



Budget Hearing Materials

Fiscal Year 2022-23

TABLE OF CONTENTS

Page No.

Mission Statement	2
Appropriations:	
Summary by Fund and Executive Authorization	3
Executive Authorization - General Operations of PLCB (Agency Total)	
I. Summary Financial Data.....	4
II. Detail by Major Object	4
III. History of Lapses	5
IV. Complement Information	5
V. Program Description.....	6-9
1. Performance Measures	10
VI. Explanation of Changes.....	11
VII. Other Information	11
1. FY 2020-21 Obligations	11
2. FY 2021-22 Supplemental Authorization.....	11
3. Restricted Receipts.....	11
VIII. Consulting Contracts & Interagency Agreements.....	12-25
1. Consulting Contracts --- FY 2020-21	12-18
2. Consulting Contracts --- FY 2021-22	19-24
3. Consulting Contracts --- FY 2022-23	25
4. Interagency Agreements & Memorandums of Understanding	26-27
Executive Authorization – Transfers to the General Fund	28
Executive Authorization – Purchase of Liquor	29
Executive Authorization – Comptroller Operations	30
State Stores Fund Statement of Cash Receipts & Disbursement	31

Mission Statement

The mission of the Pennsylvania Liquor Control Board is to responsibly sell wine and spirits as a retailer and wholesaler, regulate Pennsylvania's alcohol industry, promote alcohol education and social responsibility and maximize financial returns for the benefit of all Pennsylvanians.

**LIQUOR CONTROL BOARD
SUMMARY BY FUND AND EXECUTIVE AUTHORIZATION**

The Pennsylvania Liquor Control Board (PLCB) regulates the manufacture, importation, sale, distribution and disposition of liquor, alcohol, and malt or brewed beverages in the Commonwealth. As Pennsylvania’s primary retailer of wine and spirits, the PLCB operates approximately 585 Fine Wine & Good Spirit (FW&GS) stores, including 112 Premium Collection stores, plus an e-commerce website and fulfillment center. As the commonwealth’s wholesale distributor of wines and spirits to retail licensees and Fine Wine & Good Spirits stores, the PLCB manages warehousing and transportation of products from two privately contracted distribution centers and operates 13 licensee service centers. The PLCB’s Bureau of Alcohol Education works to prevent underage and dangerous drinking through grants awarded to community partners in alcohol deterrence efforts, advertising and education efforts, and the Responsible Alcohol Management Program (RAMP), which provides training and certification to licensees to help owners, managers and servers conscientiously run a business serving alcohol, serve alcohol responsibly and minimize the risks and dangers associated with alcohol service.

The dollar amounts shown below include executive authorizations from, and augmentations to, the State Stores Fund, a special enterprise fund. They are reflected herein as "Other Funds". The sole source of operating funds for the PLCB's operations is the Governor's Executive Authorization of Expenditure from the revenues and retained earnings of the State Stores Fund.

The State Stores Fund serves as the general operating fund for the PLCB. This fund receives revenues from the sale of wine and spirits, fees not credited to the Liquor License Fund, fines and penalties for law violations by licensees, and losses and damages recovered. Expenditures cover all costs associated with the operation and administration of all PLCB functions as outlined and prescribed by the Pennsylvania Liquor Code. In addition, the fund also provides monies to the Pennsylvania State Police for enforcement of the Liquor Code, the Department of Drug and Alcohol Programs for alcohol abuse and prevention programs, the Office of Auditor General for auditing services and the Office of the Comptroller assigned to the PLCB for accounting services. Annual transfers are made from this fund to the General Fund.

(\$ Amounts in Thousands)

	<u>Actual</u> <u>2020-21</u>	<u>Available</u> <u>2021-22</u>	<u>Budgeted</u> <u>2022-23</u>
STATE STORES FUND			
General Operations (EA)	\$ 624,440	\$ 676,467	\$ 722,865
(A) Sale of Automobiles	20	20	20
Purchase of Liquor (EA)	1,464,700	1,530,600	1,584,200
Comptroller Operations (EA)	6,123	6,130	6,333
Transfer to the General Fund (EA)	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>
LIQUOR CONTROL BOARD TOTAL.....	<u>\$2,280,383</u>	<u>\$2,398,317</u>	<u>\$2,498,518</u>

I. SUMMARY FINANCIAL DATA

	(\$ Amounts in Thousands)			
	<u>Actual</u> <u>2020-21</u>	<u>Available</u> <u>2021-22</u>	<u>Budgeted</u> <u>2022-23</u>	<u>Budgeted vs.</u> <u>Available</u>
State Funds	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0	0
Other Funds (State Stores)	<u>624,440</u>	<u>676,467</u>	<u>722,865</u>	<u>46,398</u>
Total	\$624,440	\$676,467	\$722,865	\$ 46,398

**II. DETAIL BY MAJOR OBJECT
General Operations**

	(\$ Amounts in Thousands)			
	<u>Actual</u> <u>2020-21</u>	<u>Available</u> <u>2021-22</u>	<u>Budgeted</u> <u>2022-23</u>	<u>Budgeted vs.</u> <u>Available</u>
<u>Personnel</u>				
State Funds	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0	0
Other Funds (State Stores)	<u>342,937</u>	<u>343,367</u>	<u>369,920</u>	<u>26,553</u>
Total	\$342,937	\$343,367	\$369,920	\$ 26,553

<u>Operating</u>				
State Funds	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0	0
Other Funds (State Stores)	<u>252,430</u>	<u>284,930</u>	<u>301,120</u>	<u>16,190</u>
Total	\$252,430	\$ 284,930	\$301,120	\$ 16,190

<u>Fixed Assets</u>				
State Funds	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0	0
Other Funds (State Stores)	<u>23,693</u>	<u>44,770</u>	<u>48,325</u>	<u>3,555</u>
Total	\$ 23,693	\$ 44,770	\$ 48,325	\$ 3,555

<u>Grants and Subsidies</u>				
State Funds	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0	0
Other Funds (State Stores)	<u>5,380</u>	<u>3,400</u>	<u>3,500</u>	<u>100</u>
Total	\$ 5,380	\$ 3,400	\$ 3,500	\$ 100

III. HISTORY OF LAPSES

(\$ Amounts in Thousands)

<u>Fiscal Year</u>	<u>Authorization</u>	<u>Lapse</u>
2020-21	\$624,440	\$27,199
2019-20	\$591,980	\$37,100
2018-19	\$577,600	\$34,249

IV. COMPLEMENT INFORMATION

		<u>Dec. 31, 2020</u>		<u>Dec. 31, 2021</u>		<u>Budgeted</u>	
		<u>Authorized</u>	<u>Filled</u>	<u>Authorized</u>	<u>Filled</u>	<u>Authorized</u>	<u>Filled</u>
State Funds		0	0	0	0	0	0
Federal Funds		0	0	0	0	0	0
Other Funds (State Stores)		<u>3,219</u>	<u>3,173</u>	<u>3,517</u>	<u>3,166</u>	<u>3,517</u>	<u>3,253</u>
Total		3,219	3,173	3,517	3,166	3,517	3,253
<u>Salary</u>	# Positions		3,219		3,517		3,517
	Salary		\$158,410,000		\$160,112,000		\$166,532,000
	Benefits		131,850,000		126,827,000		141,643,000
	% Benefits		83.1%		79.2%		84.7%
<u>Wage</u>	# Positions		3,263		3,650		3,650
	Wages		40,530,000		42,568,000		45,932,000
	Benefits		12,147,000		13,865,000		15,812,000
	% Benefits		30.0%		32.6%		34.4%
<u>Total</u>	# Positions		6,482		7,167		7,167
	Salary/Wages		198,940,000		202,680,000		212,464,800
	Benefits		143,997,000		140,687,000		157,455,200
	% Benefits		<u>72.4%</u>		<u>69.4%</u>		<u>74.1%</u>
			\$342,937,000		\$343,367,000		\$369,920,000

V. PROGRAM DESCRIPTION

The statutory authority for the Liquor Control Board is Act 21 of April 12, 1951, P.L. 90; as reenacted by Act 14 of June 29, 1987, P.L. 32. In conformance with the Pennsylvania Liquor Code, the mission of the Pennsylvania Liquor Control Board (PLCB) is to responsibly sell wine and spirits as a retailer and wholesaler, regulate Pennsylvania's alcohol industry, promote alcohol education and social responsibility and maximize financial returns for the benefit of all Pennsylvanians. Funds to cover the general operating expenditures of the PLCB are generated by the sale of wine and spirits and come from the State Stores Fund.

The PLCB regulates the manufacture, importation, sale, distribution and disposition of alcohol in the commonwealth. The agency does not sell malt and brewed beverages, rather it regulates those sales through the licensing of distributors and other retailers. The agency is responsible for wholesale sales of wine and spirits to licensees through state-operated Fine Wine & Good Spirits (FW&GS) stores, licensee service centers and distribution centers. All retail sales of spirits in Pennsylvania, except for those sold at licensed distilleries, are made through FW&GS stores operated by the PLCB. Wine sales are also made through the PLCB's FW&GS stores, although wine can also be purchased from properly licensed and permitted private market retailers (in limited quantities) and producers.

For FY 2022-23, the PLCB is submitting a budget request of \$722,865,000 for its general operations, which are funded through an executive authorization to spend from revenues of the State Stores Fund. This request funds the operation of approximately 585 FW&GS stores, 13 licensee service centers, an e-commerce fulfillment center, and two distribution centers, which deliver wines and spirits to both FW&GS stores and more than 600 licensees. This request also funds the regulatory functions of the PLCB including licensing, the Office of the Administrative Law Judge and alcohol education, as well as administrative and central office functions that support retail, wholesale, and regulatory functions. This budget request represents an increase of \$46.4 million, or 6.9%, from the PLCB's \$676,467,000 executive authorization for FY 2021-22.

Although they are not new, the PLCB has several large projects that account for meaningful portion of this total request. In FY 2020-21, the PLCB began the project to replace its existing on-premises Oracle ERP platform with a new cloud-based ERP platform. This multi-year effort, called "Project New Horizon," will enable information technology and organizational infrastructure improvements to transform the PLCB from a traditional retail model to a wholesale, distribution and retail-focused business; standardize wholesale and retail business processes and financial reporting according to industry best practices and out-of-the-box functionality; eliminate costly and resource-intensive system customizations; more efficiently manage inventory acquisition, allocation and sell-through; improve master data management; standardize reporting; and achieve greater wholesale and retail efficiencies. As part of the Project New Horizon, the PLCB will also upgrade its point-of-sale (POS) system and replace aging store registers and inventory scanning equipment. Another large project is a comprehensive security services plan for stores, which will encompass both security camera and alarm equipment and guard services. This budget request includes \$59.5 million in FY 2022-23 for these initiatives. Although there was originally \$47.4 million budgeted for these projects in FY 2021-22, Project New Horizon is a major focus for the PLCB with over \$31 million in funds

already committed to the project this year. As for the other projects, the point-of-sale upgrade was pushed back to later in the ERP project timeline (into FY 2022-23), and the security services project has experienced some delays. As such, FY 2021-22 expenditures from these two projects are expected to be limited, with most of their costs pushed out to FY 2022-23.

This budget requests \$369.9 million for personnel services, an increase of \$26.6 million, or 7.7%, from FY 2021-22. Salaries, wages and overtime are increasing by \$9.4 million, or 4.7%, due to contract rate increases, addition of 122 new positions in FY 2021-22 for retail stores and funding for additional vacancies on the complement. Benefits are increasing by \$17.2 million, or 12.1%, due to increases for retiree health benefits (\$9.9M, 95.0%), retirement contributions (\$4.8 million, 8.1%) and active employee health benefits (\$2.3 million, 5.0%).

This budget submission requests \$301.1 million for operational expenses, an increase of \$16.2 million, or 5.7%, from FY 2021-22. Freight and storage expenses for distributions operations are expected to increase by \$5.2 million, or 6.7%. Store rents are projected to increase by \$4.4 million, or 6.7%, with 15 to 25 stores projected to be renovated and remodeled. Credit and debit card usage fees are projected to increase by \$3.1 million, or 8.0%, at a faster rate than sales as electronic forms of payment has grown to more than 80% of total receipts. As part of a plan for comprehensive security services for stores, expenses for security guard services are projected to increase by \$3.0 million for FY 2022-23.

Combined, the warehouse operations, store leases and credit card expenses account for more than \$195 million, or two-thirds of the PLCB's operational expense request. More than 1,500 licensees, including nearly 1,200 grocery and convenience stores, are now permitted to sell limited quantities of wine-to-go. Many of these licensees, as well as on-premises licensees like bars and restaurants, utilize the PLCB's Licensee Delivery Program. The PLCB has been actively working with chain licensees to transition from deliveries to individual stores to deliveries to their warehouses, trailer-drops and back-haul deliveries, all of which are more efficient distribution methods for both the PLCB and licensed retailers.

This budget requests \$48.3 million for fixed assets, a \$3.6 million, or 7.9%, increase from FY 2021-22. Most of these funds are required for three large projects/initiatives: (1) \$17.7 million for the Oracle ERP upgrade/Project New Horizon, (2) \$17.3 million for a point-of-sale upgrade to replace the PLCB's aging registers and store scanning equipment, and (3) \$7.0 million for store security cameras and alarms. There is \$3.0 million requested for Store Operations for store remodeling projects for FY 2022-23, and most of the remaining fixed asset request is for IT hardware, software and smaller projects outside of the larger initiatives.

This budget requests \$3.5 million for grants, with \$1.0 million each for grants supporting Pennsylvania's wine and beer industries, and \$1.5 million for alcohol education grants (a \$0.1 million increase), which aim to reduce underage and dangerous drinking.

FY 2022-23 Initiatives

FY 2022-23's key initiatives are identified in the table below, and the amounts listed reflect the combined operating and fixed asset costs for these projects. The PLCB's largest initiative is Project New Horizon (the Oracle ERP upgrade to a cloud-based ERP platform), which began in FY 2020-21 with blueprinting and initial design work, and will progress with phased software releases planned for FY 2021-22 through FY 2023-24. To date, approximately \$47 million has been spent or committed for this project through FY 2021-22, and \$24.2 million is budgeted for FY 2022-23.

The project to upgrade the point-of-sale system has been planned for several years, but with Project New Horizon underway, this project was pushed back until later in the ERP project timeline. The budgeted cost for this project is \$10.5 million for replacing and installing approximately 1,700 POS registers and \$6.8 million for replacing inventory scanner-guns in the FW&GS stores and licensee service centers.

The comprehensive security services initiative is a combination of the installation and maintenance of security camera and alarm equipment in all PLCB stores and includes security guard services for the stores. The Identity Management Solution is a project for implementing a workforce planning software package for the PLCB store staff.

Initiative	FY 22-23 \$ (MIL)
ERP Platform Upgrade to Cloud (Project New Horizon)	\$24.2
Comprehensive Security Services	17.5
Retail Point of Sale (POS) & scanning equipment replacement	17.3
Identity Management Solution	1.0
	\$49.4

The PLCB remains committed to customer service excellence and social responsibility in all facets of our operation while maintaining a strong revenue stream for the Commonwealth.

The primary revenue source for the State Stores Fund is the PLCB's sale of wine and spirits. With the COVID-19 public health crisis and subsequent restrictions that hampered sales from March through June of FY 2019-20, the PLCB saw its first year-over-year sales decline in 26 years. However, with FW&GS stores resuming normal operations for most of FY 2020-21 and most bar and restaurant restrictions lifted late in the fiscal year, the PLCB experienced the largest annual sales growth in its history, \$278.5 million or 13.7% more than FY 2019-20. Additionally, FY 2020-21 sales were \$190.9 million or 9.0% higher than its previous record sales in FY 2018-19. *

*These sales amounts are from the PLCB's unaudited published financial statements for the fiscal year ending June 30, 2021.

In FY 2020-21, the PLCB's spirits sales increased by 22.1% and wines sales increased by 2.9%. Sales to retail customers saw tremendous growth, with sales up 26.4% in FY 2020-21, with spirits sales up 32.0% and wine sales up 17.6%. Conversely, the PLCB's wholesale business (sales to licensees) continued to be significantly impacted by the COVID-19 public health crisis in FY 2020-21, with sales to licensee down 19.9% for the year, with spirits sales down 16.0% and wine sales down 22.7%. However, with many operational restrictions and limitations that impacted bars and restaurants lifting late in the fiscal year, the PLCB's sales to licensees for the month of June 2021 returned to pre-pandemic levels, exceeding sales from June 2019.

These revenues cover the cost of all merchandise inventory maintained and sold by the PLCB and the operating costs for the PLCB. After payment of these operating expenses, the PLCB transferred \$764.8 million in taxes and funds from operations to the General Fund for FY 2020-21. This was an increase of \$70.0 million, or 10.1% more than FY 2019-20. In addition to the General Fund transfer and taxes, the PLCB also funds enforcement efforts of the Pennsylvania State Police Bureau of Liquor Control Enforcement (BLCE). BLCE funding totaled \$29.2 million in FY 2020-21. Additionally, \$5.3 million was allocated to the Pennsylvania Department of Drug and Alcohol Programs, \$1.8 million in license fees were collected to be returned to local municipalities and \$9.6 million in local sales tax was collected and remitted to Philadelphia and Allegheny counties.

In FY 2020-21, the PLCB achieved record net income of \$264.9 million, up \$56.1 million, or 26.9% more than the previous year, primarily due to the record sales. Some of the PLCB's other revenues experienced declines in FY 2020-21. Licensing revenues had the largest decline, decreasing by \$11.0 million, or 33.4% due to the PLCB's waiver (for calendar year 2021) of many of the fees associated with renewing or validating licenses. Interest income decreased by \$4.4 million or 89.6% due to lower yields on Treasury Pool 99 investments. *

In FY 2021-22, the PLCB will transfer \$185.1 million to the General Fund, and the agency is committed to maintain the transfer to the General Fund at \$185.1 million in FY 2022-23.

*These net income and other revenue amounts are from the PLCB's unaudited published financial statements for the fiscal year ending June 30, 2021.

V. 1. PROGRAM DESCRIPTION – Performance Measures

The most effective program performance measures used by the Liquor Control Board are those that report the financial results of the business enterprise we operate. Monthly financial statements prepared in accordance with Generally Accepted Accounting Principles provide information on gross sales, taxes collected, cost of goods sold, operating expenses and net income. The Board has developed metrics and key performance indicators that give the PLCB visibility into expenses and variances from planned expense and revenue goals. Tools have been developed for improved forecasting of income and cash flow. In addition to financial information, various other performance measures are regularly reported to PLCB operating managers. Increased use of business ratios, such as Expense to Net Sales and Sales per Square Foot, are utilized for comparative purposes with increased emphasis on market impact of store relocations, closings and openings to maximize service level to the customer base. Comparative measures are utilized to monitor daily store performance by tracking sales challenges, inventory shrink and other measures. Tools have been developed to analyze the effectiveness of our advertising expenditures, allowing us to maximize advertising benefits.

The PLCB devotes significant resources to improve the efficiency of regulatory services to licensees. Program performance measures used include the number of applications processed, turnaround time, inquiries handled personally or by telephone, fees processed and detailed monitoring of investigative activities. Measures of alcohol education program performance include the number of owners/managers/servers completing Responsible Alcohol Management Training (RAMP) and number of alcohol education materials distributed to the targets of our various alcohol education programs as well as definable measurements for activities funded through our grant programs.

VI. EXPLANATION OF CHANGES

(\$ Amounts in thousands)

PERSONNEL

- | | | |
|----|--|-----------------|
| 1. | Increase in benefit costs (Retiree Health Benefits +\$9.9 million, Retirement and other benefits +\$7.3 million) | |
| 2. | Increase in cost of direct compensation (Salaries, Wages and Overtime +\$9.4 million) | \$26,553 |
| | Subtotal – Personnel Change: | \$26,553 |

OPERATING EXPENSE

- | | | |
|----|---|-----------------|
| 1. | Increased funding primarily for Freight (+\$5.2 million), Store Leases (+\$4.4 million), Debit/Credit Card Services (+\$3.1 million) and Security Guard Services (+\$3.0 million) | \$16,190 |
| | Subtotal – Operating Expense Change: | \$16,190 |

FIXED ASSETS

- | | | |
|----|---|----------------|
| 1. | Increased funding for information technology for Oracle ERP upgrade [Project New Horizon] | \$3,555 |
| | Subtotal – Fixed Asset Change: | \$3,555 |

GRANTS

- | | | |
|----|---|--------------|
| 1. | Increased funding for Alcohol Education grants (\$100,000 increase to \$1.5 million) | |
| 2. | Return to prior funding level for PA Wine Marketing & Malt Beverage Board Grants (\$1.0 million each) | \$100 |
| | Subtotal – Grants Change | \$100 |

State Stores Fund - Total Change: **\$46,398**

VII. OTHER INFORMATION

1. **FY 2020-21 Obligations** – There was no carryover of FY 20-21 obligations into FY 21-22.
2. **FY 2021-22 Supplemental Authorization** – No request for supplemental funding for FY 21-22 has occurred as of February 15, 2022.
3. **Restricted Receipts** – No restricted receipts are received or budgeted for the general operations of the Liquor Control Board.

VIII. CONSULTING CONTRACTS

2. FISCAL YEAR 2020-21

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2020-21	63018706	\$ 51,384.00	American Assoc. of Motor Vehicle Administrators 4401 Wilson Blvd Arlington, VA 22203	Provide value added communication networking (VAN) services to include: enhanced connectivity service, information exchange, mail exchange and IBM expedite/CICS.
2020-21	63019937	\$ 44,960.00	Appalachia Technologies 5012 Lenker Street Mechanicsburg, PA 17050	E-Commerce web application penetration testing.
2020-21	63020263	\$ 36,000.00	Appalachia Technologies 5012 Lenker Street Mechanicsburg, PA 17050	Tenable Security Solution consulting to protect business from underlying hardware and software vulnerabilities.
2020-21	63012322	\$ 892,946.80	Computronix USA, Inc 3900 S. Wadsworth Blvd. Suite 510 Lakewood, CO 80235-2208	Provide a scalable, hosted Regulatory Affairs software system that is a single gateway for businesses and individuals to apply.
2020-21	63013717	\$ 1,745,639.08	Deloitte Consulting LLP 300 Corporate Center Drive Camp Hill, PA 17011-1760	Production support and enhancement services for the PLCB's current Oracle ERP platform.
2020-21	63019712	\$ 23,450.00	Genesys Telecommunications Laboratories Inc. 2001 Junipero Serra Blvd Daly City, CA 94014-3891	Genesys professional services to add self-service functionality to check gift card balance.

VIII. CONSULTING CONTRACTS

2. FISCAL YEAR 2020-21 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2020-21	63019715	\$ 9,975.00	Genesys Telecommunications Laboratories Inc. 2001 Junipero Serra Blvd Daly City, CA 94014-3891	Genesys professional services to enable web chat media channel and routing on the LOOP website.
2020-21	63021000	\$ 4,200.00	Genesys Telecommunications Laboratories Inc. 2001 Junipero Serra Blvd Daly City, CA 94014-3891	Genesys professional services to change IVR API calls, URL changed due to new E-Commerce requirements.
2020-21	63020320	\$ 49,000.00	KPMG LLP 30 N Third St, Ste 200 Harrisburg, PA 17101	Consulting services for the independent evaluation and validation of third-party logistics provider responses to Western PA Warehousing and Transportation RFP.
2020-21	63020331	\$ 210,000.00	KPMG LLP 30 N Third St, Ste 200 Harrisburg, PA 17101	Consulting services for an independent, unbiased advisor for PLCB ERP project implementation.

VIII. CONSULTING CONTRACTS

2. FISCAL YEAR 2020-21 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2020-21	63020523	\$ 49,900.00	KPMG LLP 30 N Third St, Ste 200 Harrisburg, PA 17101	Consulting services for the independent evaluation and validation of third-party logistics provider responses to Central PA Warehousing and Transportation RFP.
2020-21	63021364	\$ 85,835.00	Microsoft Corporation 12012 Sunset Hills Road Reston, VA 20190	Microsoft Premier Support Services.
2020-21	63020169	\$ 4,194,638.64	Oracle America Inc. 500 Oracle Parkway Redwood City, CA 94065-1677	Provide services, SaaS and software licensing sufficient to support definition, design and architecture of a new Oracle cloud-based ERP.
2020-21	63019694	\$ 343,424.99	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Adobe Experience Manager Support block of hours using Adobe Assets and Sites Cloud-Based Software.
2020-21	63019797	\$ 47,520.00	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Quality Assurance Specialist Support for E-Commerce.

VIII. CONSULTING CONTRACTS

2. FISCAL YEAR 2020-21 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2020-21	63019829	\$ 310,050.00	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to migrate environments in Azure Cloud and API integration points with Adobe Experience manager for E-Commerce.
2020-21	63020019	\$ 37,600.64	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Adobe Experience Manager Support block of hours to assist with E-commerce projects management activities.
2020-21	63020020	\$ 138,583.62	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to migrate environments in Azure Cloud and API integration points with Adobe Experience manager for E-Commerce.
2020-21	63020021	\$ 83,871.20	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to migrate environments in Azure Cloud and API integration points with Adobe Experience manager for E-Commerce.

VIII. CONSULTING CONTRACTS

2. FISCAL YEAR 2020-21 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2020-21	63020022	\$ 131,090.16	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to migrate environments in Azure Cloud and API integration points with Adobe Experience manager for E-Commerce.
2020-21	63020023	\$ 349,639.80	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support for E-commerce production issues.
2020-21	63020024	\$ 59,539.88	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Unix Administrator Support.
2020-21	63020025	\$ 90,800.05	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Database Administrator Support to reduce PCLB's storage needs and provide performance improvements threatening PLCB's business.
2020-21	63020615	\$ 82,545.50	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Database Administrator Support to reduce PCLB's storage needs and provide performance improvements threatening PLCB's business.

VIII. CONSULTING CONTRACTS

2. FISCAL YEAR 2020-21 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2020-21	63020617	\$ 57,654.26	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Unix Administrator Support.
2020-21	63021335	\$ 7,148.96	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Desktop Team Support to address upcoming hardware refresh.
2020-21	63015545	\$ 594,200.00	Partnership of Packer Oesterling and Smith Inc. 513 N 2 nd St Harrisburg, PA 17101-1058	Comprehensive advertising campaign consulting for alcohol education to prevent and reduce underage use of alcohol.
2020-21	63013714	\$ 1,259,685.00	SkillNet Solutions, Inc. 1151 Sonora Court, Suite 2 Sunnyvale, CA 94086	Configuration and deployment services for the PLCB's Oracle Retail Point of Service solution.
2020-21	63020211	\$ 26,710.00	Synerg IT, Inc. 811 Camp Horne Road Pittsburgh, PA 15237-1282	Formal risk assessment required for PCI Data Security Standards Compliance.
2020-21	63020212	\$ 42,440.00	Synerg IT, Inc. 811 Camp Horne Road Pittsburgh, PA 15237-1282	PCI Report on Compliance and Penetration Testing.

VIII. CONSULTING CONTRACTS

2. FISCAL YEAR 2020-21 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2020-21	63018494	\$ 8,060,545.38	Tierney & Partners, Inc DBA Tierney Communications 200 S. Broad St., 10 th Floor Philadelphia, PA 19102	Blanket Purchase Order for advertising and marketing services including research, planning and development for all TV, radio, digital, social media, email and print marketing; website design; media buying; and pass-through subcontract work.

VIII. CONSULTING CONTRACTS

3. FISCAL YEAR 2021-22

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2021-22	63012322	\$ 640,646.95	Computronix USA, Inc 3900 S. Wadsworth Blvd. Suite 510 Lakewood, CO 80235-2208	Provide a scalable, hosted Regulatory Affairs software system that is a single gateway for businesses and individuals to apply.
2021-22	63013717	\$ 3,037,666.25	Deloitte Consulting LLP 300 Corporate Center Drive Camp Hill, PA 17011-1760	Production support and enhancement services for the PLCB's current Oracle ERP platform.
2021-22	63021543	\$ 8,750.00	Genesys Telecommunications Laboratories Inc. 2001 Junipero Serra Blvd Daly City, CA 94014-3891	Genesys professional services to develop the Genesys platform for the Helpdesk which is the phone system agents use to take calls.
2021-21	63021658	\$ 24,500.00	Genesys Telecommunications Laboratories Inc. 2001 Junipero Serra Blvd Daly City, CA 94014-3891	Genesys professional services for the LOOP Chat Implementation.
2021-22	63021521	\$ 521,000.00	Information and Computing Services Inc. 3563 Philips Hwy Ste 601F Jacksonville, FL 32207-5373	RF Smart for Oracle Cloud.

VIII. CONSULTING CONTRACTS

3. FISCAL YEAR 2021-22 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2021-22	63020169	\$ 7,498,846.93	Oracle America Inc. 500 Oracle Parkway Redwood City, CA 94065-1677	Provide services, SaaS and software licensing sufficient to support definition, design and architecture of a new Oracle cloud-based ERP.
2021-22	63020615	\$ 98,682.71	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Database Administrator Support to reduce PCLB's storage needs and provide performance improvements threatening PLCB's business.
2021-22	63020617	\$ 61,523.78	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Unix Administrator Support.
2021-22	63021335	\$ 36,451.79	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Desktop Team Support to address upcoming hardware refresh.
2021-22	63021339	\$ 68,756.29	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to support the current WebSphere E-Commerce Fine Wine & Good Spirits site on the Azure Version 8 Platform.

VIII. CONSULTING CONTRACTS

3. FISCAL YEAR 2021-22 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2021-22	63021340	\$ 72,032.84	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to support the current WebSphere E-Commerce Fine Wine & Good Spirits site on the Azure Version 8 Platform.
2021-22	63021341	\$ 157,714.50	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to support the current WebSphere E-Commerce Fine Wine & Good Spirits site on the Azure Version 8 Platform.
2021-22	63021342	\$ 210,369.11	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to support the current WebSphere E-Commerce Fine Wine & Good Spirits site on the Azure Version 8 Platform.
2021-22	63021517	\$ 320,390.31	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Java Developer Support to support the development and implementation of components for the Oracle ERP Upgrade.
2021-22	63021693	\$ 71,200.08	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	RESA Support to support ERP Release 1 Activities.

VIII. CONSULTING CONTRACTS

3. FISCAL YEAR 2021-22 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2021-22	63021800	\$ 14,623.24	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Application Development Support to continue New Horizon project technical tasks.
2021-22	63021823	\$ 132,345.20	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	Java Developer Support to support the development and implementation of components for the Oracle ERP Upgrade.
2021-22	63021824	\$ 69,669.60	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to support the current WebSphere E-Commerce Fine Wine & Good Spirits site on the Azure Version 8 Platform.
2021-22	63021825	\$ 66,502.80	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to support the current WebSphere E-Commerce Fine Wine & Good Spirits site on the Azure Version 8 Platform.
2021-22	63021826	\$ 103,771.20	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to support the current WebSphere E-Commerce Fine Wine & Good Spirits site on the Azure Version 8 Platform.

VIII. CONSULTING CONTRACTS

3. FISCAL YEAR 2021-22 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2021-22	63021827	\$ 154,547.20	OST, Inc. DBA Optimal Solutions 2101 L St NW, Suite 800 Washington, DC 20037-1637	WebSphere Commerce Support to support the current WebSphere E-Commerce Fine Wine & Good Spirits site on the Azure Version 8 Platform.
2021-22	63015545	\$ 91,000.00	Partnership of Packer Oesterling and Smith Inc. 513 N 2 nd St Harrisburg, PA 17101-1058	Comprehensive advertising campaign consulting for alcohol education to prevent and reduce underage use of alcohol.
2021-22	63013714	\$ 3,071,114.61	SkillNet Solutions, Inc. 1151 Sonora Court, Suite 2 Sunnyvale, CA 94086	Configuration and deployment services for the PLCB's Oracle Retail Point of Service solution.
2021-22	63021508	\$ 46,480.00	Synerg IT, Inc. 811 Camp Horne Road Pittsburgh, PA 15237-1282	Formal risk assessment required for PCI Data Security Standards Compliance.
2021-22	63021509	\$ 31,360.00	Synerg IT, Inc. 811 Camp Horne Road Pittsburgh, PA 15237-1282	PCI Report on Compliance and Penetration Testing.

VIII. CONSULTING CONTRACTS

3. FISCAL YEAR 2021-22 (Cont'd)

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2021-22	63018494	\$ 11,755,227.10	Tierney & Partners, Inc DBA Tierney Communications 200 S. Broad St., 10 th Floor Philadelphia, PA 19102	Blanket Purchase Order for advertising and marketing services including research, planning and development for all TV, radio, digital, social media, email and print marketing; website design; media buying; and pass-through subcontract work.

VIII. CONSULTING CONTRACTS

4. FISCAL YEAR 2022-23

<u>FY</u>	<u>Contract #</u>	<u>Amount</u>	<u>Vendor/Address</u>	<u>Description</u>
2022-23	63012322	\$ 480,000.00	Computronix USA, Inc 3900 S. Wadsworth Blvd. Suite 510 Lakewood, CO 80235-2208	Provide a scalable, hosted Regulatory Affairs software system that is a single gateway for businesses and individuals to apply.
2022-23	63021521	\$ 219,360.00	Information and Computing Services Inc. 3563 Philips Hwy Ste 601F Jacksonville, FL 32207-5373	RF Smart for Oracle Cloud.
2022-23	63020169	\$ 6,124,925.34	Oracle America Inc. 500 Oracle Parkway Redwood City, CA 94065-1677	Provide services, SaaS and software licensing sufficient to support definition, design and architecture of a new Oracle cloud-based ERP.

4. INTERAGENCY AGREEMENTS & MEMORANDUMS OF UNDERSTANDING

- a.** Office of Administration – Agreement between OA and PLCB to allow PLCB to purchase Oracle Enterprise Software with the PLCB agreeing not to use certain software that the OA Technology Architecture Review Board deemed in conflict with the Commonwealth's enterprise standards. No cost to either party. Effective date of 9/05/08 with indefinite term.
- b.** Department of General Services – Agreement for the PLCB to participate in consolidated warehousing and warehouse functions provided by DGS. As a cost savings move by the PLCB, all PLCB materials were removed from DGS warehousing locations on October 2015 and are being handled internally by the PLCB. The Interagency Agreement Memorandum of Understanding for warehousing remains in effect at no cost to PLCB in the event the PLCB has a future need to use DGS warehousing.
- c.** Department of General Services – Agreement for the PLCB to reimburse DGS for vehicle purchases. Effective date of 8/29/2012 with indefinite term.
- d.** Department of General Services – Agreement to transfer certain PLCB real estate responsibilities and staff to DGS. Effective 10/13/13 with indefinite term.
- e.** Department of General Services – Agreement between the PLCB and DGS for the PLCB to pay a monthly proportional share of the payment obligation to DGS's contractor for installation and financing costs associated with energy conservation measures installed in the Northwest Office Building under DGS's contract to implement Pennsylvania's Guaranteed Energy Savings Act (GESA). Effective 10/9/10 and concurrent with the term of the Guaranteed Energy Savings Agreement.
- f.** Pennsylvania State Police – Agreement between the PLCB and PSP for the PLCB to reimburse PSP for the cost of criminal history background checks as needed for the Bureau of Licensing. These fees are charged to the PLCB via monthly PATCH (PA Access to Criminal History) billings, but are essentially a pass-through expense as the fees are billed to the licensees. Effective date 7/12/1995 with indefinite term.
- g.** Pennsylvania State Police – Agreement between the PLCB and PSP for the PLCB to supply and absorb the costs for alcoholic beverage samples for analysis testing in furtherance of PSP enforcement efforts. Effective date 7/12/1995 with indefinite term.
- h.** Department of General Services - Agreement between the PLCB and DGS for the PLCB to pay DGS Bureau of Publications for provided mail pre-sorting and processing services. Effective date 12/21/2007 with indefinite term.

EXECUTIVE AUTHORIZATION:
GENERAL OPERATIONS (AGENCY TOTAL)

Page # of Governor's Executive Budget:
Pp. E32.1-E32.6

- i. Office of Administration – Agreement between OA and PLCB to implement a comprehensive solution to collect and integrate time and attendance into SAP for time evaluation and payroll processing. Effective 9/5/2008 with indefinite term.
- j. Department of Revenue – Agreement between Revenue/PA Lottery and PLCB to license the PLCB to sell Lottery products in PLCB Fine Wine & Good Spirits stores as set forth in Act 39 of 2016. Effective 8/8/2016 with indefinite term.
- k. Department of Revenue – Agreement between Revenue/PA Lottery and PLCB for data sharing. Lottery has a need to obtain certain data on businesses licensed to sell wine and spirits in Pennsylvania for purposes of implementing legislation allowing for Lottery to offer Keno. Effective 1/2/2018. Agreement was amended to obtain additional data related to wine and spirit sales by businesses located within officially designated Neighborhood Improvement Zones and City Revitalization Improvement Zones. Agreement was extended with indefinite term.
- l. Department of Community and Economic Development – Agreement between DCED and PLCB to work collaboratively in the development and maintenance of an enterprise, quality, reusable system for the management of various grant programs and projects. Effective 5/30/2019 and in effect until terminated by either party.
- m. Commonwealth of PA & VMware Enterprise License Agreement – Agreement between the Commonwealth of PA and VMware to provide licenses and subscription/support. Effective 1/1/2019, with termination date of 6/30/2022.
- n. Department of General Services and Department of Transportation – Agreement among DGS, PennDOT and the PLCB for the auctioning of an active restaurant license held by DGS on the behalf of PennDOT, acquired by PennDOT through eminent domain. Effective 1/30/2020 and will terminate after the license is successfully transferred after auction and all costs are settled.
- o. Pennsylvania Treasury Department – Agreement between Treasury/PNC Bank and PLCB for account validation services providing access to a national database for Verification and Authentication of a Commonwealth agency’s payees’ bank account information and ownership for direct deposit payments (ACH). Effective 8/30/2021 and in effect until terminated by either party.

1. SUMMARY FINANCIAL DATA (Amounts in Thousands)

Total Funds - Transfer to the General Fund

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
State Funds	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds (State Stores)	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>
Total	\$185,100	\$185,100	\$185,100

2. Program Description

This Executive Authorization provides the means by which funds from the operation of PLCB Fine Wine & Good Spirits stores are transferred from the State Stores Fund to the General Fund. The transfers are used for general appropriation purposes as provided by Act No. 412 ½ of July 18, 1935, P.L. 1316. (47 P.S. § 744-907b).

3. Other Information

Historical Lapses	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
	\$ 0	\$ 0	\$ 0

1. SUMMARY FINANCIAL DATA (Amounts in Thousands)

Total Funds - Purchases of Liquor

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
State Funds	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds (State Stores)	<u>1,464,700</u>	<u>1,530,600</u>	<u>1,584,200</u>
Total	\$1,464,700	\$1,530,600	\$1,584,200

2. Program Description

This Executive Authorization is used only to purchase merchandise for resale by the PLCB.

3. Other Information

Historical Lapses

(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Authorization</u>	<u>Lapse</u>
2020-21	\$1,464,700	\$29,621
2019-20	\$1,432,488	\$70,486
2018-19	\$1,414,400	\$ 10

**LIQUOR CONTROL BOARD
COMPTROLLER OPERATIONS**

The Executive Authorization for the Comptroller of the PLCB is included in the hearing materials prepared by the Governor's Office of the Budget. The PLCB has neither authority nor responsibility for the expenses incurred by the Office of the Comptroller.

State Stores Fund
Statement of Cash Receipts & Disbursements Worksheet
(Dollar Amounts in Thousands)

The State Stores Fund serves as the general operating fund for the Liquor Control Board. The Pennsylvania State Police also receive funds for the enforcement of the Liquor Code. Prior to 2012-13, the Department of Health received funds for alcohol abuse programs. Act 50 of 2010 created the Department of Drug and Alcohol Programs and requires that all drug and alcohol program funding previously allocated to the Department of Health be transferred to the Department of Drug and Alcohol Programs.

This fund receives revenues from the sale of goods in State Liquor Stores, fees not credited to the Liquor License Fund, fines and penalties, losses and damages recovered, and loans from the General Fund to provide working capital. Expenditures cover all costs associated with the operation and administration of the Liquor Store System and enforcement of the Liquor Code. Surplus funds are available for transfer to the General Fund.

	<u>Actual FY 2018-19</u>	<u>Actual FY 2019-20</u>	<u>ACTUAL FY 2020-21</u>	<u>AVAILABLE FY 2021-22</u>	<u>BUDGET FY 2022-23</u>	<u>Estimate FY 2023-24</u>	<u>Estimate FY 2024-25</u>	<u>Estimate FY 2025-26</u>	<u>Estimate FY 2026-27</u>
Treas. Cash Balance, Beginning	204,076	226,280	182,118	318,347	311,668	300,273	310,793	318,863	324,083
Receipts:									
Fees/Fines	34,863	32,866	20,562	22,800	32,800	32,800	32,800	32,800	32,800
Expired License Auction Proceeds	8,000	2,474	2,287	1,000	1,000	1,000	1,000	1,000	1,000
Sale of Goods	2,148,945	2,062,590	2,344,659	2,403,300	2,487,400	2,562,000	2,638,900	2,718,100	2,799,600
Tax Revenues	541,751	518,430	589,360	604,100	625,200	644,000	663,300	683,200	703,700
Lottery Proceeds	1,171	1,239	1,442	1,450	1,500	1,550	1,600	1,650	1,700
Other / Misc	2,538	2,444	5,077	2,500	2,500	2,500	2,500	2,500	2,500
Interest	5,865	4,900	506	500	1,700	1,800	1,900	1,900	1,900
Total Receipts	<u>2,743,133</u>	<u>2,624,943</u>	<u>2,963,893</u>	<u>3,035,650</u>	<u>3,152,100</u>	<u>3,245,650</u>	<u>3,342,000</u>	<u>3,441,150</u>	<u>3,543,200</u>
Total Funds Available	<u>2,947,209</u>	<u>2,851,223</u>	<u>3,146,011</u>	<u>3,353,997</u>	<u>3,463,768</u>	<u>3,545,923</u>	<u>3,652,793</u>	<u>3,760,013</u>	<u>3,867,283</u>
Disbursements:									
Dept. Drug & Alcohol Programs	2,500	2,269	3,165	6,736	5,297	5,297	5,297	5,297	5,297
Liquor purchases	1,412,193	1,374,050	1,435,212	1,530,600	1,584,200	1,631,700	1,680,700	1,731,100	1,783,000
LCB Expenses	542,581	554,551	577,524	676,467	722,865	726,800	755,900	786,100	817,500
Comptroller	5,596	3,983	8,067	6,130	6,333	6,333	6,333	6,333	6,333
State Police	31,208	30,722	29,236	33,196	34,500	35,900	37,300	38,800	40,400
Tax Revenues	541,751	518,430	589,360	604,100	625,200	644,000	663,300	683,200	703,700
Transfer to General Fund	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>	<u>185,100</u>
Total Disbursements	<u>2,720,929</u>	<u>2,669,105</u>	<u>2,827,664</u>	<u>3,042,329</u>	<u>3,163,495</u>	<u>3,235,130</u>	<u>3,333,930</u>	<u>3,435,930</u>	<u>3,541,330</u>
Treas. Cash Balance, Ending	<u>226,280</u>	<u>182,118</u>	<u>318,347</u>	<u>311,668</u>	<u>300,273</u>	<u>310,793</u>	<u>318,863</u>	<u>324,083</u>	<u>325,953</u>

Notes:

Sales revenues differs from GAAP reported sales due to the inclusion of SLO freight and timing differences in recognition of revenues, (Treasury vs GAAP).
State Stores Fund cash (investment) balance with Treasury was \$318,346,787.61 on 6/30/2021.

FY 2021-22 (rebudget revisions & notes)

1. FY21 ESN (21-107) reflects \$676.47M for General Operations, with \$4.68M for add'l store staffing. Original ESN (21-039) included a \$23M increase for ERP and POS system replacements.

FY 2022-23 & beyond.

1. Sales and tax revenues are projected to grow by 3.5% for FY 2022-23 and by 3.0% for remaining years.
2. FY 2022-23 budget request for liquor purchases is for \$1.58B for projected 3.5% growth and by 3.0% for remaining years.
3. FY 2022-23 budget request for general operations is \$722.9M (+6.9%), which includes a \$27M increase for benefits and staffing costs and \$19M increase for operating and fixed assets. FY 2022-23 budget request has \$25M in non-recurring costs for ERP and POS upgrade. Gen Ops is projected to grow by 4.0% for remaining years.
4. FY 2022-23 PSP Enforcement is projected at 4.0% growth over FY 2021-22 request of \$33.9M and for growth of 4.0% for remaining years.
5. General Fund transfer remains at \$185.1M for FY 2022-23 and remaining years.
6. Fee/Fines revenues reflects the resumption of licensing fees in 2022-23 that were waived for calendar 2021.