



Office of  
Financial Management  
STATE OF WASHINGTON

# Budget Activity Assessment

## Washington State Gambling Commission

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## Executive Summary

- The Gambling Commission is to be commended for having enough data entered into the Performance Measure Tracking System (PMT) to show agency performance over time and allow for some trend analysis.
- In two instances, the ability of the existing performance measure to tell a compelling story of agency performance would be augmented with the addition of an additional measurement perspective:
  - A001 – Gambling Licensing, Background and Financial Investigations – The current measure tracks the number of background investigations. Another measure relating to how long it takes to complete an investigation from start to finish would be an ideal addition.
  - A002 – General Enforcement and Criminal Intelligence Investigation – The current measure tracks the timeliness of scheduled inspections. As a compliance agency, the number and type of major violations found during the inspections would complete the picture.
- The actual performance of the measure tracking the number of compliance visits at tribal casinos showed a marked improvement in 2003-05, but has stabilized since then. Current performance is not capable of regularly meeting or exceeding the targets, so the agency needs to consider one of the following options:
  - Lowering the target to be more in line with current performance capabilities
  - Changing something in the underlying processes to improve current performance

# Budget Activity Measure Qualitative Evaluation Summary

Budget Activity Number & Title	Evaluation Criteria						
	Relevance	Understandability	Comparability	Timeliness	Consistency	Reliability	Performance
A001 – Gambling Licensing, Background and Financial Investigations							
A002 – General Enforcement and Criminal Intelligence Investigation							
A003 – Tribal-State Compact Negotiation, Regulation Program, and Investigations							

**Meets or Exceeds OFM Expectations**

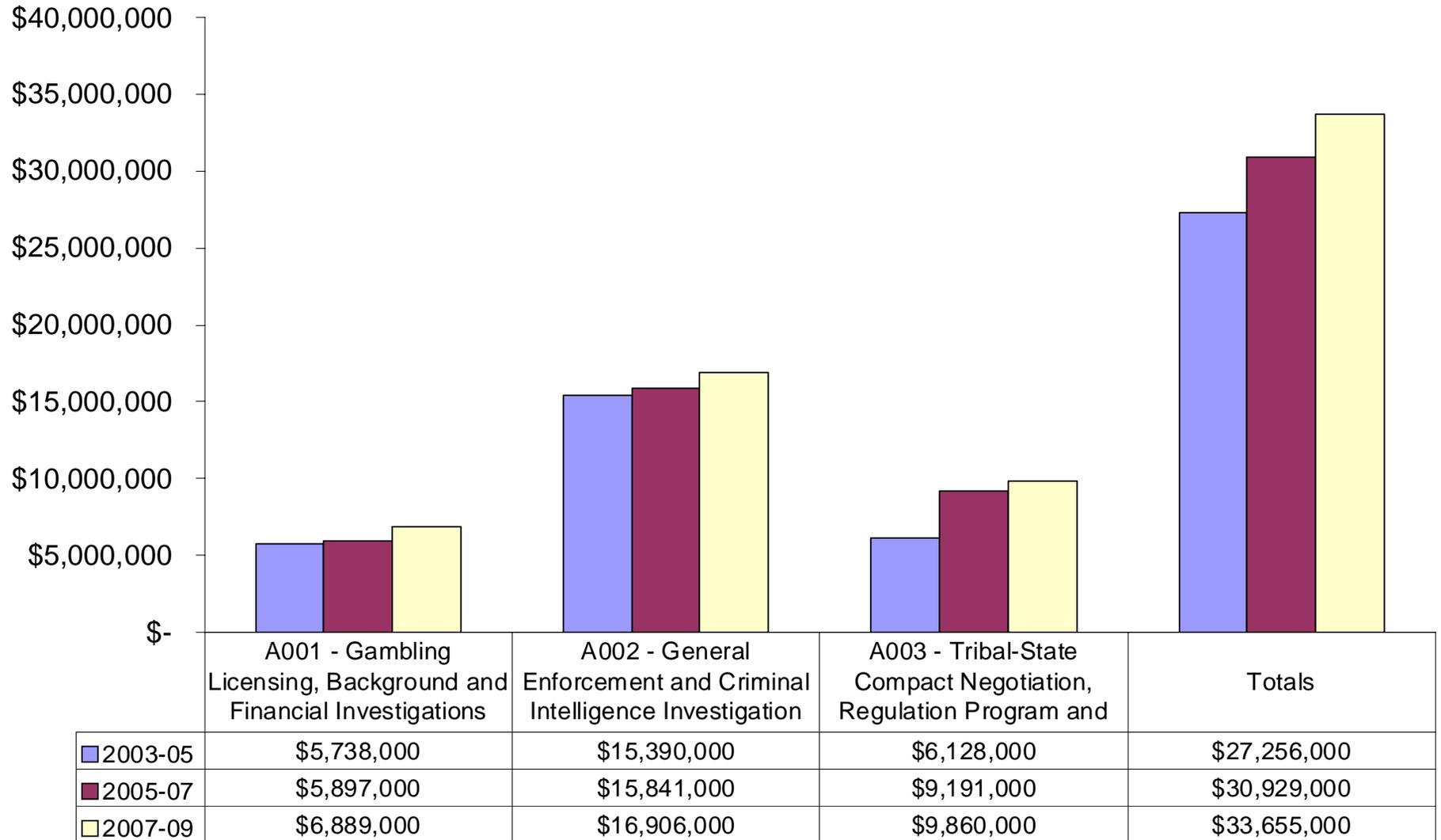
**Marginally meets OFM Expectations**

**Needs Improvement to Meet OFM Expectations**

Evaluation Criteria Definitions	
Relevance	Useful to a budget/policy development audience in assessing the level of accomplishment
Understandability	Clear, concise, and easy for a non-expert to understand
Comparability	Do the data, targets, and footnotes provide the reader with enough context to tell whether performance is getting better, worse, or staying the same?
Timeliness	Is the data current and reported frequently enough to be of value in assessing accountability and making decisions?
Consistency	Is the data collection method standardized and is the operational definition for data calculations adhered to?
Reliability	Is the information verifiable, free from bias, and a faithful representation of what it purports to represent?
Performance	Is actual performance in reference to the stated targets getting better, worse, or staying the same over time?

# Budget History by Activity

## Washington State Gambling Commission Budget Allocations (2003-05 to 2007-09)



## Agency Comments and Reactions

Activity Name	Description	Measure
Gambling Licensing, Background and Financial Investigations	<p>The Washington State Gambling Commission is statutorily charged to enforce the provisions of the Gambling Act of 1973. The commission carries out this responsibility through a system of regulation and enforcement consisting of several interrelated activities. The commission requires that individuals and businesses apply for and obtain a license before conducting authorized gambling activities. The application and approval process includes an extensive investigation of fund sources and criminal records to prevent criminal interests from gaining a foothold in Washington gambling businesses to protect the public from being victimized.</p> <p>The licensing process is required by statute to generate the funds necessary to cover all costs of licensing and enforcement.</p>	<p><b>Current Reported Measure:</b> # of criminal background checks conducted (output)</p> <p><b>New measures to be reported:</b> % of applications withdrawn due to disqualifying information (outcome). Number licenses/apps revoked, etc. due to criminal history (outcome)</p>
General Enforcement and Criminal Intelligence Investigation	<p>The Washington State Gambling Commission uses a combination of undercover and overt investigations to identify and seek prosecution of illegal gambling activities, cheating, theft and racketeering.</p> <p>The commission uses administrative rules and regulatory enforcement to ensure gambling is legal and honest and requires that licensees maintain records that accurately document all gambling activity. Local jurisdictions rely on the commission's regulatory authority and these records to substantiate the millions in taxes collected annually.</p> <p>Absent the commission's activity in this area, this entire burden would fall to local law enforcement.</p>	<p><b>Current Reported Measure:</b> % of Frequency Inspections Completed</p> <p><b>New measure to be reported:</b> % of underage compliance visits resulting in a violation (outcome) % of inspections that result in a case report (outcome).</p>
Tribal-State Compact Negotiation, Regulation and Certification Program, and Investigations	<p>Federal law requires the state to negotiate in good faith with Indian tribes to provide these sovereign nations the opportunity to engage in casino-type gambling activities that are allowed in some form in the state of Washington. The tribes are only allowed to engage in these activities through a compact with the state that is negotiated and regulated by the commission.</p> <p>The Washington State Gambling Commission provides training, tests gambling equipment, and completes inspections and investigations in cooperation with the tribes to assure gambling is conducted fairly and honestly.</p>	<p><b>Current Reported Measure:</b> Number of compliance visits (output)</p> <p><b>New measures to be reported:</b> % of case reports worked with TGA Number of compact violations found in tribal casinos % of equipment submissions found out of compliance (outcome)</p>

## Specific Opportunities for Improvement

<b>Budget Activity Number and Title</b>	<b>Measures</b>	<b>Improvement Suggestions</b>
A001 – Gambling Licensing, Background and Financial Investigations	1210 – Number of individual criminal background investigations completed by the Washington State Gambling Commission	An additional measure that tracks the average amount of time it takes to complete the background investigations would improve the relevance of the current workload measure.
A002 – General Enforcement and Criminal Intelligence Investigation	1220 – Percentage of scheduled compliance inspections conducted at licensed premises by the Washington State Gambling Commission	As a regulatory agency, timeliness of compliance inspections is an important part of the performance story. The missing part of the equation involves the number and type of major infractions found by the inspectors during their visits.
A003 – Tribal-State Compact Negotiation, Regulation Program, and Investigations	1230 – Number of compliance visits conducted at tribal casinos by the Washington State Gambling Commission	Even considering the jump in performance in 2003-05, actual data is still not capable of regularly meeting or exceeding the performance targets. The commission needs to decide whether it wants to lower the performance targets, or change something in the underlying process to improve actual performance.

# Budget Activity and Measure Critique

**Budget Activity Number & Title:** A001 – Gambling Licensing, Background, and Financial Investigations

**Budget Activity Summary:** The commission requires individuals and businesses to apply for and obtain a license before engaging in any gambling activity. The application and approval process includes an extensive investigation of fund sources and criminal records. The licensing process is required by statute to generate the funds necessary to cover all costs of licensing and enforcement.

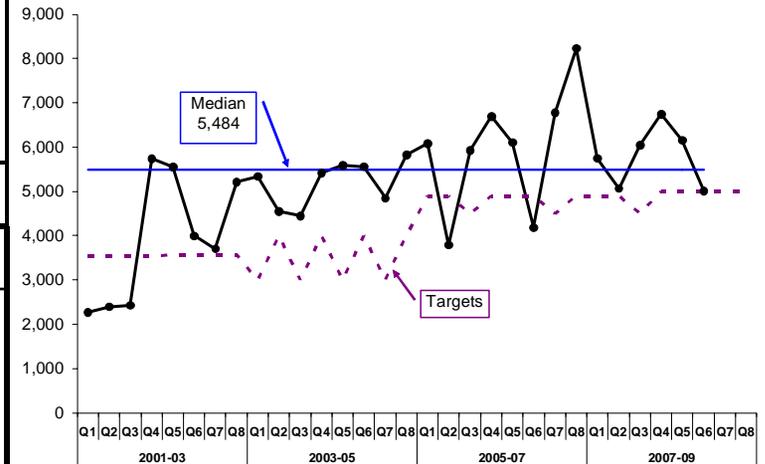
## Related Performance Measures

Number & Title	Type	Analysis Comments
1210 – Number of individual criminal background investigations completed by the Washington State Gambling Commission	Output	Data patterns going all the way back to 2001-03 appear to be stable and predictable – Nothing is changing – Future results should be similar to current performance levels.  For the most part, the actual data is capable of meeting or exceeding the performance targets.

**OFM Assessor Comments:** From a performance point of view, the relevance of this workload measure would be augmented with the addition of an additional process-level measure that tracked the average amount of time it takes to complete the background check process.

**Agency Contextual Comments:** The Commission will likely be adding two measures that communicate the results of our background investigations. As a law enforcement agency with a mission to protect the public by ensuring gambling is legal and honest, we believe it is more critical to provide measures that show we are keeping individuals & businesses who do not qualify for licensure out of authorized gambling activities. However, we do maintain internal measures that track the timeliness of issuing a license.

1210 - Number of individual criminal background investigations completed by the Washington State Gambling Commission



# Budget Activity and Measure Critique

**Budget Activity Number & Title:** A002 – General Enforcement and Criminal Intelligence Investigation

**Budget Activity Summary:** The commission uses a combination of undercover and overt investigations to identify and seek prosecution of illegal gambling activities, cheating, theft, and racketeering.

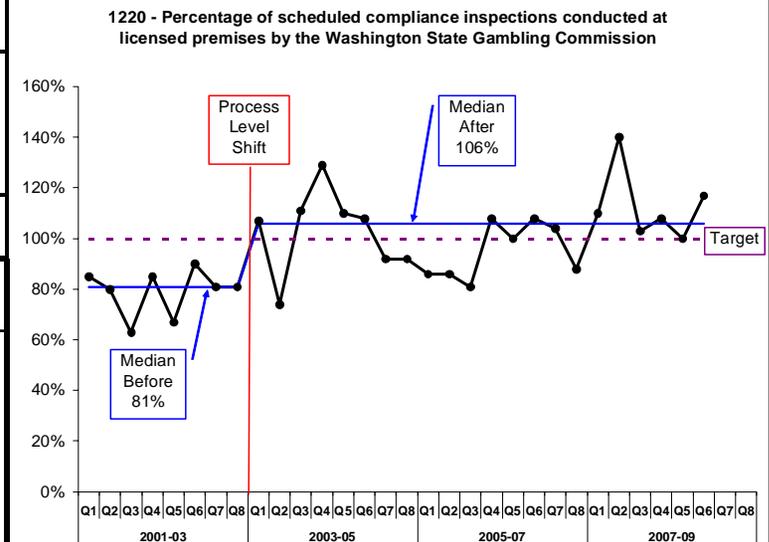
## Related Performance Measures

Number & Title	Type	Analysis Comments
1220 – Percentage of scheduled compliance inspections conducted at licensed premises by the Washington State Gambling Commission	Process	It appears that a statistically significant improvement in performance occurred between 2001-03 and 2003-05. Since that time, data patterns are stable and predictable. Future results should be similar to current performance levels.  The most recent actual data is capable of meeting or exceeding the 100% performance target more than 50% of the time.

**OFM Assessor Comments:** The timeliness of compliance monitoring activities is very relevant, but only part of the performance story for a regulatory agency. The commission should also report the number of “major” infractions its investigators find. By tracking the number and type of major violations, the commission should be able to better target training and enforcement activities.

### What caused the increase in inspection timeliness at the end of 2001-03?

**Agency Contextual Comments:** The timeliness improved since 2001-03 due to refining the inspection program and also greater emphasis on completing the inspections. The Commission plans to add measures on underage gambling inspection compliance rates and on the number of inspections that result in a case report.



# Budget Activity and Measure Critique

**Budget Activity Number & Title:** A003 – Tribal-State Compact Negotiation, Regulation Program, and Investigations

**Budget Activity Summary:** Federal law requires the state to negotiate in good faith with Indian tribes to provide these sovereign nations the opportunity to engage in casino-type gambling activities that are allowed in some form in the state of Washington. The tribes are only allowed to engage in these activities through a compact with the state that is negotiated and regulated by the commission.

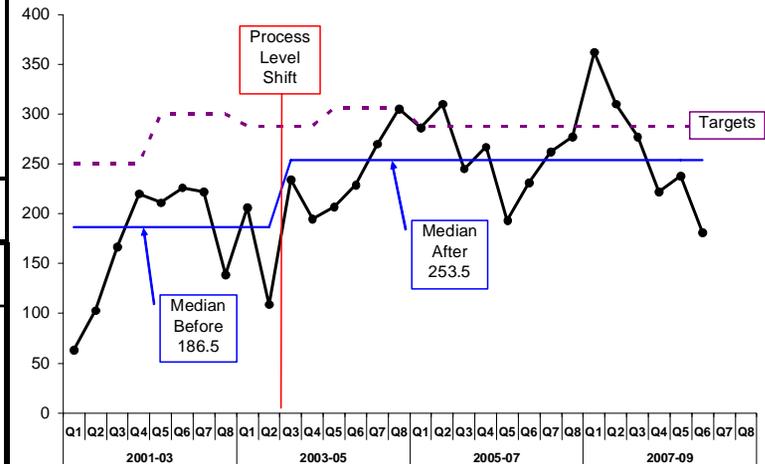
## Related Performance Measures

Number & Title	Type	Analysis Comments
1230 – Number of compliance visits conducted at tribal casinos by the Washington State Gambling Commission	Output	<p>It appears that a statistically significant improvement in performance occurred between the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2003-05. Since that time, data patterns are stable and predictable. Future results should be similar to current performance levels.</p> <p>For the most part, the actual data is <u>not</u> capable of meeting or exceeding the performance targets.</p>

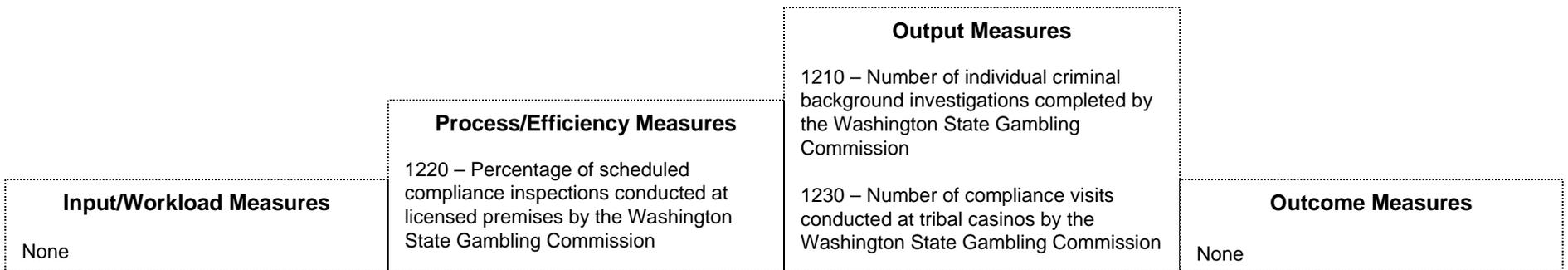
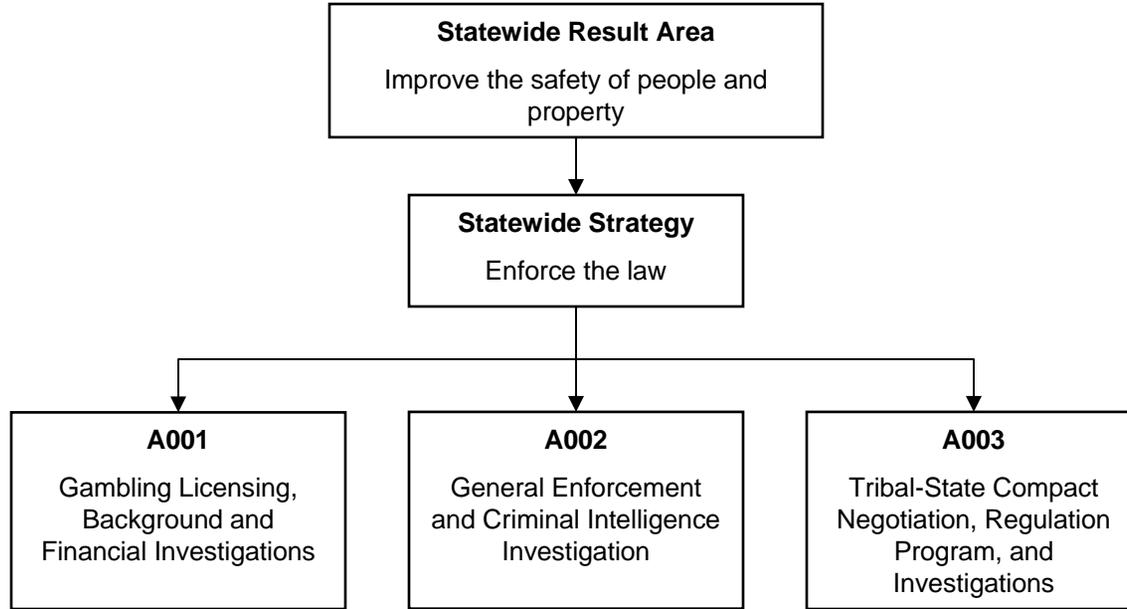
**OFM Assessor Comments:** There are really only two viable management options when actual performance is not capable of meeting or exceeding the targets on a regular basis: 1.) The target should be lowered to match current performance capabilities, or 2.) Something in the underlying process needs to be changed to improve performance to the targeted levels. **Which option is the commission going to choose? If change is the option, what specifically will be done differently in order to improve performance on this metric?**

**Agency Contextual Comments:** The current targets assume FTE levels of 100% in our Tribal Gaming Unit. Because we typically have some vacancies in the course of a fiscal year, we are not meeting the targets on a regular basis. We will likely change the performance targets to take into consideration historical vacancy rates. We also plan to add outcome measures related to the results of our inspections, our tribal agent training program, and the testing of electronic gambling equipment.

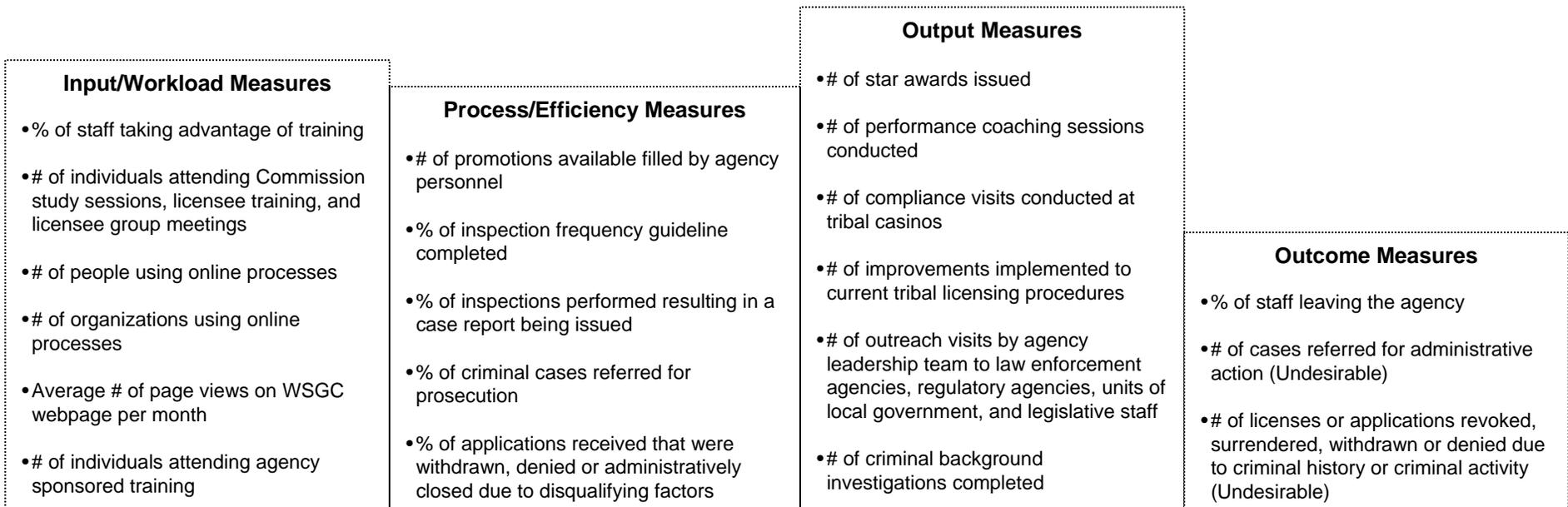
1230 - Number of compliance visits conducted at tribal casinos by the Washington State Gambling Commission



# Alignment Overview – Budget Activity Structure



# Alignment Overview – Current Agency Strategic Plan Structure



# Alignment Overview – Future Agency Strategic Plan Structure

## Agency Mission

Protect the public by ensuring gambling is legal and honest

### Goal 1

Develop, retain, and value our employees

Detect and remove the criminal element from gambling

### Goal 2

Foster a positive, productive and fulfilling work environment

Maintain a regulatory environment that promotes compliance

### Goal 3

Maintain a regulatory environment that promotes compliance

Develop, retain, and value our employees

### Goal 4

Pursue improvements and innovations in agency programs and processes

Provide accurate and timely information to the Legislature, public, and other stakeholders

### Goal 5

Conduct business as simply as possible

Pursue improvements and innovations in agency programs and processes

### Goal 6

Build and strengthen relationships

### Goal 7

Detect and remove the criminal element from gambling

#### Input/Workload Measures

- % of staff taking advantage of training
- # of individuals attending Commission study sessions, licensee training, and licensee group meetings
- # of people using online processes
- # of organizations using online processes
- Average # of page views on WSGC webpage per month
- # of individuals attending agency sponsored training

#### Process/Efficiency Measures

- # of promotions available filled by agency personnel
- % of inspection frequency guideline completed
- % of inspections performed resulting in a case report being issued
- % of criminal cases referred for prosecution
- % of applications received that were withdrawn, denied or administratively closed due to disqualifying factors

#### Output Measures

- # of star awards issued
- # of performance coaching sessions conducted
- # of compliance visits conducted at tribal casinos
- # of improvements implemented to current tribal licensing procedures
- # of outreach visits by agency leadership team to law enforcement agencies, regulatory agencies, units of local government, and legislative staff
- # of criminal background investigations completed

#### Outcome Measures

- % of staff leaving the agency
- # of cases referred for administrative action (Undesirable)
- # of licenses or applications revoked, surrendered, withdrawn or denied due to criminal history or criminal activity (Undesirable)