

**GOVERNMENTAL OPERATIONS**

Agency 195

**Liquor Control Board**

**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2013-15 Expenditure Authority</b>	297.9		66,470	66,470
<b>Total Maintenance Level</b>	314.5		76,384	76,384
Difference	16.6		9,914	9,914
Percent Change from Current Biennium	5.6%		14.9%	14.9%
<b>Performance Changes</b>				
Eliminate Vacancies	(11.0)		(1,606)	(1,606)
Information Technology Funding	(1.0)		(1,487)	(1,487)
Administrative Expenditures	(4.5)		(871)	(871)
Finance Division Staff Reduction	(4.0)		(882)	(882)
Modernize Regulatory Systems *			3,321	3,321
Maintain Traceability System			460	460
CTS Rate Adjustment			(36)	(36)
Archives/Records Management			(1)	(1)
Legal Services			21	21
Office of Chief Information Officer			6	6
Administrative Hearings			5	5
CTS Central Services			70	70
DES Central Services			8	8
Core Financial Systems Replacement			15	15
Fleet Program Rate Reduction			(36)	(36)
Time, Leave and Attendance System			21	21
Self-Insurance Liability Premium			(70)	(70)
State Public Employee Benefits Rate			105	105
WFSE General Government Master Agreement			1,500	1,500
Nonrepresented Job Class Specific Increases			40	40
WPEA General Government Master Agreement			623	623
The Coalition of Unions Agreement			337	337
General Wage Increase for State Employees			539	539
<b>Subtotal</b>	(20.5)		2,082	2,082
<b>Total Proposed Budget</b>	294.0		78,466	78,466
Difference	(3.9)		11,996	11,996
Percent Change from Current Biennium	(1.3)%		18.0%	18.0%
<b>Total Proposed Budget by Activity</b>				
Administration	80.7		30,006	30,006
Enforcement of Liquor, Tobacco and Recreational Marijuana Laws	132.7		28,519	28,519
Liquor and Marijuana Licensing and Permits	74.9		15,819	15,819

## GOVERNMENTAL OPERATIONS

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>Total Proposed Budget</b>	288.3		74,344	74,344

### PERFORMANCE LEVEL CHANGE DESCRIPTIONS

#### **Eliminate Vacancies**

The Liquor Control Board will achieve savings by eliminating 11 vacant FTE staff positions. (Liquor Revolving Account-State)

#### **Information Technology Funding**

The Liquor Control Board will reduce expenditures on information technology goods and services. (Liquor Revolving Account-State)

#### **Administrative Expenditures**

The Liquor Control Board will reduce certain administrative positions, eliminate agency motor pool vehicles, and reduce training and facilities expenditures. (Liquor Revolving Account-State)

#### **Finance Division Staff Reduction**

Four fiscal and audit staff positions are eliminated at the Liquor Control Board. (Liquor Revolving Account-State)

#### **Modernize Regulatory Systems \***

The Liquor Control Board will replace its legacy licensing, enforcement, imaging and related applications with an integrated solution built around a commercial off-the-shelf product managed in a cloud environment. Revenue to support the project will come from a two-year, 11 percent surcharge applied to new and renewal license fees. (Licensing and Enforcement System Modernization Project Account-Nonappropriated)

#### **Maintain Traceability System**

Additional funding is provided to maintain and pay for license costs related to the Marijuana Seed-To-Sale Traceability System. (Dedicated Marijuana Account-State)

#### **CTS Rate Adjustment**

Agency budgets are adjusted to reflect changes in Consolidated Technology Services (CTS) rates. Specific changes include a reduction in metered storage rates and elimination of tailored storage rates, elimination of redundant firewalls, reduction in long distance telephone rates, a general rate reduction to reflect administrative efficiencies within CTS, and enhancements to the identity management service.

#### **Archives/Records Management**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 10 percent reduction in the number of boxes submitted for records storage.

#### **Legal Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a reduction in legal service charges. The Attorney General's Office (AGO) will work with client agencies to implement stricter policies and best practices regarding utilization of its services to achieve lower legal bills.

**Office of Chief Information Officer**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect increased billing levels for software subscriptions and office relocation.

**Administrative Hearings**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a cap on the hourly rate charged for services at \$120 per hour.

**CTS Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges from Consolidated Technology Services (CTS) to reflect an increase in business continuity/disaster recovery costs and a new allocated charge for state data network costs.

**DES Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to align with anticipated billing levels from the Department of Enterprise Services (DES) in the 2015-17 biennium, including changes to the enterprise systems fee, personnel services, and small agency financial services.

**Core Financial Systems Replacement**

Agency budgets are adjusted to align with anticipated billings from the Office of Financial Management in the 2015-17 biennium for core financial systems replacement planning through the One Washington project.

**Fleet Program Rate Reduction**

Agency budgets are adjusted to reflect efficiencies and reduced costs for the Department of Enterprise Services' fleet program.

**Time, Leave and Attendance System**

Agency budgets are adjusted to align with anticipated billings for the Time, Leave and Attendance system, including debt service and project completion costs.

**Self-Insurance Liability Premium**

Agency budgets are adjusted to reflect updated premium rates and a reduction in billings for the 2015-17 biennium.

**State Public Employee Benefits Rate**

Health insurance funding is provided for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. Insurance for employees covered by the health insurance coalition is included in funding for their respective collective bargaining agreements. The insurance funding rate is \$913 per employee per month for Fiscal Year 2016 and \$947 per employee per month for Fiscal Year 2017. (General Fund-State, various other accounts)

**WFSE General Government Master Agreement**

Funding is provided for a collective bargaining agreement with Washington Federation of State Employees (WFSE), which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; salary adjustments for targeted classifications; hazard pay for designated night crews; assignment pay in designated areas; and employee insurance. (General Fund-State, various other accounts)

## **GOVERNMENTAL OPERATIONS**

### **Nonrepresented Job Class Specific Increases**

Funding is provided for classified state employees who are not represented by a union for pay increases in specific job classes in alignment with other employees. (General Fund-State, various other accounts)

### **WPEA General Government Master Agreement**

Funding is provided for a collective bargaining agreement with Washington Public Employees Association (WPEA), which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; salary adjustments for targeted classifications; an additional in-service day for the Washington State School for the Blind and Center for Childhood Deafness and Hearing Loss; and employee insurance. (General Fund-State, various other accounts)

### **The Coalition of Unions Agreement**

Funding is provided for a collective bargaining agreement with The Coalition of Unions, which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; annual payments for physicians and psychiatrists with board certifications; salary adjustments for targeted classifications; and employee insurance. (General Fund-State, various other accounts)

### **General Wage Increase for State Employees**

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for employees who earn \$2,500 a month or more, effective July 1, 2016; and a general wage increase of 1 percent plus a \$20 per month increase for employees who earn less than \$2,500 per month, effective July 1, 2016. This item includes both higher education and general government workers. (General Fund-State, various other accounts)

## **ACTIVITY DESCRIPTIONS**

### **Administration**

The Liquor Control Board (LCB) establishes policies for the regulation of alcoholic beverages, tobacco products, and recreational marijuana throughout the state. Activities funded in this category include costs for the overall management of agency employees, and oversight of administrative and policy duties.

### **Enforcement of Liquor, Tobacco and Recreational Marijuana Laws**

The Enforcement Division protects and serves the public by striving to ensure legal acquisition and responsible use of alcohol, tobacco, and recreational marijuana. This is achieved primarily through educational efforts and enforcement operations. Educational efforts include: liquor and recreational marijuana law briefing materials and education for licensees and staff; technical assistance visits; liquor and recreational marijuana law training for law enforcement officers; partnerships with community/prevention groups; and licensing support. Enforcement operations include: premises visits; compliance checks; undercover operations; joint patrols with local law enforcement; emphasis at locations of strategic interest; regulatory enforcement; investigation of citizen/law enforcement complaints; alcohol and recreational marijuana related serious injury accident investigation; enforcement of payment of taxes for beer, wine, and marijuana; enforcement of payment of spirit fees; and acting as a contractor of the FDA to inspect tobacco retailers.

## **GOVERNMENTAL OPERATIONS**

### **Liquor and Marijuana Licensing and Permits**

The Program Administration, License Investigation, License Processing, and Customer Service Units review and report on all license applications, permit applications, and business modification requests from current license holders; approve all liquor and recreational marijuana license and permit applications and renewals except those involving extensive investigation or requiring a board decision; maintain official licensing records and make documents available for court, administrative action, and public records requests; and provide licensing information for applicants and the general public.