


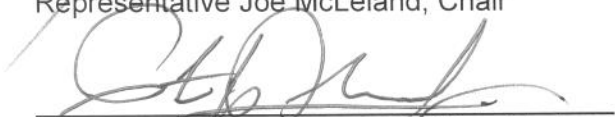
FY 2012 and FY 2013

General Government Budget Committee


Kansas Lottery
Kansas Racing and Gaming Commission



Representative Joe McLeland, Chair



Representative Pete DeGraaf, Vice-Chair



Representative Tom Burroughs, Ranking
Minority Member

Representative Nile Dillmore

Representative Ramon Gonzalez



Representative Don Hineman



Representative Kyle Hoffman

Representative Trent LeDoux

Representative Ronald Ryckman

House Budget Committee Report

Agency: Kansas Racing and Gaming
Commission

Bill No. --

Bill Sec. --

Analyst: Dear

Analysis Pg. No. 326

Budget Page No. 96

Expenditure Summary	Agency Estimate FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	7,214,943	7,214,943	0
Subtotal	<u>\$ 7,214,943</u>	<u>\$ 7,214,943</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,214,943</u></u>	<u><u>\$ 7,214,943</u></u>	<u><u>\$ 0</u></u>
FTE positions	98.0	98.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>98.0</u></u>	<u><u>98.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency** estimates a revised FY 2012 budget totaling \$7,214,943, all from special revenue funds. The revised estimate is a reduction of \$1,200,292, or 14.3 percent, below the approved amount. The majority of the change is attributable to the early repayment of the Pooled Money Investment Board (PMIB) loan taken out to fund the beginning of expanded lottery regulation. The agency was able to largely pay off the loan in FY 2011 and only \$4,246 of debt service interest remains as part of the FY 2012 budget. The revised estimate includes 98.0 FTE positions, a reduction of 1.5 FTE positions from the approved number.

Governor's Recommendation

The **Governor** concurs with the agency request.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Racing and Gaming
Commission

Bill No. 2760

Bill Sec. 24

Analyst: Dear

Analysis Pg. No. 326

Budget Page No. 96

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	7,411,210	7,355,685	0
Subtotal	<u>\$ 7,411,210</u>	<u>\$ 7,355,685</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,411,210</u></u>	<u><u>\$ 7,355,685</u></u>	<u><u>\$ 0</u></u>
FTE positions	98.0	98.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>98.0</u></u>	<u><u>98.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2013 budget totaling \$7,411,210, all from special revenue funds. The request is an increase of \$196,267, or 2.7 percent, above the agency's FY 2012 revised budget estimate. The agency made an enhancement request of \$15,200 for the replacement of a vehicle in expanded gaming. Salaries and wages increased by \$561,456, or 10.3 percent, and this increase was partially offset by a reduction in other operating expenditures of \$364,936, or 27.0 percent, all from special revenue funds. The request includes 98.0 FTE positions, the same as FY 2012.

Governor's Recommendation

The **Governor** recommends a FY 2013 budget totaling \$7.4 million, all from special revenue funds, a decrease of \$55,525, or 0.7 percent, below the FY 2013 agency request. The decrease is attributable to a recommendation not to fund the agency enhancement request to purchase a new vehicle (\$15,200) and a reduction of \$40,325 to account for saving from the Voluntary Retirement Incentive Program.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Lottery

Bill No. --

Bill Sec. --

Analyst: Dear

Analysis Pg. No. 344

Budget Page No. 94

Expenditure Summary	Agency Estimate FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	171,132,094	188,959,368	0
Subtotal	<u>\$ 171,132,094</u>	<u>\$ 188,959,368</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 171,132,094</u></u>	<u><u>\$ 188,959,368</u></u>	<u><u>\$ 0</u></u>
FTE positions	99.0	99.0	0.0
Non FTE Uncl. Perm. Pos.	5.0	5.0	0.0
TOTAL	<u><u>104.0</u></u>	<u><u>104.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency** requests a revised FY 2012 budget totaling \$171.1 million, all from special revenue funds, an increase of \$3.4 million, or 2.0 percent, above the approved amount. The change is attributable to an increase of \$3.5 million, or 12.6 percent, above the approved amount, in the Lottery Prize Payment Fund. The agency increase is due to a revised sales goal for FY 2012 of \$237.5 million, \$4.0 million below the FY 2012 approved amount. The agency is projecting instant tickets sales to increase by \$4.0 million and on-line games to decrease by \$8.0 million, mostly in Powerball and Keno, partially offset by a projected increase in the Mega Millions on-line game.

A change in ticket printing strategy resulted in a \$111,403 reduction in ticket printing costs and shipping. The agency projects a reduction of \$399,992 in g-tech computer system fees due to the reduction in on-line game sales. The agency also increased expenditures from the Lottery Operating Fund which supports agency operations by \$514,287, or 4.2 percent, above the FY 2012 approved budget.

Governor's Recommendation

The **Governor** recommends a FY 2012 operating budget of \$189.0 million, all from special revenue funds, an increase of \$21.2 million, or 12.6 percent, above the amount approved by the 2011 Legislature. The increase is attributable to recommended adoption of a

new consensus revenue estimate projecting enhanced revenue from all three gaming zones (\$18.2 million). The Governor concurs with the agency estimated budget with the following two exceptions, increase the shrinkage rate from 2.0 percent to 5.0 percent to reduce salaries and wage expenditures by \$197,730. The Governor indicates that the agency is currently in process of filling vacant positions at the casinos which are budgeted to begin at the start of the fiscal year. The Governor further recommends an increase in the shrinkage rate in the expanded lottery program to 25.0 percent for a reduction of \$214,996 to more accurately reflect current staffing levels.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Lottery

Bill No. 2760

Bill Sec. 23

Analyst: Dear

Analysis Pg. No. 344

Budget Page No. 94

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	335,380,017	334,132,462	36,200
Subtotal	<u>\$ 335,380,017</u>	<u>\$ 334,132,462</u>	<u>\$ 36,200</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 335,380,017</u></u>	<u><u>\$ 334,132,462</u></u>	<u><u>\$ 36,200</u></u>
FTE positions	99.0	96.0	0.0
Non FTE Uncl. Perm. Pos.	5.0	5.0	0.0
TOTAL	<u><u>104.0</u></u>	<u><u>101.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2013 budget totaling \$335.4 million, an increase of \$164.2 million, or 96.0 percent, above the FY 2012 revised request. The majority of the increase is for a full year of operation at the Northeast and Southcentral gaming zones (\$161.2 million). The agency is requesting \$53.4 million, an increase of \$2.4 million, or 4.7 percent, above the FY 2012 revised estimate for the regular lottery program. The increase in the regular lottery program is predominantly attributable to lottery prize payments (\$688,228), contracts with private marketing firms (\$985,320), and printing and on-line vendor commissions (\$323,471). The agency also requests enhanced funding for seven replacement vehicles, totaling \$145,700. Without the enhancements, the agency's request is \$335.2 million, or 95.9 percent, above the agency's revised FY 2012 request. The request includes 99.0 FTE positions and 5.0 non-FTE unclassified permanents.

Governor's Recommendation

The **Governor** recommends a FY 2013 budget of \$334.1 million, all from special revenue funds, a decrease of \$1.3 million, or 0.4 percent, below the FY 2013 agency request. The change is attributable to adoption of the Consensus Revenue Estimate for the ELARF which reduced the FY 2013 projections by \$668,033. The Consensus Group increased projected revenue by \$5.1 million for the Southwest zone based on sales data and the opening

of a new hotel and adopted more conservative estimates for the Northeast and Southcentral zones.

The Governor recommends increasing the shrinkage rate for the agency to 5.0 percent to reduce salaries and wage expenditures by \$201,980 and applied a budgetary reduction of \$231,842 and the reduction of 3.0 FTE positions for implementation of the Voluntary Retirement Incentive Program. The Governor does not recommend adoption of the agency enhancement requests of \$145,700 for vehicle replacements.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustments:

1. Add \$17,600, all from the Lottery Operating Fund, to purchase one vehicle to be used for transport of regular lottery security personnel in FY 2013. The vehicle is used by the Security Department to conduct background and criminal investigations. In addition, vehicles are necessary to conduct Americans with Disabilities Act (ADA) surveys, ADA re-surveys, follow up surveys, on-call duty for building alarms, and lockdown call-outs.
2. Add \$18,600, all from the Lottery Operating fund, to purchase one vehicle to be used for transport of security personnel in the ELARF program for FY 2013. The purchase would be made from the operating fund but reimbursed from casino facility management in accordance with the management contract.
3. Review at Omnibus the request for \$109,500, all from the Lottery Operating Fund, to replace five high mileage minivans currently in use by the lottery ticket sales department. The agency currently owns seven minivans with mileage in excess of 100,000 miles.