

State of Washington
Recommendation Summary

9:45:51AM

Agency: 116 State Lottery Commission

8/24/2016

Dollars in Thousands

	Annual Average FTEs	General Fund State	Other Funds	Total Funds
2015-17 Current Biennium Total	142.9		946,743	946,743
CL 01 Biennialize Lease Rate			13	13
CL 02 CTS Central Services			(12)	(12)
CL 03 DES Central Services			(1)	(1)
CL 04 Data Proc Revolving acc			(387)	(387)
CL 05 TLA system			(21)	(21)
CL 06 Self-Insurance Liability			6	6
CL 07 Nonappropriated Fund Adjustment			1,960	1,960
CL 08 FTE Allocation Adjustment	1.0			
CL 09 Biennialize Employee PEB Rate			80	80
CL 10 WFSE General Government			43	43
CL 11 General Wage Incr-State Employees			133	133
CL 12 Gaming Vendor Contract			(690)	(690)
Total Carry Forward Level	143.9		947,867	947,867
Percent Change from Current Biennium	.7%		.1%	.1%
M1 90 Maintenance Level Revenue				
Carry Forward plus Workload Changes	143.9		947,867	947,867
Percent Change from Current Biennium	.7%		.1%	.1%
M2 8L Lease Rate Adjustments			27	27
M2 9J Nonappropriated Fund Adjustment			104,190	104,190
M2 FE FTE Allocation Adjustment				
Total Maintenance Level	143.9		1,052,084	1,052,084
Percent Change from Current Biennium	.7%		11.1%	11.1%
Subtotal - Performance Level Changes	0.0			
2017-19 Total Proposed Budget	143.9		1,052,084	1,052,084
Percent Change from Current Biennium	.7%		11.1%	11.1%

CL 01 Biennialize Lease Rate

Biennialize lease rate adjustment by adding \$13,000 in the first year.

CL 02 CTS Central Services

Biennialize DES Central Services

CL 03 DES Central Services

Biennialize DES Central Services

CL 04 Data Proc Revolving acc

Biennialize Data Processing Revolving Account

CL 05 TLA system

Biennialize Time, Leave and Attendance System

CL 06 Self-Insurance Liability

Biennialize Self-Insurance Liability Premium

CL 07 Nonappropriated Fund Adjustment

Nonappropriated fund adjustment

CL 08 FTE Allocation Adjustment

FTE Allocation Adjustment

CL 09 Biennialize Employee PEB Rate

Biennialize Employee PEB Rate

CL 10 WFSE General Government

WFSE General Government

CL 11 General Wage Incr-State Employees

General Wage Incr-State Employees

CL 12 Gaming Vendor Contract

Gaming Vendor Contract

M1 90 Maintenance Level Revenue

This maintenance level decision package displays the Lottery's revenues for FY2018 and FY2019 by fund and source code based

on the Economic and Revenue Forecast council's published forecast as of June 2016. The sales/revenue projections will be revised based on forecasts by the Economic Revenue Forecast Council reflected within corresponding allotment packets.

M2 8L Lease Rate Adjustments

Consistent with the six year plan, the Lottery intends to renew any expiring leases. Market research indicates that lease rates will increase by 10%. Funding is requested such that the Lottery's expenditure authority will be adjusted in correlation with estimated lease rates.

M2 9J Nonappropriated Fund Adjustment

This non-appropriated expenditure adjustment adjusts for the variance between the carry forward level from BI2015-17 and the BI2017-19 Lottery Forecast as of June 2016. These expenditures are based on projected sales and associated expenses such as prizes, retailer commissions, and vendor expenses. As economic factors and actual sales levels change, the sales projections will be revised. Any changes will be accounted for in quarterly allotment packages and economic revenue forecasts.

M2 FE FTE Allocation Adjustment

Within the carry forward calculation the Lottery received an increase to its FTE expenditure authority of 2 in FY1. The Lottery's FTE usage does not vary from FY1 and FY2. Therefore, the Lottery requests to make its FTE expenditure authority between FY1 and FY2 equal.

2017-19 Biennium Budget Decision Package

Agency: **116 State Lottery Commission**

Decision Package Code/Title: **90 Maintenance Level Revenue**

Budget Period: **2017-19**

Budget Level: **M1 - Mandatory Caseload and Enrollment Changes**

Agency Recommendation Summary Text:

This maintenance level decision package displays the Lottery's net revenues for FY2018 through FY2021 by fund based on the Economic and Revenue Forecast council's published forecast as of June 2016. The sales/revenue projections will be revised based on forecasts by the Economic Revenue Forecast Council reflected within corresponding allotment packets.

Fiscal Summary:

Revenue	FY 2018	FY 2019	FY 2020	FY 2021
001-1 General Fund	17,316,306	19,341,835	21,406,273	22,695,342
08K-1 Problem Gambling Account	330,906	336,130	340,427	344,852
09R-1 Econ Dev Strategic Reserve Acct	3,800,000	3,800,000	3,800,000	3,800,000
17F-1 WA Opportunity Pathways Account	125,822,187	125,871,518	125,911,221	126,216,778
433-6 Shared Game Lottery Account	54,428,884	54,557,917	54,662,194	54,767,730
577-6 State Lottery Account	453,092,497	462,317,029	469,921,232	477,750,796
578-1 Lottery Administrative Account	13,754,000	14,033,000	13,754,000	14,033,000
816-2 Stadium/Exhibition Center Account	12,641,095	13,146,739	13,672,609	14,219,513
884-2 Gambling Revolving Account	500,000	500,000	500,000	500,000
Total Projected Revenue by Year	681,685,875	693,904,168	703,967,957	714,328,010

Package Description

- The mission of Washington's Lottery, as stated in RCW 67.70.040, is to maximize revenue consonant with the dignity of the state and the general welfare of the people. Sales of lottery tickets are achieved through a network of retailers in various industries throughout the state, ranging from supermarkets to convenience stores to bowling centers. These retailers are compensated for selling lottery tickets via a commission on the sale of each ticket. Sales of lottery tickets have increased from \$600 million in FY15 to \$695 million in FY16 which includes a record setting \$1.6B Powerball jackpot. Washington's Lottery ticket sales are projected to be \$669 million in FY17. Revenues account for the total projected sales, non-operating revenues, and revenue distributions to beneficiaries. The sales/revenue projections will be revised based on forecasts by the Economic Revenue Forecast Council. Any changes will be accounted for in corresponding allotment packages.
- For additional information or questions, please contact John Iyall (360-664-4791) or Beckie Foster (360-664-4798).

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

- This decision package is not an expansion or alteration of a current program, rather is to recognize anticipated Lottery net revenues by account into the budget system.

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- Revenue figures are based on the Economic and Revenue Forecast Council’s June 2016 Lottery revenue estimates.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

- The Lottery expects to achieve the following sales and distributions to beneficiaries.

Activity A001	Incremental Changes	
	(In thousands)	
Output Measures	<u>FY 2018</u>	<u>FY 2019</u>
000002 Total Distributions to all Beneficiaries	\$160,410	\$162,996
000031 General Fund Account - 001	\$17,316	\$19,342
000188 Total Sales - All Lottery Products	\$681,686	\$693,904
001837 Washington Opportunity Pathways Account 17F	\$125,822	\$125,872

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

- This maintenance level decision package is required so that anticipated Lottery revenues are booked into the budgeting system.

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Select Y/N	Identify:
Other local gov't impacts?	Select Y/N	Identify:
Tribal gov't impacts?	Select Y/N	Identify:
Other state agency impacts?	Select Y/N	Identify:
Responds to specific task force, report, mandate or exec order?	Select Y/N	Identify:
Does request contain a compensation change?	Select Y/N	Identify:
Does request require a change to a collective bargaining agreement?	Select Y/N	Identify:
Facility/workplace needs or impacts?	Select Y/N	Identify:
Capital Budget Impacts?	Select Y/N	Identify:
Is change required to existing statutes, rules or contracts?	Select Y/N	Identify:
Is the request related to or a result of litigation?	Select Y/N	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	Select Y/N	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

What are the consequences of not funding this request?

How has or can the agency address the issue or need in its current appropriation level?

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

Lottery Pro Forma	FY18	FY19	FY20	FY21
Sales				
Scratch	480,840,400	492,585,258	502,284,936	512,275,274
Lotto	45,394,847	45,505,727	45,595,334	45,686,022
Mega Millions	40,875,171	40,975,012	41,055,697	41,137,356
Power Ball	54,207,372	54,339,777	54,446,779	54,555,073
Hit 5	22,361,194	22,415,813	22,459,953	22,504,625
Match 4	12,758,818	12,791,118	12,810,832	12,822,260
Daily Game	16,559,594	16,587,027	16,593,878	16,624,046
Daily Keno	5,848,477	5,864,435	5,880,547	5,883,354
Total Sales	678,845,874	691,064,167	701,127,957	711,488,010
Other Operating Income	2,800,000	2,800,000	2,800,000	2,800,000
Total Operating Income	681,645,874	693,864,167	703,927,957	714,288,010
Expenses				
Prizes	424,302,894	432,502,977	439,260,967	446,217,514
Retailer commissions	34,783,564	35,394,478	35,897,668	36,415,671
Vendor expense	28,784,922	29,327,490	29,774,791	30,235,340
Media - Branding	2,165,000	2,165,000	2,165,000	2,165,000
Media - Games	3,398,000	3,398,000	3,398,000	3,398,000
Media - Production	2,632,000	2,632,000	2,632,000	2,632,000
Media - Advertising Fees/PR/Web/Research	3,805,000	3,805,000	3,805,000	3,805,000
Media - Kiosk & Mobile Expense	500,000	500,000	500,000	500,000
Promotional Expense	1,700,000	1,700,000	1,700,000	1,700,000
Other operating expenses	5,300,000	5,300,000	5,300,000	5,300,000
Depreciation expense (577, 433, 578)	150,000	150,000	150,000	150,000
Administration - leg. Appropriated	13,754,000	14,033,000	13,754,000	14,033,000
Total Expenses	521,275,379	530,907,946	538,337,426	546,551,525
Operating Profit/(Loss)	160,370,494	162,956,222	165,590,531	167,736,485
Non-Operating Revenue	40,000	40,000	40,000	40,000
Funds Available for Contribution	160,410,494	162,996,222	165,630,531	167,776,485
Contributions				
Washington Opportunity Pathways Account	118,222,187	118,271,518	118,311,221	118,616,778
WOPA (ESSB 5681 - Unclaimed over \$10M)	7,600,000	7,600,000	7,600,000	7,600,000
CenturyLink Field	12,641,095	13,146,739	13,672,609	14,219,513
Gambling Revolving Account	500,000	500,000	500,000	500,000
Econ Dev Reserve Account (4)	3,800,000	3,800,000	3,800,000	3,800,000
Problem Gambling Account	330,906	336,130	340,427	344,852
General Fund	17,316,306	19,341,835	21,406,273	22,695,342
Total Contributions	160,410,494	162,996,222	165,630,531	167,776,485

Breakdown by Fund and Source:	FY18	FY19	FY20	FY21
Fund 433 - Shared Game Lottery Account - 0477	95,082,543	95,314,789	95,502,477	95,692,429
Fund 433 - Shared Game Lottery Account - 0622	(863,153)	(860,243)	(858,035)	(855,937)
Fund 433 - WA Opportunity Pathways Acct - 0640	(22,474,201)	(20,554,794)	(18,575,974)	(17,373,420)
Fund 433 - Transfer to General Fund - 0644	(17,316,306)	(19,341,835)	(21,406,273)	(22,695,342)
Fund 433 Subtotal:	54,428,883	54,557,916	54,662,194	54,767,730
Fund 577 - State Lottery Account - 0420	2,800,000	2,800,000	2,800,000	2,800,000
Fund 577 - State Lottery Account - 0499	40,000	40,000	40,000	40,000
Fund 577 - State Lottery Account - 0477	596,763,331	608,749,378	618,625,480	628,795,582
Fund 577 - State Lottery Account - 0478	(13,000,000)	(13,000,000)	(13,000,000)	(13,000,000)
Fund 577 - State Lottery Account - 0622	(17,521,753)	(17,808,886)	(17,536,392)	(17,821,914)
Fund 577 - WA Opportunity Pathways Acct - 0640	(103,347,986)	(105,316,724)	(107,335,247)	(108,843,358)
Fund 577 - CenturyLink Field - 0641	(12,641,095)	(13,146,739)	(13,672,609)	(14,219,513)
Fund 577 Subtotal:	453,092,496	462,317,029	469,921,232	477,750,796
Fund 578 - Lottery Administrative Account - 0621	13,754,000	14,033,000	13,754,000	14,033,000
Fund 816 - Stadium/Exhibition Center Acct - 0641	12,641,095	13,146,739	13,672,609	14,219,513
Fund 884 - Gambling Revolving Fund - 0621	500,000	500,000	500,000	500,000
Fund 001 - General Fund - 0644	17,316,306	19,341,835	21,406,273	22,695,342
Fund 08K - Problem Gambling Account - 0621	330,906	336,130	340,427	344,852
Fund 09R - Econ Dev Strategic Reserve Act - 0621	3,800,000	3,800,000	3,800,000	3,800,000
Fund 17F - WA Opportunity Pathways Acct - 0640	125,822,187	125,871,518	125,911,221	126,216,778
Totals	681,685,874	693,904,167	703,967,957	714,328,010

2017-19 Biennium Budget Decision Package

Agency: **116 State Lottery Commission**

Decision Package Code/Title: **8L Lease Rate Adjustments**

Budget Period: **2017-19**

Budget Level: **M2 Inflation and Other Rate Changes**

Agency Recommendation Summary Text:

Consistent with the six year plan, the Lottery intends to renew any expiring leases. Market research indicates that lease rates will increase by 10%. Funding is requested such that the Lottery's expenditure authority will be adjusted in correlation with estimated lease rates.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 578-01	11,682	14,845	12,134	17,763
Total Cost	11,682	14,845	12,134	17,763
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	11,682	14,845	12,134	17,763

Package Description

- Over the next 2 biennia, this package is to adjust the Lottery's spending authority by amounts corresponding with increased lease costs at the Federal Way, Spokane, Yakima, Everett, Vancouver Lottery offices and the Offsite Warehouse in Lacey. For additional information, please contact John Iyall (360) 664-4791 or Beckie Foster at (360) 664-4798

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures

and FTEs by fund and activity (or provide working models or backup materials containing this information).

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

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Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Select Y/N	Identify:
Other local gov't impacts?	Select Y/N	Identify:
Tribal gov't impacts?	Select Y/N	Identify:
Other state agency impacts?	Select Y/N	Identify:
Responds to specific task force, report, mandate or exec order?	Select Y/N	Identify:
Does request contain a compensation change?	Select Y/N	Identify:
Does request require a change to a collective bargaining agreement?	Select Y/N	Identify:
Facility/workplace needs or impacts?	Select Y/N	Identify:
Capital Budget Impacts?	Select Y/N	Identify:
Is change required to existing statutes, rules or contracts?	Select Y/N	Identify:
Is the request related to or a result of litigation?	Select Y/N	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	Select Y/N	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

What are the consequences of not funding this request?

How has or can the agency address the issue or need in its current appropriation level?

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

	Code		Title
AGENCY	116	Washington's Lottery	

**CURRENT AND PROJECTED LEASED FACILITY COSTS
FOR FACILITY LEASE-RELATED DECISION PACKAGE**

ACTION	STREET ADDRESS	CITY	SPACE TYPE	SQUARE FEET	LEASE START DATE	LEASE END DATE
LEASE RENEWAL	33701 9TH AVE S	FEDERAL WAY	FACILITY	5130	11/1/12	10/31/17
	11419 19TH AVE SE	EVERETT	FACILITY	3105	1/1/15	12/31/19
	7860 29TH AVE NE	LACEY	FACILITY	13923	4/1/16	3/31/21
	10517-19 E SPRAGUE AVE	SPOKANE VALLEY	FACILITY	3180	9/1/14	8/31/19
	9 S 5TH AVE	YAKIMA	FACILITY	3454	1/1/14	12/31/19
LEASE RENEWAL	1503 NE 78TH ST	VANCOUVER	FACILITY	3000	4/1/12	3/31/17
REMODEL	814 4TH AVE E	OLYMPIA	FACILITY	26102	10/1/12	9/30/17

CITY	OPERATING COSTS PAID BY THE STATE	FY17 FUNDED LEVEL	RENEWAL INCREASE	PROJECTED COSTS FY18	PROJECTED COSTS FY19	PROJECTED COSTS FY20	PROJECTED COSTS FY21
FEDERAL WAY	\$94,905	\$94,905	10%	\$101,232	\$104,396	\$104,396	\$104,396
EVERETT	\$62,100	\$62,100	10%	\$62,100	\$62,100	\$65,205	\$68,310
LACEY	\$94,676	\$94,676	10%	\$94,676	\$94,676	\$94,676	\$97,043
SPOKANE VALLEY	\$38,160	\$38,160	10%	\$38,160	\$38,160	\$41,340	\$41,976
YAKIMA	\$53,700	\$53,700	10%	\$53,700	\$53,700	\$56,385	\$59,070
VANCOUVER	\$53,550	\$53,550	10%	\$58,905	\$58,905	\$58,905	\$58,905
OLYMPIA	\$386,049	\$386,049	0%	\$386,049	\$386,049	\$386,049	\$386,049

CITY	FY18 NEED	FY19 NEED	FY20 NEED	FY21 NEED
FEDERAL WAY	\$6,327	\$9,491	\$3,164	\$0
EVERETT	\$0	\$0	\$3,105	\$6,210
LACEY	\$0	\$0	\$0	\$2,367
SPOKANE VALLEY	\$0	\$0	\$3,180	\$3,816
YAKIMA	\$0	\$0	\$2,685	\$5,370
VANCOUVER	\$5,355	\$5,355	\$0	\$0
OLYMPIA	\$0	\$0	\$0	\$0

Total Requested	\$11,682	\$14,846	\$12,134	\$17,763
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2017-19 Biennium Budget Decision Package

Agency: **116 State Lottery Commission**

Decision Package Code/Title: **FE FTE Allocation Adjustment**

Budget Period: **2017-19**

Budget Level: **M2 - Inflation and Other Rate Changes**

Agency Recommendation Summary Text:

- Within the carry forward calculation the Lottery received an increase to its FTE expenditure authority of 2 in FY1. The Lottery's FTE usage does not vary from FY1 and FY2. Therefore, the Lottery requests to make its FTE expenditure authority between FY1 and FY2 equal.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Total Cost	Xxx	yyy	zzz	aaa
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	-1.0	1.0		
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021

Package Description

- Within the carry forward calculation the Lottery received an increase to its FTE expenditure authority of 2 in FY1. The Lottery's FTE usage does not vary from FY1 and FY2. Therefore, the Lottery requests to make its FTE expenditure authority between FY1 and FY2 equal.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

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Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Select Y/N	Identify:
Other local gov't impacts?	Select Y/N	Identify:
Tribal gov't impacts?	Select Y/N	Identify:
Other state agency impacts?	Select Y/N	Identify:
Responds to specific task force, report, mandate or exec order?	Select Y/N	Identify:
Does request contain a compensation change?	Select Y/N	Identify:
Does request require a change to a collective bargaining agreement?	Select Y/N	Identify:
Facility/workplace needs or impacts?	Select Y/N	Identify:
Capital Budget Impacts?	Select Y/N	Identify:
Is change required to existing statutes, rules or contracts?	Select Y/N	Identify:
Is the request related to or a result of litigation?	Select Y/N	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	Select Y/N	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

What are the consequences of not funding this request?

How has or can the agency address the issue or need in its current appropriation level?

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: **116 State Lottery Commission**

Decision Package Code/Title: **9J Non-appropriated Fund Adjustment**

Budget Period: **2017-19**

Budget Level: **M2 - Inflation and Other Rate Changes**

Agency Recommendation Summary Text:

This non-appropriated expenditure adjustment adjusts for the variance between the carry forward level from BI2015-17 and the BI2017-19 Lottery Forecast as of June 2016. These expenditures are based on projected sales and associated expenses such as prizes, retailer commissions, and vendor expenses. As economic factors and actual sales levels change, the sales projections will be revised. Any changes will be accounted for in quarterly allotment packages and economic revenue forecasts.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
433-6 Shared Game Lottery Account	-4,963,117	-5,820,084	233,311	209,813
577-6 State Lottery Account	55,581,496	59,392,029	16,828,736	15,433,767
Total Cost	50,618,379	53,571,946	17,062,047	15,643,580
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	8,287,405	8,731,792	2,771,022	2,531,536
Obj. N	42,330,974	44,840,154	14,291,025	13,112,044

Package Description

- The mission of Washington's Lottery, as stated in RCW 67.70.040, is to maximize revenue consonant with the dignity of the state and the general welfare of the people. Sales of lottery tickets are achieved through a network of retailers in various industries throughout the state, ranging from supermarkets to convenience stores to bowling centers. These retailers are compensated for selling lottery tickets via a commission on the sale of each ticket. Sales of lottery tickets have increased from \$600 million in FY15 to \$695 million in FY16.
- Non-appropriated expenditure adjustments account for the difference in the carry forward expenditures from the 2015-17 biennium and the expenditures in the 2017-19 biennium working budget as of June 2016. The change is due to the projected increase in sales,

projected to be \$681.7 million in FY18 and \$693.9 million in FY19, and the associated expenses such as prizes, retailer commissions, and vendor expense. Revenues account for the total projected sales, non-operating revenues, and revenue distributions to beneficiaries.

- As economic factors and actual sales levels change, the sales projections will be revised. Any changes will be accounted for in quarterly allotment packages and economic revenue forecasts. If you have any questions, please contact John Iyall (360)664-4791 or Beckie Foster (360-664 4798).

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

- This decision package is not an expansion or alteration of a current program, rather is to recognize anticipated non-appropriated expenses into the budget system.

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- Revenue figures are based on the Economic and Revenue Forecast Council's June 2016 Lottery revenue estimates.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

- Washington's Lottery projects a higher level of sales and therefore a higher level of expenditures for those expenses, typically calculated as a percentage of sales. Contributions to beneficiaries based on these revenues and expenses are anticipated to be Washington Opportunity Pathway Account (\$251.7 million); CenturyLink Field (\$25.8 million); Economic Development Reserve Account (\$7.6 million); Gambling Revolving Account (\$1 million) and Problem Gambling (\$.7 million).

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

- This non-appropriated fund adjustment decision package is to recognize anticipated non-appropriated expenses into the budget system.

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Select Y/N	Identify:
Other local gov't impacts?	Select Y/N	Identify:
Tribal gov't impacts?	Select Y/N	Identify:
Other state agency impacts?	Select Y/N	Identify:
Responds to specific task force, report, mandate or exec order?	Select Y/N	Identify:
Does request contain a compensation change?	Select Y/N	Identify:
Does request require a change to a collective bargaining agreement?	Select Y/N	Identify:
Facility/workplace needs or impacts?	Select Y/N	Identify:
Capital Budget Impacts?	Select Y/N	Identify:
Is change required to existing statutes, rules or contracts?	Select Y/N	Identify:
Is the request related to or a result of litigation?	Select Y/N	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	Select Y/N	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

What are the consequences of not funding this request?

How has or can the agency address the issue or need in its current appropriation level?

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

Non-Appropriated Fund Adjustment Decision Package Attachment

Below you'll see the carry forward level, forecasted expenses and the corresponding maintenance level entry required:

Carry Forward - FY2018		ERFC Projected Lottery Expenses		Projection By Fund		Decision Package Entry		
433	577			433	577			
		<u>Expenses</u>		433	577	433	577	
		Prizes	424,302,894	45,285,221	379,017,673			
		Retailer commissions	34,783,564	4,754,127	30,029,437			
		Vendor expense	28,784,922	2,787,535	25,997,387			
		Media - Branding	2,165,000	-	2,165,000			
		Media - Games	3,398,000	1,430,000	1,968,000			
		Media Production	2,632,000	172,000	2,460,000			
		Advertising Fees/PR/Web/Research	3,805,000	-	3,805,000			
		Kiosk & Mobile Expense	500,000	-	500,000			
		Promotional Expense	1,700,000	-	1,700,000			
		Other operating expenses	5,300,000	-	5,300,000			
		Depreciation expense (577, 433, 578)	150,000					
		Administration - leg. Appropriated	13,754,000					
59,392,000	397,361,000	Total Expenses	521,275,379	54,428,883	452,942,496	(4,963,117)	55,581,496	
							50,618,379	
Carry Forward - FY2019		ERFC Projected Lottery Expenses		Projection By Fund		Decision Package Entry		
433	577			433	577	433	577	
		<u>Expenses</u>		433	577	433	577	
		Prizes	432,502,977	45,395,833	387,107,143			
		Retailer commissions	35,394,478	4,765,739	30,628,739			
		Vendor expense	29,327,490	2,794,344	26,533,147			
		Media - Branding	2,165,000	-	2,165,000			
		Media - Games	3,398,000	1,430,000	1,968,000			
		Media Production	2,632,000	172,000	2,460,000			
		Advertising Fees/PR/Web/Research	3,805,000	-	3,805,000			
		Kiosk & Mobile Expense	500,000	-	500,000			
		Promotional Expense	1,700,000	-	1,700,000			
		Other operating expenses	5,300,000	-	5,300,000			
		Depreciation expense (577, 433, 578)	150,000					
		Administration - leg. Appropriated	14,033,000					
60,378,000	402,775,000	Total Expenses	530,907,946	54,557,916	462,167,029	(5,820,084)	59,392,029	
							53,571,946	
Basis for Object Split				FY18		FY19		
Sub-Object Split:	FY 2016 Prize Expense	424,302,894	N	42,330,974	84%	N	44,840,154	84%
	All other FY2016 433 & 577	507,371,379	E	8,287,405	16%	E	8,731,792	16%
	Prize to other expenses ratio:	84%		50,618,379			53,571,946	

Carry Forward - FY2020		ERFC Projected Lottery Expenses		Projection By Fund		Decision Package Entry			
433	577	Expenses		433	577	433	577		
		Prizes	439,260,967	45,485,224	393,775,743				
		Retailer commissions	35,897,668	4,775,124	31,122,544				
		Vendor expense	29,774,791	2,799,846	26,974,945				
		Media - Branding	2,165,000	-	2,165,000				
		Media - Games	3,398,000	1,430,000	1,968,000				
		Media Production	2,632,000	172,000	2,460,000				
		Advertising Fees/PR/Web/Research	3,805,000	-	3,805,000				
		Kiosk & Mobile Expense	500,000	-	500,000				
		Promotional Expense	1,700,000	-	1,700,000				
		Other operating expenses	5,300,000	-	5,300,000				
		Depreciation expense (577, 433, 578)	150,000						
		Administration - leg. Appropriated	13,754,000						
54,428,883	452,942,496	Total Expenses	538,337,426	54,662,194	469,771,232	233,311	16,828,736		
							17,062,047		
Carry Forward - FY2021		ERFC Projected Lottery Expenses		Projection By Fund		Decision Package Entry			
433	577	Expenses		433	577	433	577		
		Prizes	446,217,514	45,575,693	400,641,821				
		Retailer commissions	36,415,671	4,784,621	31,631,049				
		Vendor expense	30,235,340	2,805,415	27,429,926				
		Media - Branding	2,165,000	-	2,165,000				
		Media - Games	3,398,000	1,430,000	1,968,000				
		Media Production	2,632,000	172,000	2,460,000				
		Advertising Fees/PR/Web/Research	3,805,000	-	3,805,000				
		Kiosk & Mobile Expense	500,000	-	500,000				
		Promotional Expense	1,700,000	-	1,700,000				
		Other operating expenses	5,300,000	-	5,300,000				
		Depreciation expense (577, 433, 578)	150,000						
		Administration - leg. Appropriated	14,033,000						
54,557,916	462,167,029	Total Expenses	546,551,525	54,767,730	477,600,796	209,813	15,433,767		
							15,643,580		
Basis for Object Split				FY20		FY21			
Sub-Object Split:		FY 2016 Prize Expense	439,260,967	N	14,291,025	84%	N	13,112,044	84%
		All other FY2016 433 & 577	524,433,426	E	2,771,022	16%	E	2,531,536	16%
		Prize to other expenses ratio:	84%		17,062,047			15,643,580	