

**House Appropriations Committee  
Pennsylvania Gaming Control Board  
Chairman David Barasch  
February 24, 2016**

Good morning, Chairman Adolph, Chairman Markosek and members of the Committee. I am David Barasch, Chairman of the Gaming Control Board. Joining me today is Kevin O'Toole, who serves as the Board's Executive Director, and Commissioners Keith McCall, Dave Woods and Bill Ryan, who are seated behind us.

For Fiscal Year 2016-17, the Board's budget request for administration, as recommended by the Governor, is \$40,619,000. This represents an increase of \$719,000 or 1.8%, over our current fiscal year appropriation. The sole cost driver is an increase in pension rates, which will increase by 20.2%.

The Board's budget request includes \$35.5 million for personnel and benefits and \$5.1 million for operating and fixed asset expenses. The Board has not budgeted specifically for salary increases, union or non-union, to occur during Fiscal Year 2016-17.

Our budget request supports 308 positions, down from 326 positions at the end of 2011 despite the opening of two casinos since that time.

The Board's emphasis on reducing positions has played an important role in keeping our budget increases to a minimum. In addition, the Board has consistently sought to lower operating costs as well. Operating costs for Fiscal Year 2016-17 have been reduced by 5.3% and will be at their lowest levels since Fiscal Year 2005-06.

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As you know, the Board's operations are not funded by general tax revenue. The Board's budget is funded from assessments on the casino industry required to be made pursuant to §1401 of the Gaming Act and from fees and expenses billed to applicants, licensees and slot machine manufacturers.

The Board is very cognizant of the need to regulate strictly but efficiently, and this year's budget request reflects that commitment. It is worth noting that since FY 10/11, the Board has operated well within its approved budget. The resulting Fiscal Year surpluses are lapsed back to the 1401 accounts which are funded by the casino licensees. My colleagues and I, as well as our staff, take pride in this record of fiscal responsibility.

In conclusion, we appreciate the Committee's consideration of our budget request and Kevin and I would be happy to answer any questions you may have.