

Issue and Decision Matrix for Department of Liquor and Lottery Task Force

Pursuant to Act 83 (H.238), the Task Force is required to develop a plan and legislation to create the Department of Liquor and Lottery and the Board of Liquor and Lottery. Act 83 includes a number of areas of inquiry and decision points that the Task Force must address, which are summarized below.

Areas of Inquiry and Issues to Examine:

Issue to examine	Potential Efficiencies or Savings Identified	Positive Impacts or Advantages	Concerns	Comments
Identify and examine potential long-term efficiencies from merger of Department of Liquor Control and Lottery	<ul style="list-style-type: none"> • One board rather than two. • More resources available in terms of training, money, and time. • 	<ul style="list-style-type: none"> • May create enough critical mass to support investment in a new combined facility that will support long-term growth. • More growth potential for employees, and opportunities for more variety in the work. • More backup for employees. • Opportunities for more technical platforms that employees can work with. • Improved representation through a Commissioner representing both entities in the cabinet and before the Legislature. • Increased long-term accountability and responsibility. • Could create a structure that could potentially manage other controlled substances. • Improved customer service. • Better cross-trained staff. • Improved communication to the combined Department and within the Department. • Combining two entities that operate as a business. 	<ul style="list-style-type: none"> • Potential decrease in positions. • Multiple units in one workplace can reduce familiarity with fellow workers. • May be differences in organizational cultures. 	<ul style="list-style-type: none"> • Administrative merger can begin sooner than facilities merger. • To fully merge, will need to commit to new facility that can house both entities. • This is a relatively simple merger compared to some of the others that the State has done in the past.
Identify and examine potential efficiencies from combination of administrative functions	<ul style="list-style-type: none"> • Potential for long-term vacancy savings with some positions. • Potential for one combined website. 	<ul style="list-style-type: none"> • Can share duties across two locations. • A number of functions can be merged initially. 	<ul style="list-style-type: none"> • Merger of some office functions may not be possible with current facilities. • Lottery’s walk-up window for cashing tickets would need to be centrally located and may need a separate entrance or location. 	<ul style="list-style-type: none"> • Can do some initial merger of administrative functions but would ultimately need to bring them together in the long-term. • A number of administrative functions could likely be merged immediately. • Physical siting of warehouse and office together in the future would be advantageous. • Could utilize VCPM project teams to enhance efficiency in combining administrative functions. Can be a recommendation in report.
Identify and examine potential efficiencies from combination of licensing functions	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Having one place to acquire alcohol, 	<ul style="list-style-type: none"> • Likely no efficiencies as a result of merger 	<ul style="list-style-type: none"> • All 80 liquor agents are lottery agents as

	<p>tobacco, and lottery licenses would be more business friendly.</p> <p>because of differences in license terms.</p>			<p>well.</p> <ul style="list-style-type: none"> • Most or all lottery agents have some form of a liquor/tobacco license. • Liquor Control processes 12,000+ license/permit applications per year. Is in the process of developing a new system to manage licensing functions and paring down the types of licenses. • Lottery licenses are processed once in most cases.
<p>Identify and examine potential efficiencies from combination of regulatory functions</p>	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Liquor Control Board and Lottery Commission use the same Assistant AG for rulemaking purposes. • Lottery enforcement is through the director pursuant to rules adopted by the Commission establishing specific grounds for the suspension or revocation of a license.
<p>Identify and examine potential efficiencies from combination of educational functions</p>	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Expanded understanding by combined Department of the sale of controlled products. 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Lottery reps do training when they are at the stores, but the primary source of training is through the stores themselves. • Salespeople for alcohol and tobacco must pass DLC trainings before they are legally permitted to sell the product. • DLC and Liquor Control Board are discussing a server's license that could be tied to training and avoiding violations of the law. • DLC is currently looking at additional ways to enhance quality of training.
<p>Identify and examine potential efficiencies from combination of marketing functions</p>	<ul style="list-style-type: none"> • Potential for one combined website and combined outreach. • May be some potential to use a single vendor to provide marketing materials. • Products may be complimentary. 	<ul style="list-style-type: none"> • Potential efficiencies could be realized with existing facilities. 	<ul style="list-style-type: none"> • Potential contractual issues that may limit marketing potential. • Marketing models for the two departments are different. • Lottery focuses on television, radio, and print advertising. • Lottery designs its tickets in-house and then uses a specialized printer to make tickets. • Liquor Control is focused on brand image with limited print advertising and a social media presence. Liquor Control also does some targeted email advertising related to special product raffles. Liquor Control does some advertising in media in adjoining markets like NY and QC. 	<ul style="list-style-type: none"> • Chief marketing officer for the State could be a resource to enhance integrated marketing of the Liquor and Lottery brands.
<p>Identify and examine potential efficiencies from</p>	<ul style="list-style-type: none"> • A new combined warehouse would 	<ul style="list-style-type: none"> • A new combined facility would also be 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • The Liquor and Lottery warehouses have

<p>combination of warehousing functions</p>	<p>provide a significant benefit to Liquor Control in terms of improved efficiency and increased capacity.</p> <ul style="list-style-type: none"> • The new building could be designed to meet the needs of the two operations. • Combining the warehousing functions creates potential for cross-training of warehouse employees. 	<p>safer than the existing Liquor Control warehouse.</p> <ul style="list-style-type: none"> • A combined facility offers the possibility of saving money in the long run. • Increased storage space for the Lottery could allow additional tickets that are currently stored in the printer's warehouse to be available for immediate sale in Vermont. 	<p>different needs, so a new facility would still need to have separate spaces for each function.</p> <ul style="list-style-type: none"> • A discussion of a new facility needs to contemplate the ability to grow and expand to accommodate additional controlled substances in the future.
<p>Identify and examine potential efficiencies from combination of distribution functions</p>	<ul style="list-style-type: none"> • Potential for savings if some deliveries of alcoholic beverages and lottery products to liquor agencies can be combined. 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Liquor is distributed by the Department of Liquor Control while about 98% of lottery products are sent to agents via UPS. • Alcoholic beverages and lottery tickets are very different products in terms of size and distribution requirements. • Potential to explore additional efficiencies in the future through contracting out certain deliveries or adjusting delivery models. • Liquor agents order the products they sell based on their own sales experience within their market.
<p>Identify and examine potential efficiencies from combination of sales functions</p>	<ul style="list-style-type: none"> • Possibility of developing a single POS system in the long-term could present efficiencies for agents and a combined department. • Possibility for enhancing sales through the overlap in the markets for alcoholic beverages and Lottery games. 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Combination of POS systems presents challenges. • Proprietary equipment and the specialized needs of each sales program will prevent merger of POS systems in the near term.
<p>Identify and examine potential efficiencies from combination of control/enforcement functions</p>	<ul style="list-style-type: none"> • Investigators could combine some enforcement functions. 	<ul style="list-style-type: none"> • Potential efficiencies could be realized with existing facilities. • Lottery could see some benefits from the dedicated law enforcement officers. 	<ul style="list-style-type: none"> • Lottery does not have law enforcement officers, while Liquor Control does.
<p>Examine role, functions, and composition of Liquor Control Board</p>	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Board is comprised of five members appointed by the Governor. • In addition to overseeing the Department of Liquor Control, the Board serves as a quasi-judicial body that enforces Vermont's liquor and tobacco laws. • Workload could potentially be reduced through the use of a hearing officer. • Meet once per month for a full day.
<p>Examine role, functions, and composition of Lottery Commission</p>	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Commission is comprised of five members • Commission establishes rules governing the Lottery and oversees the operation of the Lottery.

				<ul style="list-style-type: none"> • Meet once per month for about 2 hours.
How will role, functions, and composition of Liquor Control Board be affected by merger?	<ul style="list-style-type: none"> • Could reduce 2 boards with 5 members each to one combined board with 5 members. 	•	•	<ul style="list-style-type: none"> • Workload could potentially be reduced through the use of a hearing officer. • Workload will increase.
How will role, functions, and composition of Lottery Commission be affected by merger?	<ul style="list-style-type: none"> • Could reduce 2 boards with 5 members each to one combined board with 5 members. 	•	•	<ul style="list-style-type: none"> • Workload will increase.
What are the limitations and barriers to combining the Liquor Control Board and the Lottery Commission?	•	•	•	<ul style="list-style-type: none"> • Could be challenges in finding volunteers because of the increased workload for the Board. • Need to ensure that the Board provides dedicated time to both Liquor Control and Lottery so that the attention that either one receives does not suffer.
Examine whether the Board of Liquor and Lottery should be a full-time professional board.	•	<ul style="list-style-type: none"> • Having a professional Board of subject matter experts could better support the business and could be better positioned to address the addition of any other controlled substances in the future. • Professional Board members could devote their full time to the business of the combined Department. 	<ul style="list-style-type: none"> • Vermont has a long tradition of citizen boards and both the Liquor Control Board and Lottery Commission have functioned as a citizen board up until this point. • Having a professional Board would change the current model of a citizen Board overseeing departments whose day-to-day business is under the direction and control of an appointed commissioner and director (Commissioner and deputy commissioners under the merged Department). 	<ul style="list-style-type: none"> • Two options are to stay with a five-member volunteer Board or to create a full-time professional Board • Add acknowledge in report that there may be a need in the future to examine changing the Board to a full-time professional board if the workload increases due to the addition of another controlled substance under the jurisdiction of the Department.
Identify and examine the potential positive impacts of creating the Department of Liquor and Lottery	•	•	•	•
Identify and examine the potential negative impacts of creating the Department of Liquor and Lottery	•	•	•	•

Decision Points for Task Force:

The Task Force is responsible for developing draft legislation and a corresponding plan necessary to accomplish the creation of the Department of Liquor and Lottery. In doing so the Task Force must decide a number of items related to how to carry out the merger of Vermont’s Liquor and Lottery operations, as well as how to structure the Department of Liquor and Lottery and the Board of Liquor and Lottery. Details related to how to accomplish some items determined by the Task Force will be left up to management and staff if the legislation is enacted. Additional room is provided for decision points that are not listed in the legislative charge, but are identified by the Task Force during its deliberations.

Decision Points	Do as Part of Merger/ Do After Merger/ Do Not Do	Concerns	Resources	Advantages/savings	Other
Combine administrative functions?					
Combine licensing functions?					
Combine regulatory functions?					
Combine educational functions?					
Combine marketing functions?					
Combine warehousing functions?					
Combine distribution functions?					
Combine sales functions?					
Combine control/enforcement functions?					
Full-time, professional Board of Liquor and Lottery?					
Composition of Board?					
Provide training to assist with merger	Go	None	WD unit.		

Possible three phases two merger: Merge, merge administrative/executive functions, merge into one physical space.

Additional Items Task Force Members Would Like to Address if Possible or Would Like to See Addressed in Future:

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