

State of Washington  
Decision Package

**Agency:** **195 Liquor Control Board**

**Decision Package Code/Title:** 9F – FEDERAL FUNDING ADJUSTMENT

**Budget Period:** 2013 - 2015

**Budget Level:** M2- Inflation and Other Rate Changes

**Recommendation Summary Text:**

The Food & Drug Administration (FDA) has a contract with the Washington State Liquor Control Board (WSLCB) to inspect tobacco retailers within Washington state. The contract has been renewed and this request reflects the terms of the new contract. There is no impact to state funding.

**Fiscal Detail**

| <b>Operating Expenditures</b>              | <b><u>FY 2014</u></b> | <b><u>FY 2015</u></b> | <b><u>Total</u></b> |
|--|-----------------------|-----------------------|---------------------|
| 001-2 General Fund – Basic Account-Federal |                       | \$1,412,900           | \$1,412,900         |

**Package Description:**

The WSLCB acts as a contractor for the FDA, Under this agreement, the agency inspects tobacco retailers for compliance on behalf of the federal government. The WSLCB incurs expenditures and bills the FDA for reimbursement. Currently, the agency has \$945,000 of expenditure authority for the 2013-15 biennium.

**2014 Federal Fiscal Year: \$387,937**

The FDA increased the funding level for the remainder of the 2014 federal fiscal year to complete the FDA contract that was in effect during the 2012 to 2014 federal fiscal years. The FY 2015 portion of this runs from July 2014 to September 2014.

**2015 Federal Fiscal Year: \$1,024,963**

The FDA renewed the contract for the 2015 to 2017 federal fiscal years. The agency is requesting expenditure authority for the FY 2015 portion (October 2014-June 2015) of the 2015 federal fiscal year.

## **Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

N/A

### **Performance Measure Detail**

N/A

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

The agency is acting as a contractor of the federal government; however it does tie in with our agency goal of addressing issues related to tobacco.

**Goal:** Educate and engage licensees, the public and other stakeholders in addressing issues related to alcohol, cannabis and tobacco

**Strategy:** Enhance coordination and collaboration of statewide efforts

*Does this DP provide essential support to one or more of the Governor's Results Washington priorities?*

This does contribute to the Governor's Results Washington priority #4 - "Healthy And Safe Communities."

*What are the other important connections or impacts related to this proposal?*

*What alternatives were explored by the agency, and why was this alternative chosen?*

No alternatives were explored. This proposal allows the agency to take advantage of the federal contract.

*What are the consequences of adopting or not adopting this package?*

If this package is not adopted, the agency will not have sufficient federal expenditure authority to operate as a contractor of the federal government, since the WSLCB is required to incur expenditures before being reimbursed.

*What is the relationship, if any, to the state's capital budget?*

None.

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None.

*Expenditure and revenue calculations and assumptions*

The contract award for the 2015 federal fiscal year is for \$1,366,616, and it is assumed that 9 months' worth of the contract would be expended in FY15 (\$1,024,963), and 3 months in FY16 (\$341,653)

Object detail spread is prorated based on current monthly allotments.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

All costs requested are assumed to be 2013-15 only, as ongoing expenditures are being addressed in the 2015-17 budget submittal.

| <b><u>Object Detail</u></b> | <b><u>FY2014</u></b> | <b><u>FY2015</u></b> | <b><u>Total</u></b> |
|-----------------------------|----------------------|----------------------|---------------------|
| A Salaries                  |                      | \$867,032            | \$867,032           |
| B Benefits                  |                      | \$342,695            | \$342,695           |
| E Goods & Services          |                      | \$27,577             | \$27,577            |
| G Travel                    |                      | \$171,511            | \$171,511           |
| J Capital Outlays           |                      | \$4,085              | \$4,085             |
| <b>Total objects</b>        |                      | <b>\$1,412,900</b>   | <b>\$1,412,900</b>  |

State of Washington  
Decision Package

Agency: **195 Liquor Control Board**

Decision Package Code/Title: AA – ADDITIONAL MARIJUANA FUNDING

Budget Period: 2013 - 2015

Budget Level: PL – Performance Level

**Recommendation Summary Text:**

The Washington State Liquor Control Board (WSLCB) is requesting additional expenditure authority in the 2015 fiscal year that allows the agency to: hire 3 additional non-permanent staff and extend 16 existing non-permanent staff to expedite the processing of the recreational marijuana applicants; hire a marijuana examiner supervisor; and pay for system enhancements to the marijuana licensing workflow and marijuana traceability systems.

**Fiscal Detail**

| <b>Operating Expenditures</b>        | <b><u>FY 2014</u></b> | <b><u>FY 2015</u></b> | <b><u>Total</u></b>          |
|--------------------------------------|-----------------------|-----------------------|------------------------------|
| 315-1 Dedicated Marijuana Acct-State | \$0                   | \$1,139,100           | \$1,139,100                  |
| <b>Staffing</b>                      | <b><u>FY 2014</u></b> | <b><u>FY 2015</u></b> | <b><u>Annual Average</u></b> |
| FTEs                                 | 0.0                   | 7.0                   | 3.5                          |

**Package Description:**

Extend 16 licensing non-permanent staff through June 2015: \$224,300

The LCB Licensing division hired a number of non-permanent staff to assist in processing the recreational marijuana applicants. These staff are needed beyond the initial end date of March 2015. The request is for funding to allow the agency to extend the end date to June 2015.

Hire 3 additional licensing non-permanent staff through June 2015: \$124,000

The LCB licensing division is requesting funding to hire 3 additional non-permanent staff for 8 months (November 2014-June 2015) to assist in processing the large number of outstanding recreational marijuana applicants.

Hire a marijuana examiner supervisor: \$90,800

Initial requests for recreational marijuana funding in the 2013-15 biennium allowed the agency to hire three marijuana examiners (Regulatory Analyst 3's). Originally the plan was for an existing manager to supervise this unit. However, it has become evident that the unit needs a dedicated supervisor. The agency is requesting funding for a Regulatory Analyst 4 to lead the unit.

System enhancements: \$700,000

The agency needs to request modifications to the marijuana licensing workflow and traceability systems to meet the needs of the agency and its customers. Funding would allow the agency to request these modifications.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

N/A

**Performance Measure Detail**

N/A

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Yes – the agency's strategy of implementing Initiative 502.

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies as well as ensuring they are easy to understand, effective and reflect today's dynamic environment

**Strategy:** Implementation of Initiative 502, an act that authorizes the Liquor Control Board to regulate and tax cannabis for persons twenty-one years of age or older

*Does this DP provide essential support to one or more of the Governor's Results Washington priorities?*

Yes – goal #5 – Effective, Effective, and Accountable Government.

*What are the other important connections or impacts related to this proposal?*

*What alternatives were explored by the agency, and why was this alternative chosen?*

No alternatives were explored by the agency.

*What are the consequences of adopting or not adopting this package?*

The consequences of not adopting this package would be slower licensing processes due to lack of staff, and the inability of the agency to address emerging system needs.

*What is the relationship, if any, to the state's capital budget?*

None.

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None.

*Expenditure and revenue calculations and assumptions*

16 non-perms: used previous internal cost projections projected for January-March 2015 as the basis for April-June 2015 cost calculations.

3 non-perms (Licensing Specialist 3's): assumed \$5,166 monthly costs per position:

- salaries: \$3,831
- benefits: \$1,435
- goods & services: \$100

Regulatory Specialist 4: assumed monthly costs of \$7,566:

- salaries: \$5,668
- benefits: \$1,682
- goods & services \$217

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

All costs are assumed to be one-time. Ongoing costs have been addressed in the LCB's 15-17 budget submittal.

| <b><u>Object Detail</u></b> | <b><u>FY2014</u></b> | <b><u>FY2015</u></b> | <b><u>Total</u></b> |
|-----------------------------|----------------------|----------------------|---------------------|
| A Salaries                  | \$0                  | \$313,160            | \$313,160           |
| B Benefits                  | \$0                  | \$120,917            | \$120,917           |
| C Prof Svc Contracts        | \$0                  | \$700,000            | \$700,000           |
| E Goods & Services          | \$0                  | \$5,023              | \$5,023             |
| <b>Total objects</b>        | <b>\$0</b>           | <b>\$1,139,100</b>   | <b>\$1,139,100</b>  |