



Mission

Protect the public by ensuring that gambling is legal and honest

Revised Budget for FY15 and Preliminary Budget for 2015-17 Biennium

July 11, 2014



Items we'll cover:

- Background
- FY15 Budget Revisions
 - Revised Revenue Estimates
 - Revised Expenditure Plan
 - Impact of Revisions on Account Balances
 - Approval of Revised FY15 Budget
- Budget for 2015-17 Biennium
 - Revenue Estimates
 - Preliminary Expenditure Plan
 - Impact of Expenditure Plan on Account Balances
- Comparison of 13-15 and 15-17 Biennium Budgets



Sections Relevant to Budget

RCW 9.46.070

Establish a schedule of annual license fees to provide money to cover all costs of licensing and enforcement



RCW 9.46.100

The Gambling Revolving Fund is created. Disbursements shall be on authorization of the Commission. No appropriation shall be required to permit expenditures and payment of obligations from such fund.



FY15 Budget Revisions



Revised Revenue Estimates

The FY15 Revenue estimate reflects the following:

- ① Estimates are updated for March 2014 licensee trends.
- ② No new fees or fee increases are included in the estimate.
- ③ No additional seizure funds are included.

August 2013 Estimate = \$12,395,109

Revised Estimate = \$11,925,753

Difference = **-\$469,356**



Revised Expenditure Plan

	Fund				Total, ALL Funds	FTEs
	Gambling Revolving Account	Federal Seizure Account	State Seizures Account	Industrial Insurance Premium Refund Account		
FY15 Budget Approved August 2013 =	\$12,957,140	\$317,360	\$1,230,496	\$8,000	\$14,512,996	138.0
Adjust Expenditure Detail =	-10,745	-1,224	0	0	-11,969	0.0
Reduce Health Care Funding =	-159,984		-3,636		-163,620	0.0
Adjust Salaries and reduce 4 FTEs =	-97,151		-7,455		-104,606	-4.0
Adjust Vehicle/Computer Replacements =	-36,000		-50,000		-86,000	0.0
Total of All Proposed Revisions =	-303,880	-1,224	-61,091	0	-366,195	-4.0
Recommended FY15 Budget =	\$12,653,260	\$316,136	\$1,169,405	\$8,000	\$14,146,801	134.0



Impact of Revisions on Account Balances

	Gambling Revolving Account	Federal Seizure Account	State Seizures Account	Industrial Insurance Premium Refund Account
Current Estimated Working Capital Balance =	\$2,208,195			
Current Estimated Account Balance =		\$333,873	\$1,449,854	\$8,000
Current Estimated Revenue =	11,925,753	500 *	1,500 *	0
Recommended Expenditures =	12,653,260	316,136 ♦	1,169,405 ■	
Projected 6-30-15 Working Capital Balance ■ =	\$1,480,688			
Projected 6-30-15 Account Balances =		\$18,237	\$281,949	\$8,000

* Interest earnings.

♦ Includes Special Agent communication charges and all field office facility costs.

■ Includes costs for 4 FTEs, the Headquarters facility and vehicle replacements.

■ Balance is below OFM's recommended minimum.



**Recommend Approval of
Revised FY15 Budget:
\$14,146,801
and 134.0 FTEs**



Preliminary Budget for 2015-17 Biennium



Context for the 2015-17 Biennium Budget

- ① Gambling Revolving Fund revenue estimated to be nearly 5% lower than one year ago.
- ② Federal Seizure Funds will be almost depleted at the end of FY15.
- ③ It is estimated that available funding will require cutting 21 FTEs (15.7% fewer than budgeted for FY15).



2015-17 Biennium Revenue Estimates

- ① Estimates are updated for March 2014 licensee trends.
- ② No new fees or fee increases are included in the revenue estimate.
- ③ No additional seizure funds are included.

FY16	FY17	2015-17 Biennium
\$12,003,514	\$11,960,514	\$23,964,028

Change from FY13 Estimate:	-\$495,117	-\$646,628
% Change from FY13 Estimate:	-3.83%	-5.01%



Preliminary 2015-17 Biennium Expenditure Plan All Funds Including Decision Packages

	Dollars			FTEs		
	FY16	FY17	2015-17 Biennium	FY16	FY17	2015-17 Biennium
Proposed FY15 Budget* =	\$14,146,801	\$14,146,801	\$28,293,602	134.00	134.00	134.00
Adjustments to FY15 Budget :						
Adjustments Total without Decision Packages (see next page for detail) =	-\$2,179,604	-\$2,142,441	-\$4,322,045	-21.00	-21.00	-21.00
Proposed FY16 and FY17 Budgets without Decision Packages =	\$11,967,197	\$12,004,360	\$23,971,557	113.00	113.00	113.00
Decision Package: GF-S to fund UC activities =	\$430,000	\$430,000	\$860,000	4.00	4.00	4.00
Decision Package: GF-S to fund CIU activities =	\$750,000	\$750,000	\$1,500,000	7.00	7.00	7.00
Decision Packages Totals =	\$1,180,000	\$1,180,000	2,360,000	11.00	11.00	22.00
Proposed FY16 and FY17 Budgets with Decision Packages =	\$13,147,197	\$13,184,360	\$26,331,557	124.00	124.00	124.00

* The adjusted FY15 Budget is used as the base from which adjustments are made for the FY16 and FY17 preliminary budgets.

Note:

GRA = Gambling Revolving Account	FSA = Federal Seizure Account	SSA = State Seizures Account	GF-S = State General Fund
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Preliminary 2015-17 Biennium Expenditure Plan All Funds Without Decision Packages

	Dollars			FTEs		
	FY16	FY17	2015-17 Biennium	FY16	FY17	2015-17 Biennium
Proposed FY15 Budget* =	\$14,146,801	\$14,146,801	\$28,293,602	134.00	134.00	134.00
Adjustments to FY15 Budget :						
FSA remaining balance expended in FY16 =		-\$18,237	-\$18,237	0.00	0.00	0.00
Adjust Vehicle/Computer Replacements (GRA) =	-\$92,004	\$9,396	-\$82,608	0.00	0.00	0.00
Software Upgrades (GRA) =	\$12,400	-\$33,600	-\$21,200	0.00	0.00	0.00
Reduce GRA Expenditures for Revenue reduction =	-\$2,100,000	-\$2,100,000	-\$4,200,000	-21.00	-21.00	-21.00
Total of All Adjustments =	-\$2,179,604	-\$2,142,441	-4,322,045	-21.00	-21.00	-21.00
Proposed FY16 and FY17 Budgets =	\$11,967,197	\$12,004,360	\$23,971,557	113.00	113.00	113.00

* The adjusted FY15 Budget is used as the base from which adjustments are made for the FY16 and FY17 preliminary budgets.

Note:

GRA = Gambling Revolving Account FSA = Federal Seizure Account



Effects of 2015-17 Biennium on Account Balances

		FY16					FY17					
		Gambling Revolving Account	State General Fund	Federal Seizure Account	State Seizures Account	Industrial Insurance Premium Refund Account	Gambling Revolving Account	State General Fund	Federal Seizure Account	State Seizures Account	Industrial Insurance Premium Refund Account	
Projected Beginning Working Capital Balance =	\$1,480,688						\$1,543,242					
Projected Beginning Balances, Other Accounts =				\$18,237	\$281,949	\$8,000			\$0	\$281,949	\$4,000	
Current Estimated Revenue =	\$12,003,514			\$0	\$0	\$4,000	\$11,960,514			\$0	\$0	\$4,000
Recommended Expenditures =	\$11,940,960	\$1,180,000		\$18,237	\$0	\$8,000	\$11,996,360	\$1,180,000		\$0	\$0	\$8,000
Projected Ending Working Capital Balance =	\$1,543,242						\$1,507,396					
Projected Ending Balances, Other Accounts =				\$0	\$281,949	\$4,000			\$0	\$281,949	\$0	



Needs for Working Capital Balance

- Cash flow (revenue on quarterly cycle)
- Decreases in Revenue
- Pension rate and other benefit adjustments
- Charges from other agencies
- Statewide salary increases

The Office of Financial Management recommends that Working Capital Balance be sufficient to cover 2 months expenditures.



Comparison of Budgets for the 2013-15 and 2015-17 Biennia

	Budget			Average Annual FTEs
	FY One	FY Two	Biennium	
13-15 Biennium Budget Approved August 2013	\$15,079,756	\$14,512,996	\$29,592,752	142.0
15-17 Biennium Preliminary Budget WITHOUT Decision Packages	\$11,967,197	\$12,004,360	\$23,971,557	113.0
Difference from August 2013 =	-\$3,112,559	-\$2,508,636	-\$5,621,195	-29.0
15-17 Biennium Preliminary Budget WITH Decision Packages	\$13,147,197	\$13,184,360	\$26,331,557	124.0
Difference from August 2013 =	-\$1,932,559	-\$1,328,636	-\$3,261,195	-18.0

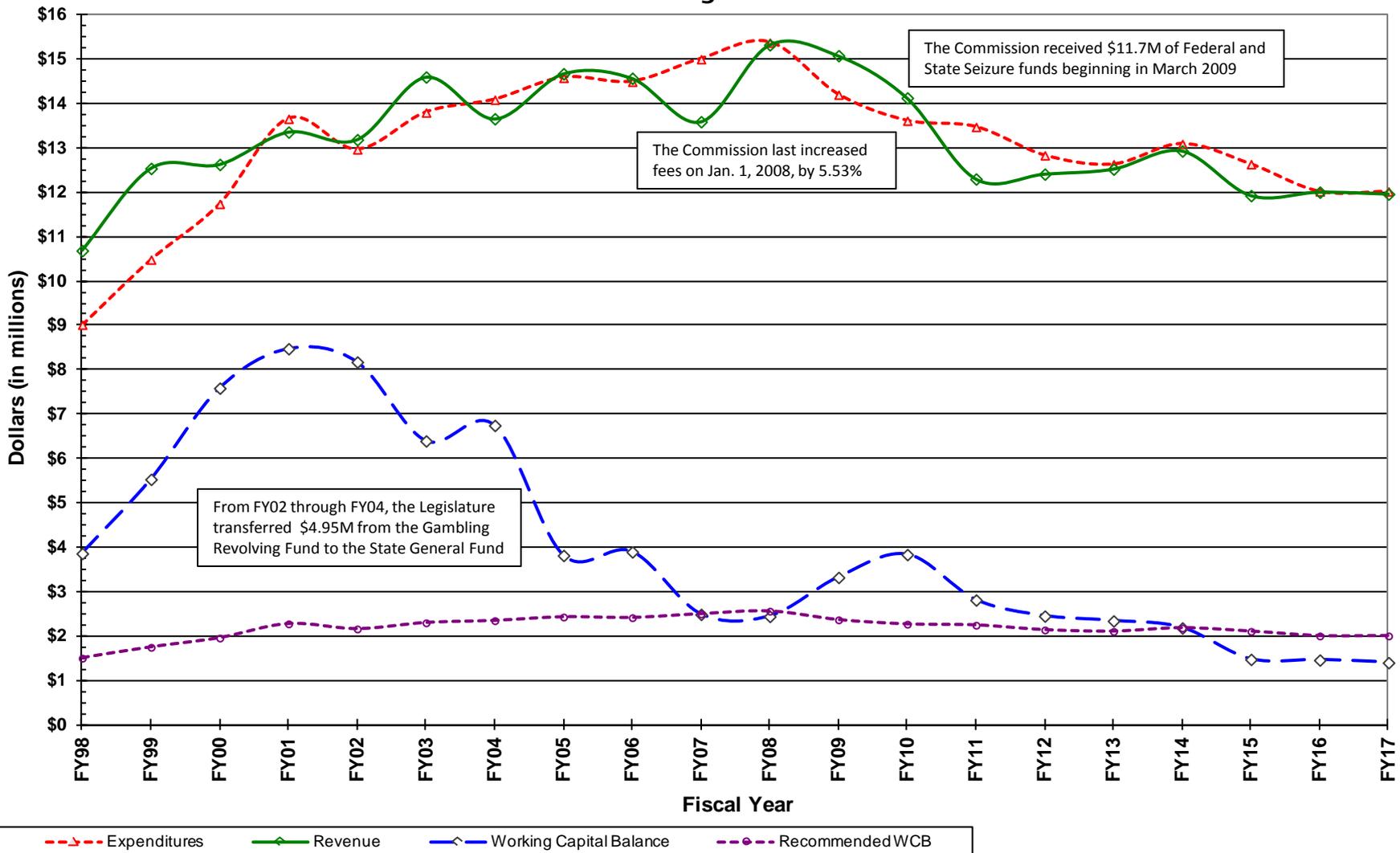
Note:

The 15-17 Biennium budget includes Decision Packages totaling \$2,360,000 from the state General Fund to support CIU and UC work of the Commission



Gambling Revolving Fund

Actual and Estimated Revenues, Expenditures, and Year-End Working Capital
FY98 through FY17



Questions?