

Florida Lottery

FY 2013-14

Base Budget Overview and
LBR Issues

Cynthia B. “Marcy” Jackson, CPA
Chief Financial Officer

Senate Governmental Operations Appropriation Committee
January 16, 2012



Purpose

“...to operate the state lottery... so as to maximize revenues [for the Educational Enhancement Trust Fund] in a manner consonant with the dignity of the state and the welfare of its citizens.”

Intent

“That the lottery games be operated by a department of state government that functions as much as possible in the manner of an entrepreneurial business enterprise.”



REVENUE ESTIMATING CONFERENCE RESULTS November 15, 2012

Fiscal Year 2013-14

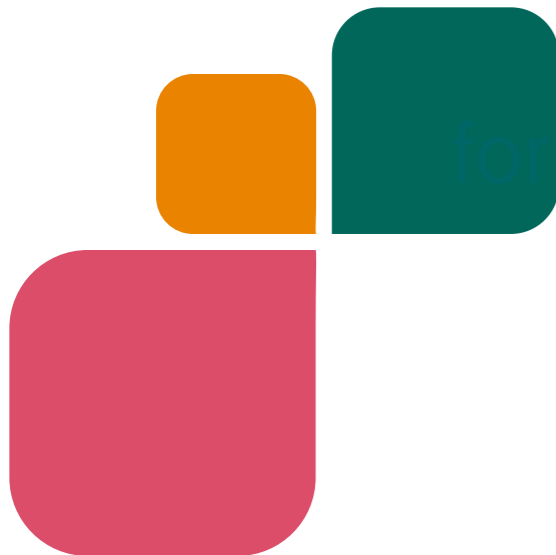
INSTANT TICKET SALES	\$2,876,900,000
TERMINAL TICKET SALES	\$1,930,300,000
TOTAL SALES <i>(Growth of 8% from FY 11-12 Sales)</i>	\$4,807,200,000
TOTAL TRANSFERS TO EDUCATIONAL ENHANCEMENT TRUST FUND	\$1,378,000,000

Foundation for Base Budget Utilization and determination of necessary adjustments.



FY 2013-14 Budget Information

- Base Budget = \$ 145 Million
Provides for 9 districts and Headquarters,
Authorizes 423 FTEs and
Sales of approx. \$4.488 Billion
13,850 terminals on statewide network
- Total funds requested for all operations, \$158
Million
Million will equal 3.32% of REC forecasted
income
FY 13-14 of \$ 4.763 Billion.



Base Budget by Category

Category	Purpose	Amount
Salary & Benefits	423 FTEs, 236 in HQ and 187 in District Offices	\$25,529,406
Other Personal Services	Statutorily Required Draw Auditors Interns and Temporary Staff	\$289,796
Expenses	9-Facility Leases Vehicle Fuel & Tolls Telephones Utilities Equipment & Supplies Other (Printing, Travel, Training, etc...)	\$3,280,000 650,000 498,000 450,000 200,000 <u>294,614</u> \$5,372,614
Operating Capital Outlay	Equip. costing > \$1,000 per unit – IT Equipment and Ball Machines	\$101,000
Acquisition of Motor Vehicles	Provides for approximately 17 Sales Fleet Vehicles	\$340,000



Base Budget by Category

Category	Purpose	Amount
Contracted Services	IT Consultants/IT Equip. Maintenance	\$1,955,000
	Vehicle Maintenance	450,000
	Public Relations & Comm. Services	175,000
	Janitorial/Building Maintenance	160,000
	Fingerprinting/Background Services	135,000
	Other (Banking, Mail & Delivery, etc...)	<u>153,717</u>
		\$3,028,717
Instant Ticket Purchase	Contract payments to the Scratch-Off Games Vendor Service fees are based on ticket sale price and volume	\$37,581,852
Advertising Agency Fees	Contract payments for advertisement placement and production costs General Market – 9.51% Hispanic Market – 9.167%	\$3,156,945
Paid Advertising & Promotion	Advertising media placement, daily draw production, sponsorships, special events and promotional items	\$30,593,508

Continued



Base Budget by Category

Category	Purpose	Amount
On-Line Games Contract (Terminal Games)	Statewide Gaming System Vendor - Based on ticket sales and equipment lease fees	\$28,418,103
Instant Ticket Vending Machines	Covers the cost of 1,350 machines, An additional 150 are provided by the contractor at no additional cost	\$5,010,600
Full Service Vending Machines	Covers the cost of 408 machines, an additional 92 are provided by the contractor at no additional cost	\$2,940,000
Retailer Incentives	Compensate/Reward Retailers with regard to sales of lottery products	\$1,750,000
Risk Management Insurance	Self Insurance Premiums for Program Administered by Department of Financial Services	\$208,568
Law Enforcement Salary Incentives	Supplement salary to sworn Law Enforcement based on completion of additional training/education	\$16,060

Continued



Base Budget by Category

Category	Purpose	Amount
Contracted Legal Services	Utilization of outside counsel for Trademarks, Patents, Collective Bargaining & Labor Laws, Civil & Administrative issues	\$120,000
Lease or Lease/Purchase of Equipment	IT Related Lease Equipment Copiers/Postal Equipment Leases	\$277,000 <u>98,000</u> \$375,000
Transfer to DMS for HR Services	Statewide – Transfer of personnel assessment to the State Personnel System Trust Fund	\$147,142
Data Processing Services – SSRC	Transfer to the Southwood Shared Resource Center for IT Services	\$98,745
TOTAL BASE BUDGET		\$145,078,056



Continued



Business Issue	Amount Requested
Increase to Instant Ticket Appropriation (based on REC forecast)	\$4,980,148
Increase to Terminal Games Appropriation (based on REC forecast)	\$2,031,679
Increase to Paid Advertising/Promotion to be Recurring	\$4,000,000
Funding for Lottery Gaming System Solicitation Consultant	\$300,000 (NR)
Mobile Sales Technology Solution (\$292,500 NR)	\$496,500

FY 2013-14 Legislative Budget Requests



Business Issue	Amount Requested
Increase Retailer Incentive Appropriation	\$750,000
Sales Goals Initiatives/Awards Program	\$25,000
Funding for Lottery Retailer Forums	\$45,000
Independent Security Audit	\$215,000 (NR)
Agency Wide Statewide Document Management System (\$75,497 NR)	\$85,670
TOTAL REQUEST	\$12,928,997

**FY 2013-14 Legislative Budget
Requests *continued***



Thank You

Senate Governmental Operations Appropriation Committee
January 16, 2012

