





April 30, 2024

MEMORANDUM

TO: Ingrid S. Watson, Chair
Government Operations and Fiscal Policy (GOFP) Committee

THRU: Joseph R. Hamlin 
Director of Budget and Policy Analysis Division

FROM: Andrew Stover 
Legislative Budget and Policy Analyst

RE: Board of License Commissioners
Fiscal Year 2025 Budget Review

Budget Overview

The FY 2025 Proposed Budget for the Board of License Commissioners is \$2,052,400, which is a decrease of \$16,700, or 0.8%, under the FY 2024 Approved Budget. The budget sees small increases in operating costs, technology costs, and salary adjustments, but these increases are cancelled out by a decrease in fringe benefit funding, resulting in a net budget decrease. The Board of License Commissioners' expenditures are funded entirely by the General Fund.

The Board continues to effectively carry out its licensing procedures while performing investigations and instituting fines for instances of violations. Enforcement of fines for the particular violation of sale to a minor continues to remain a priority.

Expenditures by Category

Fiscal Year 2023 Actual to Fiscal Year 2025 Proposed

Category	FY 2023 Actual	FY 2024 Approved	FY 2024 Estimated	% Change - Est vs App	FY 2025 Proposed	\$ Change	% Change
Compensation	\$ 1,295,165	\$ 1,345,700	\$ 1,349,600	0.3%	\$ 1,349,300	\$ 3,600	0.3%
Fringe Benefits	401,571	462,900	452,400	-2.3%	415,000	(47,900)	-10.3%
Operating Expenses	231,410	260,500	257,300	-1.2%	288,100	27,600	10.6%
Total	\$ 1,928,146	\$ 2,069,100	\$ 2,059,300	-0.5%	\$ 2,052,400	\$ (16,700)	-0.8%

Staffing Changes and Compensation

Authorized Staffing Count

	FY 2024 Approved	FY 2025 Proposed	Change Amount	Percentage Change
Full-Time	9	9	0	0.0%
Part-Time	19	19	0	0.0%
Total	28	28	0	0.0%

- The FY 2025 staffing level remains unchanged from last year. The Board has nine (9) full-time positions, all of which are currently filled. The Board is also authorized for 19 part-time positions, 11 of which are currently filled while searches for two (2) additional part-time staff employees are ongoing. Six (6) of the part-time positions remain unfunded for FY 2025.
- Three (3) of the Liquor Inspectors (part-time employees) have left the agency in FY 2024 because of retirement or full-time job opportunities elsewhere.
- FY 2025 compensation is proposed at approximately \$1.3 million dollars and only \$3,600 above the FY 2024 level, or 0.3%. This small increase is due to the annualization of prior year salary adjustments.

Fringe Benefits

Fringe Benefits Historical Trend					
	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Fringe Benefit Expenditures	\$ 400,201	\$ 369,710	\$ 401,571	\$ 462,900	\$ 415,000
Compensation	\$1,145,704	\$1,142,670	\$1,295,165	\$1,345,700	\$1,349,300
As a % of Compensation	34.9%	32.4%	31.0%	34.4%	30.8%

- Fringe benefit expenditures are proposed to decrease by \$47,900, or 10.3%, under the FY 2024 Approved Budget due to a reduction in the fringe benefit rate.

Overtime

Year	Approved Overtime Budget	Overtime Expenditures		Actual vs. Approved Variance (\$)	Actual vs. Approved Variance (%)
FY 2022	\$6,000	Actual:	\$2,869	-\$3,131	-52.18%
FY 2023	\$6,000	Actual:	\$5,396	-\$604	-10.07%
FY 2024	\$6,000	Actual YTD:	\$3,319	-\$2,681	-44.68%
		Projected:	\$6,000	\$0	0.00%
FY 2025	\$6,000	Budgeted:			
YTD as of: March 9, 2024					

- Overtime expenditures remain unchanged from last year at \$6,000.

Revenues

- The following table outlines the revenue that the Board has collected by category:

Revenue Category	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected	\$ Change	% Change
Class A License and Permit Fees	\$ 566,324	\$ 549,449	\$ 554,944	\$ 5,495	1.0%
Class B License and Permit Fees	\$ 1,369,568	\$ 1,328,759	\$ 1,342,047	\$ 13,288	1.0%
Class C License and Permit Fees	\$ 96,230	\$ 93,363	\$ 94,296	\$ 933	1.0%
Class D License and Permit Fees	\$ 41,890	\$ 40,642	\$ 41,048	\$ 406	1.0%
Administrative Fees	\$ 159,270	\$ 154,524	\$ 156,070	\$ 1,546	1.0%
Fines	\$ 137,355	\$ 133,263	\$ 134,595	\$ 1,332	1.0%
TOTAL	\$ 2,370,637	\$ 2,300,000	\$ 2,323,000	\$ 23,000	1.0%

- A breakdown of revenue collected from fines can be found in the *response to Question 10 of the Board of License Commissioners first-round responses*. A breakdown of the costs and revenues associated with each specific license type can be found in the *response to Question 11 of the first-round responses*.

Operating Expenses

- The FY 2025 operating expenses are proposed at \$288,100, an increase of \$27,600, or 10.6%, over the FY 2024 approved level. The table below provides a breakdown of expenses:

Operating Objects	FY 2024 Approved	FY 2025 Proposed	FY 2024 - FY 2025	
			\$ Change	% Change
Office Automation	\$136,900	\$144,200	\$7,300	5.3%
General & Administrative Contracts	45,000	45,000	-	0.0%
Advertising	12,000	12,000	-	0.0%
Training	8,000	2,000	(6,000)	-75.0%
Mileage Reimbursement	15,500	26,800	11,300	72.9%
Equipment Lease	2,100	2,100	-	0.0%
General Office Supplies	10,000	9,000	(1,000)	-10.0%
Miscellaneous (investigative support)	9,000	5,000	(4,000)	-44.4%
Printing	1,500	1,500	-	0.0%
Interpreter	-	20,000	20,000	100.0%
Telephone	20,500	20,500	-	0.0%
TOTAL	\$ 260,500	\$ 288,100	\$ 27,600	10.6%

- Some of the major lines items in the operating budget includes:
 - Office Automation- \$144,200
 - General & Administrative Contracts- \$45,000
 - Mileage Reimbursement- \$26,800
 - Telephone- \$20,500
 - Interpreter- \$20,000
- Operating expenses only exceed FY 2024 amounts in three (3) line items, with the biggest increases coming from budgeting for an interpreter for \$20,000 and an increase in mileage reimbursement of \$11,300 due to an increased number of inspectors claiming reimbursement. The Board does not have work vehicles, inspectors must use their personal vehicles.

Information Technology

- The Board is in the process of procuring and setting up a licensing software that will increase the productivity of issuing licenses and conducting inspections while making hearings more efficient. The total cost of the project is \$500,000 and is budgeted in the Office of Information Technology's Capital Improvement Projects budget. The Board expects to roll out the software suite sometime in the next fiscal year.

Workload and Program Key Points

- The Board of License Commissioners has several classes of licenses that they issue with several types of licenses within each class. The description of the types of licenses the Board issues and hours of sale can be found in *Attachment 1 to the BOLC first-round responses*.
- The chart below lists the number of licensees in FY 2023 compared to FY 2024. A map of the locations can be found in *Attachment 2 of the BOLC first-round responses*.

Council Districts	Number of Licenses FY 23	Number of Licenses FY 24 YTD
1	98	104
2	76	72
3	74	73
4	72	77
5	75	77
6	39	41
7	51	49
8	75	80
9	66	69

- The Board continues to hold its hearing virtually and will continue to do so in FY 2025; they note that hybrid options can be offered if necessary.
- The Board continues to run its underage compliance checks to make sure licensed establishments are not serving minors. The hiring of two (2) 1,000-hours employees to support these operations has allowed these investigations to stay consistent with previous years. In FY 2023, sale to a minor made up 49 out of 70 alcoholic beverage violations that were adjudicated. As of March 2024, sale to a minor made up 21 out of 58 violations adjudicated.
- The average length of time between initial notice of a violation to adjudication is 65 days. This number has remained constant in the last three (3) years, but the Board aims to reduce the supervisory violation approval time going forward.
- The Board's workload management system measures the number of inspections completed in comparison to the number of inspections assigned. In FY 2023, the Board was able to complete 92.6% of their inspections. This number has increased so far in FY 2024, and the Board had completed 98.6% of assigned inspections as of March 2024.