

**GOVERNMENTAL OPERATIONS**

Agency 195

**Liquor Control Board**

**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2007-09 Expenditure Authority</b>	1,172.3	3,863	227,702	231,565
<b>Supplemental Changes</b>				
Law Enforcement Equitable Sharing			757	757
Costco Lawsuit Defense			394	394
Distribution Center Software Upgrade			1,294	1,294
Credit Card Security Compliance			704	704
Distribution Center Expansion			3,660	3,660
Online Recruiting Service		5	58	63
Pension Plan 1 COLA Funding			22	22
PEBB Rate Reduction		(38)	(2,038)	(2,076)
<b>Subtotal - Supplemental Changes</b>		(33)	4,851	4,818
<b>Total Proposed Budget</b>	1,172.3	3,830	232,553	236,383
Difference		(33)	4,851	4,818
Percent Change	0.0%	(0.9)%	2.1%	2.1%

**SUPPLEMENTAL CHANGES**

**Law Enforcement Equitable Sharing**

The Liquor Control Board is scheduled to receive one-time funds from the Department of Justice's Asset Forfeiture Program stemming from a 2003 cigarette racketeering case. This money will be distributed as part of a federal forfeiture program that shares money seized in criminal cases with state and local law enforcement agencies that assisted in federal investigations. This funding will be used for equipment and training to improve existing tobacco enforcement capabilities. (Federal Seizure Account-Nonappropriated)

**Costco Lawsuit Defense**

As part of the settlement in the lawsuit filed by Costco Wholesale Corporation in 2004, the Liquor Control Board (LCB) is required to make a one-time payment equal to a percentage of Costco's legal fees. The LCB did not appeal the district court decision relating to Costco's direct shipping claim, so that portion of the settlement, plus interest, is now due. (Liquor Revolving Account-State)

**Distribution Center Software Upgrade**

The Warehouse Management System software in the Liquor Control Board (LCB) distribution center is obsolete. The LCB was appropriated funding in the 2005-07 Biennium to upgrade this software, but postponed the project until after completion of the distribution center expansion, which is scheduled for Fiscal Year 2008. This funding will reduce the risk that the Warehouse Management System will experience a failure that results in lost revenue. (Liquor Control Board Construction and Maintenance Account-State, Liquor Revolving Account-State)

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### **Credit Card Security Compliance**

The Liquor Control Board (LCB) will make one-time and ongoing investments in technology to update its data security to comply with the Payment Card Industry Data Security Standards set by Visa and Mastercard. The LCB must comply with these security requirements in order to continue accepting credit card payments at state liquor stores. (Liquor Revolving Account-State)

### **Distribution Center Expansion**

In the 2005-07 Biennium the Liquor Control Board (LCB) was given appropriation authority to use Certificates of Participation (COPs) for the expansion of its distribution center to meet increased demand. Much of the planned project work has been completed, but some was not. The LCB will use an existing one-time fund balance for safety equipment and seismic mediation requirements. (Liquor Control Board Construction and Maintenance Account-State)

### **Online Recruiting Service**

To support the state's online recruitment tool (E-Recruiting), additional funds are provided for a one-time charge from the Department of Personnel. This will improve the ability of agencies to manage their recruitment and hiring processes as required by the Personnel System Reform Act of 2002.

### **Pension Plan 1 COLA Funding**

Funding was provided in the 2007-09 budget for the additional employer contributions to retirement systems required by modifications to the eligibility criteria for the uniform COLA in the Public Employees' Retirement System Plan 1 (PERS 1) and the Teachers' Retirement System Plan 1 (TRS 1) in Senate Bill 5175. This item moves that funding from the State Employee Compensation Adjustments agency into individual agency budgets. (General Fund-State, other funds)

### **PEBB Rate Reduction**

The state contributes 88 percent of the total weighted average of the employee health care premium and also pays for the cost of dental, life and long-term disability insurance. Total Public Employees Benefit Board (PEBB) expenditures for the 2007-09 Biennium are anticipated to be lower than budgeted because (1) health plan costs for calendar year 2008 are lower than expected, which will benefit both the state and its employees; (2) the Uniform Medical Plan continues to perform better than projected; and (3) funding was removed from the PEBB administrative cost allocation for an information technology system replacement due to the restrictive nature of federal funding. The state employer contribution rate will be reduced from \$732 per month to \$575 per month. This one-time reduction will leave an unrestricted fund balance of \$19.2 million at the end of Fiscal Year 2009. (General Fund-State, various other funds).