

	COL A93	COL A94	COL A95	
	SCH VIIIIB-2	SCH VIIIIB-2	SCH VIIIIB-2	
	REDUCTIONS	NR FY11-12	ANZ FY11-12	
POS	AMOUNT	POS	AMOUNT	POS
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
SCHEDULE VIIIIB REDUCTIONS -				
OPERATING				33B0000
POTENTIAL REDUCTION TO PAID				
ADVERTISING AND PROMOTION CATEGORY				33B0090
SPECIAL CATEGORIES				100000
PAID ADVERTISING/PROMOTION				102380
OPERATING TRUST FUND	-STATE	10,942,590-		2510 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 11-12 NARRATIVE: IT COMPONENT? NO
 PRIORITY #3

In order to achieve the designated target, the Lottery would have to recommend decreasing this category despite a Revenue Estimating Conference (REC) impact analysis that demonstrates the consequence would be a net loss in Educational Enhancement Trust Fund (EETF) funding. Using the Office of Program Policy Analysis and Government Accountability (OPPAGA) recent estimated impact on EETF of (\$1.57 per dollar spent), this proposed reduction would negatively impact EETF by over \$16.5 Million dollars after the savings realized from the media costs. Advertising media purchases are a vital, cost-effective tool to make the public aware of new games and promotions, reminding them of the fun of playing and informing them of the use of Lottery proceeds to enhance education. Since the Florida Lottery is a mature lottery, and it must rely heavily on its advertising effort to continue to encourage players to try new play styles or products, a decrease in services from the agencies is not recommended.

POTENTIAL REDUCTION TO ADVERTISING				
AGENCY FEES - PERCENTAGE OF				
REDUCTION TO PAID ADVERTISING				
PROMOTION				33B0920
SPECIAL CATEGORIES				100000
ADVERTISING AGENCY FEES				102378
OPERATING TRUST FUND	-STATE	1,094,259-		2510 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 11-12 NARRATIVE: IT COMPONENT? NO
 PRIORITY #4

The department currently utilizes two advertising agencies, one for the General Market and one for the Spanish Language Market. Both agencies are required to provide a certain level of services and are compensated based upon a negotiated

	COL A93	COL A94	COL A95		
	SCH VIIIB-2	SCH VIIIB-2	SCH VIIIB-2		
	REDUCTIONS	NR FY11-12	ANZ FY11-12		
POS	AMOUNT	POS	AMOUNT	POS	
				AMOUNT	
				CODES	
LOTTERY, DEPARTMENT OF THE					36000000
PGM: LOTTERY OPERATIONS					36010000
GOV OPERATIONS/SUPPORT					16
GOVERNMENTAL OPERATIONS					<u>1601.00.00.00</u>
SCHEDULE VIIIB REDUCTIONS -					
OPERATING					33B0000
POTENTIAL REDUCTION TO ADVERTISING					
AGENCY FEES - PERCENTAGE OF					
REDUCTION TO PAID ADVERTISING					
PROMOTION					33B0920

percentage for all activities coordinated by their firms. Each contractor is compensated based on the amount of advertising expenditures placed by their agency. If the Advertising expenditure is reduced, the corresponding fees would be reduced as well. This item directly correlates to the Potential Reduction to Advertising and Promotions. The General Market Agency contract, the largest percentage of the expenditure, was recently renegotiated with a reduction in fees from the prior contract.

POTENTIAL REDUCTION - COMPULSIVE					
GAMBLING PROGRAM					33B0930
SPECIAL CATEGORIES					100000
COMPULSIVE GAMBLING PROG					102379
OPERATING TRUST FUND	-STATE	1,119,000-			2510 1
		=====	=====	=====	

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-2 NARR 11-12 NARRATIVE:
 PRIORITY #1

IT COMPONENT? NO

The department currently has a contract with The Florida Council for Compulsive Gambling (FCCG) that provides funding for the statewide prevention of problem and compulsive gambling program, as well as, operate and promote a statewide, toll-free, 24-hour helpline. Although the agency believes that this service is of great benefit to the public, it is not mission critical in order to achieve the mission of generating additional funds for the education system. FCCG's audited financial statements for June 30, 2010 indicate that the organization receives financial funding of approximately \$1.3 Million from sources other than the Lottery. The department's appropriation category for this expenditure also contains proviso language that states the department shall contract with an appropriate Florida organization to conduct a compulsive gambling program.

	COL A93 SCH VIIIB-2 REDUCTIONS	COL A94 SCH VIIIB-2 NR FY11-12	COL A95 SCH VIIIB-2 ANZ FY11-12	CODES
POS	AMOUNT	POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
SCHEDULE VIIIB REDUCTIONS - OPERATING				33B0000
POTENTIAL REDUCTION - AMERICANS WITH DISABILITIES COMPLIANCE ACTIVITIES				33B0940
SALARY RATE				000000
SALARY RATE.....	352,194-			
=====				
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	10.00- 565,267-			2510 1
=====				
EXPENSES				040000
OPERATING TRUST FUND -STATE	65,550-			2510 1
=====				
TOTAL: POTENTIAL REDUCTION - AMERICANS WITH DISABILITIES COMPLIANCE ACTIVITIES				33B0940
TOTAL POSITIONS.....	10.00-			
TOTAL ISSUE.....	630,817-			
TOTAL SALARY RATE.....	352,194-			
=====				

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-2 NARR 11-12 NARRATIVE: IT COMPONENT? NO
 PRIORITY #7

The Lottery is subject to the Federal Americans with Disabilities Act (ADA, 42 USCA s. 12132. The Lottery has an ADA unit that evaluates businesses that apply to become retailers. The purpose is to be sure retailers meet the accessibility requirements of the ADA or are made aware of compliance problems. If there are issues identified, the retailer is given a period of time to come into compliance before a contract can be established. This being said, over the course of time some retailers have fallen out of compliance. The Lottery periodically reassesses the locations and monitors activities to assist the retailers in order to stay in compliance. During the 1st quarter of FY 2010-11 the unit assisted over 700 retailers reestablish compliance rather than just terminating the retailers for being out of compliance. If the department were to dissolve the ADA unit, it would be forfeiting a valuable tool in the retailer recruitment effort and overall risk management process. By avoiding ADA violations, the department feels it is maximizing sales and profits rather than losing retailers. It is estimated that the elimination of the ADA unit for the FY 2011-12 could have a negative Educational Enhancement Trust Fund (EETF) impact of approximately \$70 Million after the cost savings. This reduction would eliminate 10 currently occupied Full Time Equivalent positions (FTEs). The budget reduction does not include the estimated leave payouts of approximately \$72,000 that would be required.

	COL A93 SCH VIIIB-2 REDUCTIONS	COL A94 SCH VIIIB-2 NR FY11-12	COL A95 SCH VIIIB-2 ANZ FY11-12	
	POS AMOUNT	POS AMOUNT	POS AMOUNT	CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
SCHEDULE VIIIB REDUCTIONS - OPERATING				33B0000
POTENTIAL REDUCTION - AMERICANS WITH DISABILITIES COMPLIANCE ACTIVITIES				33B0940

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A93 - SCH VIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2411 LOTTERY ADA COORDINATOR							
00655 001	1.00-	48,045-		24,544-	72,589-	0.00	72,589-
2412 CONTRACT COMPLIANCE COORDINATOR							
00504 001	1.00-	34,837-		22,106-	56,943-	0.00	56,943-
00517 001	1.00-	33,321-		21,827-	55,148-	0.00	55,148-
00587 001	1.00-	35,927-		22,307-	58,234-	0.00	58,234-
00596 001	1.00-	32,176-		21,614-	53,790-	0.00	53,790-
00623 001	1.00-	34,585-		22,060-	56,645-	0.00	56,645-
00654 001	1.00-	33,661-		21,889-	55,550-	0.00	55,550-
00725 001	1.00-	33,498-		21,860-	55,358-	0.00	55,358-
00737 001	1.00-	32,681-		13,013-	45,694-	0.00	45,694-
00780 001	1.00-	33,463-		21,853-	55,316-	0.00	55,316-
TOTALS FOR ISSUE BY FUND							
2510 OPERATING TRUST FUND							565,267-
	10.00-	352,194-		213,073-	565,267-		565,267-

	COL A93 SCH VIII B-2 REDUCTIONS	COL A94 SCH VIII B-2 NR FY11-12	COL A95 SCH VIII B-2 ANZ FY11-12	CODES
	POS AMOUNT	POS AMOUNT	POS AMOUNT	
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
SCHEDULE VIII B REDUCTIONS -				
OPERATING				33B0000
POTENTIAL REDUCTION - LEASE OF				
INSTANT TICKET VENDING MACHINES				33B0950
SPECIAL CATEGORIES				100000
LOTTERY ITVM				102382
OPERATING TRUST FUND -STATE	5,010,600-			2510 1

AGENCY ISSUE NARRATIVE:

SCH VIII B-2 NARR 11-12 NARRATIVE:
 PRIORITY #2

IT COMPONENT? NO

During FY 2009-10, the department deployed a new method of distribution for its Scratch-Off products. Instant Ticket Vending Machines (ITVMs) enhance sales by adding a self-service feature in retailer locations. The most recent analysis performed by the department indicates that retailers with ITVMs registered a 17% gain in Scratch-Off game sales, compared to the statewide (all-retailers) total growth figure of 2%. Retailers without ITVMs recorded approximately a 1% decrease in sales. In addition, when the department combines the net gain in sales for the 49-week period (\$51.7 Million) with what the vendor reports as sales through the ITVMs (\$186.6 Million), it can be deduced that \$134.9 Million of the ITVM sales comprised purchases shifted from store service counters or further that around 28% of sales through our ITVMs are net gains at the retailers having these machines. The department anticipates having additional units deployed during FY 2010-11. Given the historical and expected results, discontinuing the use of the ITVMs would negatively impact the Educational Enhancement Trust Fund (EETF) by approximately \$11.2 Million after the cost savings.

POTENTIAL REDUCTION - ELIMINATE				
BUSINESS DEVELOPMENT UNIT				33B0970
SALARY RATE				000000
SALARY RATE.....	293,491-			
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	5.00- 420,296-			2510 1

	COL A93	COL A94	COL A95		
	SCH VIIIB-2	SCH VIIIB-2	SCH VIIIB-2		
	REDUCTIONS	NR FY11-12	ANZ FY11-12		
POS	AMOUNT	POS	AMOUNT	POS	
				AMOUNT	
				CODES	
LOTTERY, DEPARTMENT OF THE					36000000
PGM: LOTTERY OPERATIONS					36010000
GOV OPERATIONS/SUPPORT					16
GOVERNMENTAL OPERATIONS					1601.00.00.00
SCHEDULE VIIIB REDUCTIONS -					
OPERATING					33B0000
POTENTIAL REDUCTION - ELIMINATE					
BUSINESS DEVELOPMENT UNIT					33B0970
EXPENSES					040000
OPERATING TRUST FUND -STATE	32,775-				2510 1
TOTAL: POTENTIAL REDUCTION - ELIMINATE					33B0970
BUSINESS DEVELOPMENT UNIT					
TOTAL POSITIONS.....	5.00-				
TOTAL ISSUE.....	453,071-				
TOTAL SALARY RATE.....	293,491-				

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-2 NARR 11-12 NARRATIVE:
 PRIORITY #6

IT COMPONENT? NO

The department established the Office of Business Development for the purposes of concentrating efforts on increasing the number of retailers in the department's distribution network. The department employs several primary recruiting methods: calls to prospective retailers, retailer outreach trips, retailer recruitment seminars, and responding to retailer inquiries from the Lottery's website, telephone, mail, and fax. As the unit identifies potential retailer leads, they are checked for qualifications then referred to the appropriate district staff for follow-up. During the last two fiscal years, the department has recruited just under 2,000 new retailers, not counting changes in ownership. Seventy-two percent of those new retailers were independent retailers. During the same two-year period the agency lost over 2,235 retailers for various reasons. Without the continuous search for new retailers to replace the terminating retailers, the department would experience a decline in overall sales. The unit current employs 5 Full Time Equivalent (FTEs). It is estimated that the elimination of the unit in FY 2011-12 could have a possible negative Educational Enhancement Trust Fund (EETF) impact of over \$45.3 Million. The budget reduction does not include the estimated leave payout of approximately \$70,000 that would be required.

POS	COL A93	COL A94	COL A95	CODES
	SCH VIIIB-2	SCH VIIIB-2	SCH VIIIB-2	
REDUCTIONS	NR FY11-12	ANZ FY11-12		
POS	AMOUNT	POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
SCHEDULE VIIIB REDUCTIONS -				
OPERATING				33B0000
POTENTIAL REDUCTION - ELIMINATE				
BUSINESS DEVELOPMENT UNIT				33B0970

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A93 - SCH VIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
1119 BUSINESS AND CIVIC AFFAIRS LIAISON							
00403 001	1.00-	76,830-		29,858-	106,688-	0.00	106,688-
3902 ADMINISTRATIVE ASSISTANT II							
00533 001	1.00-	34,315-		13,314-	47,629-	0.00	47,629-
4332 ACCOUNT EXECUTIVE							
00204 001	1.00-	57,176-		26,230-	83,406-	0.00	83,406-
00556 001	1.00-	47,670-		24,476-	72,146-	0.00	72,146-
1107 DIRECTOR OF BUSINESS DEVELOPMENT							
00009 001	1.00-	77,500-		32,927-	110,427-	0.00	110,427-
TOTALS FOR ISSUE BY FUND							
2510 OPERATING TRUST FUND							420,296-
	5.00-	293,491-		126,805-	420,296-		420,296-

POTENTIAL REDUCTION - ELIMINATE							
STRATEGIC PARTNERSHIPS							33B0980
SALARY RATE							000000
SALARY RATE.....	74,696-						

	COL A93	COL A94	COL A95	
	SCH VIIIB-2	SCH VIIIB-2	SCH VIIIB-2	
	REDUCTIONS	NR FY11-12	ANZ FY11-12	
POS	AMOUNT	POS	AMOUNT	POS
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				<u>1601.00.00.00</u>
SCHEDULE VIIIB REDUCTIONS -				
OPERATING				33B0000
POTENTIAL REDUCTION - ELIMINATE				
STRATEGIC PARTNERSHIPS				33B0980
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	1.00-			
	106,998-			2510 1
EXPENSES				040000
OPERATING TRUST FUND -STATE	6,555-			2510 1
SPECIAL CATEGORIES				100000
PAID ADVERTISING/PROMOTION				102380
OPERATING TRUST FUND -STATE	722,167-			2510 1
TOTAL: POTENTIAL REDUCTION - ELIMINATE				33B0980
STRATEGIC PARTNERSHIPS				
TOTAL POSITIONS.....	1.00-			
TOTAL ISSUE.....	835,720-			
TOTAL SALARY RATE.....	74,696-			

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-2 NARR 11-12 NARRATIVE:
 PRIORITY #5

IT COMPONENT? NO

The department has established numerous relationships with businesses, such as Universal Studios, Sunsports and Fox Sports that have partnered with the department in various games and/or promotions. These "Strategic Partners" provide the department with various platforms to help market Lottery products. The partnerships not only generate ticket sales but also provide the department with additional media value and branding opportunities. The department currently has 1 Full Time Equivalent position that is dedicated full time to developing new relationships and monitoring existing relationships. It is estimated that the elimination of this program for FY 2011-12, could have a potential negative impact on Educational Enhancement Trust Fund (EETF) of over \$6.5 Million after costs savings. The budget reduction does not include the estimated leave payout of just over \$16,000 that would be required.

	COL A93 SCH VIIIB-2 REDUCTIONS	COL A94 SCH VIIIB-2 NR FY11-12	COL A95 SCH VIIIB-2 ANZ FY11-12	
	POS AMOUNT	POS AMOUNT	POS AMOUNT	CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				<u>1601.00.00.00</u>
SCHEDULE VIIIB REDUCTIONS -				
OPERATING				33B0000
POTENTIAL REDUCTION - ELIMINATE				
STRATEGIC PARTNERSHIPS				33B0980

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A93 - SCH VIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2504 DIRECTOR OF STRATEGIC ALLIANCE MARKETING							
00550 001	1.00-	74,696-		32,302-	106,998-	0.00	106,998-
TOTALS FOR ISSUE BY FUND							
2510 OPERATING TRUST FUND							106,998-
	1.00-	74,696-		32,302-	106,998-		106,998-

TOTAL: GOVERNMENTAL OPERATIONS							<u>1601.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	16.00-						2000
SALARY RATE.....		20,086,057-					
		720,381-					

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