by Revenue Type

Table DC0-5 itemizes the changes by revenue type between the FY 2014 approved budget and the FY 2015 proposed budget.

Table DC0-5
(dollars in thousands)

DESCRIPTION	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Approved Budget and FTE		253,000	72.0
Shift: To reallocate funding within agency (across fund types)	Multiple Programs	-253,000	-72.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2015 Agency Budget Submission		0	0.0
ENTERPRISE AND OTHER FUNDS: FY 2014 Approved Budget and FTE		0	0.0
Shift: To reallocate funding within agency (across fund types)	Multiple Programs	242,156	76.0
ENTERPRISE AND OTHER FUNDS: FY 2015 Agency Budget Submission		242,156	76.0
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS: FY 2015 Mayor's Proposed Budget		242,156	76.0
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS: FY 2015 District's Proposed Budget		242,156	76.0
Gross for DC0 - D.C. Lottery and Charitable Games Control Board		242,156	76.0

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