
D.C. Lottery and Charitable Games Control Board

www.lottery.dc.gov

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Description	FY 2010 Actual	FY 2011 Approved	FY 2012 Proposed	% Change from FY 2011
Operating Budget	\$230,247,989	\$260,250,000	\$258,000,000	-0.9
FTEs	72.6	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 \$1.6 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 2012 proposed budget is presented in the following tables:

FY 2012 Proposed Gross Funds Operating Budget, by Revenue Type

Table DC0-1 contains the proposed FY 2012 agency budget compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

Table DC0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
General Fund						
Special Purpose Revenue Funds	245,094	230,248	260,250	258,000	-2,250	-0.9
Total for General Fund	245,094	230,248	260,250	258,000	-2,250	-0.9
Gross Funds	245,094	230,248	260,250	258,000	-2,250	-0.9

*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 2012 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2012 Proposed Full-Time Equivalents, by Revenue Type

Table DC0-2 contains the proposed FY 2012 FTE level compared to the FY 2011 approved FTE level by revenue type. It also provides FY 2009 and FY 2010 actual data.

Table DC0-2

Appropriated Fund	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change
General Fund						
Special Purpose Revenue Funds	65.2	72.6	77.0	77.0	0.0	0.0
Total for General Fund	65.2	72.6	77.0	77.0	0.0	0.0
Total Proposed FTEs	65.2	72.6	77.0	77.0	0.0	0.0

FY 2012 Proposed Operating Budget, by Comptroller Source Group

Table DC0-3 contains the proposed FY 2012 budget at the Comptroller Source Group (object class) level compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

Table DC0-3

(dollars in thousands)

	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
Comptroller Source Group						
11 - Regular Pay - Cont Full Time	5,332	5,675	5,909	6,085	176	3.0
12 - Regular Pay - Other	128	62	166	85	-81	-48.8
13 - Additional Gross Pay	43	102	0	0	0	N/A
14 - Fringe Benefits - Curr Personnel	951	1,095	1,073	1,212	139	13.0
15 - Overtime Pay	82	96	123	123	0	0.0
Subtotal Personal Services (PS)	6,536	7,030	7,271	7,505	234	3.2
20 - Supplies and Materials	90	62	133	136	3	2.3
30 - Energy, Comm. and Bldg Rentals	44	86	255	19	-235	-92.4
31 - Telephone, Telegraph, Telegram, Etc.	265	215	308	215	-92	-30.0
32 - Rentals - Land and Structures	2,299	2,269	2,535	2,403	-133	-5.2
33 - Janitorial Services	6	12	18	11	-7	-40.3
34 - Security Services	0	5	16	17	2	10.1
35 - Occupancy Fixed Costs	0	40	13	16	3	24.9
40 - Other Services and Charges	18,984	16,468	18,334	16,248	-2,086	-11.4
41 - Contractual Services - Other	4,471	3,523	4,515	4,076	-439	-9.7
50 - Subsidies and Transfers	212,149	200,160	226,300	226,875	575	0.3
70 - Equipment and Equipment Rental	251	377	554	479	-75	-13.5
Subtotal Nonpersonal Services (NPS)	238,558	223,218	252,979	250,495	-2,484	-1.0
Gross Funds	245,094	230,248	260,250	258,000	-2,250	-0.9

*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 Operation - 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 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 had no program structure changes in the FY 2012 Proposed Budget.

FY 2012 Proposed Operating Budget and FTEs, by Program and Activity

Table DCO-4 contains the proposed FY 2012 budget by program and activity compared to the FY 2011 approved budget. It also provides FY 2010 actual data.

Table DCO-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011
(1000) Agency Management Program								
(1010) Human Resources	465	500	465	-35	5.8	6.0	5.0	-1.0
(1015) Executive Direction and Support	1,745	2,009	2,024	15	3.9	4.0	4.0	0.0
(1030) Property and Fleet Management	482	575	582	7	2.9	3.0	3.0	0.0
(1040) Information Technology	340	381	391	10	2.9	3.0	3.0	0.0
(1050) Financial Services	407	2,724	2,682	-43	0.0	0.0	0.0	0.0
(1075) Security	930	1,092	1,110	19	4.9	5.0	5.0	0.0
(1080) Communications	441	591	603	13	3.9	4.0	4.0	0.0
Subtotal (1000) Agency Management Program	4,810	7,871	7,858	-14	24.4	25.0	24.0	-1.0
(100F) Agency Financial Operations								
(110F) Budget Operations	88	171	86	-85	2.0	2.0	1.0	-1.0
(120F) Accounting Operations	528	564	568	4	5.8	6.0	6.0	0.0
(130F) Fiscal Officer	354	382	387	5	2.9	3.0	3.0	0.0
Subtotal (100F) Agency Financial Operations	970	1,117	1,041	-76	10.7	11.0	10.0	-1.0
(2000) Instant Games								
(2100) Instant Games (Activity)	47,421	46,082	56,953	10,871	0.0	0.0	0.0	0.0
Subtotal (2000) Instant Games	47,421	46,082	56,953	10,871	0.0	0.0	0.0	0.0
(3000) On Line Games								
(3100) Lucky Numbers	53,590	55,698	54,606	-1,092	0.0	0.0	0.0	0.0
(3200) Quick Cash	0	0	1,898	1,898	0.0	0.0	0.0	0.0
(3300) DC Four	65,082	73,690	67,395	-6,295	0.0	0.0	0.0	0.0
(3400) DC Daily Six	3,198	3,326	0	-3,326	0.0	0.0	0.0	0.0
(3500) DC Rolling Cash 5	1	0	0	0	0.0	0.0	0.0	0.0
(3600) Powerball	19,534	18,053	18,035	-18	0.0	0.0	0.0	0.0
(3700) Hot Five	-4	0	0	0	0.0	0.0	0.0	0.0
(3800) Keno	11,915	13,777	14,238	461	0.0	0.0	0.0	0.0
(4200) Hot Lotto	2,711	3,088	3,322	234	0.0	0.0	0.0	0.0
(4300) Raffle Game	119	0	0	0	0.0	0.0	0.0	0.0
(4400) DC Five	10,797	12,352	12,340	-12	0.0	0.0	0.0	0.0
(4500) Alpha Game	0	2,850	0	-2,850	0.0	0.0	0.0	0.0
(4600) Mega Million	4,073	18,053	10,441	-7,611	0.0	0.0	0.0	0.0
(4700) Race 2 Riches	0	0	5,695	5,695	0.0	0.0	0.0	0.0
(9800) Unclassified Revenue and Expenditures	2,220	410	0	-410	0.0	0.0	0.0	0.0
Subtotal (3000) On Line Games	173,235	201,297	187,972	-13,325	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 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011
(6000) Gaming Operations Program								
(6200) Marketing	923	933	786	-147	8.8	9.0	7.0	-2.0
(6300) Trade Development	861	825	1,150	325	8.8	9.0	12.0	3.0
(6400) Draw Division	425	444	454	11	5.0	5.5	5.5	0.0
(6500) Licensing and Charitable Games	567	567	642	74	4.2	5.0	6.0	1.0
(6600) Information Technology (Games)	899	965	993	28	8.9	10.5	10.5	0.0
(6700) Claim Center	136	150	152	3	2.0	2.0	2.0	0.0
Subtotal (6000) Gaming Operations Program	3,812	3,883	4,177	294	37.6	41.0	43.0	2.0
Total Proposed Operating Budget	230,248	260,250	258,000	-2,250	72.6	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 2012 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2012 Proposed Budget Changes

Cost Savings: The D.C. Lottery and Charitable Games Control Board projects a decline in budgeted revenue and expenditures of \$2,250,000 in its 2012 Proposed Budget versus the 2011 Approved Budget. The Online Games program projects a savings of \$12,845,722 as a result of lower ticket sales for several games, reduced prize payouts, agent commissions, gaming contractor fees, resulting in lower advertising and marketing costs. The agency also reflects a net cost savings in the remaining programs attributable to a reduction in fixed costs totaling \$462,569 that includes \$327,585 in energy and telecom, \$129,379 in rental and occupancy, and \$5,605 in fleet and security costs. Also, DCLB decreased its supply and equipment purchases by \$72,000.

Cost Increase: The Instant Games program includes enhancements of \$10,896,382 primarily due to increased prizes and agent commission expenditures associated with projected sales increase and higher gaming contractor fees and advertising costs. DCLB also experienced an increase of \$233,909 in agency salaries, which absorb step increases and higher fringe benefits costs.

The Lottery is projecting an increase in revenue from the sale of instant ticket products and a cumulative decline in revenue from its core online games: DC3 and DC4. The traditional games of DC3 and DC4 have been impacted by the economy over the past three years, changing demographics of the District's population, and erosion of ticket sales to the DC5 game. The two core games account for 49.7 percent of projected ticket sales and 61.5 percent of the overall projected transfer to the District's General Fund. Mega Millions sales are projected lower than the prior year approved amount.

The game was initially launched in 2010 in an attempt to replace projected losses from Powerball sales as a result of Maryland and Virginia's participation in the Powerball national lottery program. To further offset lower revenue projections for the online games program, the Lottery introduced Race 2 Riches, a rapid-draw monitor game, and plans to launch a new on-line game called Fast Play in 2011. Despite these challenges, the DCLB projected transfer to the District's General Fund for FY 2012 is \$67,200,000.

FY 2011 Approved Budget to FY 2012 Proposed Budget, by Revenue Type

Table DC0-5 itemizes the changes by revenue type between the FY 2011 approved budget and the FY 2012 proposed budget.

Table DC0-5
(dollars in thousands)

	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2012 Approved Budget and FTE		260,250	77.0
Cost Increase: Adjustments to salary, fringe benefits and step increases	Multiple Programs	234	0.0
Cost Decrease: Net reduction in supplies and equipment purchases	Multiple Programs	-72	0.0
Cost Decrease: Reduction in energy and telecom costs	Agency Management Program	-328	0.0
Cost Decrease: Net reduction in rental and occupancy costs	Agency Management Program	-129	0.0
Cost Decrease: Net reduction in fleet and security costs	Agency Management Program	-6	0.0
Enhance: Increase in projected games prize payouts, agent commissions and related fees	Instant Games	10,896	0.0
Reduce: Lower ticket sales for several games, reduced prize payouts and other related fees	On Line Games	-12,846	0.0
FY 2012 Initial Adjusted Budget		258,000	77.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2012 Proposed Budget and FTE		258,000	77.0
Gross for DC0 - D.C. Lottery and Charitable Games Control Board		258,000	77.0

