

	COL A90	COL A91	COL A92	
	SCH VIIIB-1	SCH VIIIB-1	SCH VIIIB-1	
	REDUCTIONS	NR FY10-11	ANZ FY10-11	
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 TO INSTANT				
TICKET PURCHASE CATEGORY				33B0010
SPECIAL CATEGORIES				100000
INSTANT TICKET PURCHASE				101740
OPERATING TRUST FUND	-STATE	1,059,800-		2510 1
		=====		

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO
 PRIORITY #3

The department's current appropriation for expenditures related to the Scratch-Off vendor is \$30.9 Million. Based on the most recent Revenue Estimating Conference (REC) forecast for the department, it is possible there will be a balance of \$1,059,800 at the end of the fiscal year. It is worth noting, the department strives to exceed REC forecasts and is just starting the holiday season, which has proven in the past to be the strongest selling period for scratch-off products.

POTENTIAL REDUCTION TO PAID				
ADVERTISING AND PROMOTION CATEGORY				33B0090
SPECIAL CATEGORIES				100000
PAID ADVERTISING/PROMOTION				102380
OPERATING TRUST FUND	-STATE	1,451,592-		2510 1
		=====		

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO
 PRIORITY #4

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's) recent estimated impact on EETF of (\$1.57 per dollar spent), this proposed reduction would negatively impact EETF by over \$2 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, 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.

	COL A90	COL A91	COL A92	
	SCH VIIIB-1	SCH VIIIB-1	SCH VIIIB-1	
	REDUCTIONS	NR FY10-11	ANZ FY10-11	
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 TO ADVERTISING				
AGENCY FEES - PERCENTAGE OF				
REDUCTION TO PAID ADVERTISING				
PROMOTION				33B0920
SPECIAL CATEGORIES				100000
ADVERTISING AGENCY FEES				102378
OPERATING TRUST FUND	-STATE	145,159-		2510 1

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO
 PRIORITY #5

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 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	559,500-		2510 1

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO
 PRIORITY #2

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

	COL A90	COL A91	COL A92	
	SCH VIIIIB-1	SCH VIIIIB-1	SCH VIIIIB-1	
	REDUCTIONS	NR FY10-11	ANZ FY10-11	
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 - COMPULSIVE				
GAMBLING PROGRAM				33B0930

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.

POTENTIAL REDUCTION - AMERICANS WITH DISABILITIES COMPLIANCE ACTIVITIES				33B0940
SALARY RATE				000000
SALARY RATE.....	113,515-			
	=====	=====	=====	
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	10.00-	282,531-		2510 1
	=====	=====	=====	
EXPENSES				040000
OPERATING TRUST FUND -STATE		32,775-		2510 1
	=====	=====	=====	
TOTAL: POTENTIAL REDUCTION - AMERICANS WITH DISABILITIES COMPLIANCE ACTIVITIES				33B0940
TOTAL POSITIONS.....	10.00-			
TOTAL ISSUE.....		315,306-		
TOTAL SALARY RATE.....	113,515-			
	=====	=====	=====	

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO
 PRIORITY #9

The Lottery is subject to the Federal ADA (Americans with Disabilities Act, 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

COL A90		COL A91		COL A92		CODES
SCH VIII B-1	SCH VIII B-1	SCH VIII B-1	SCH VIII B-1	SCH VIII B-1	SCH VIII B-1	
REDUCTIONS	NR FY10-11	NR FY10-11	NR FY10-11	ANZ FY10-11	ANZ FY10-11	
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 - AMERICANS						
WITH DISABILITIES COMPLIANCE						
ACTIVITIES						33B0940

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 as of January 2011 could have a negative Educational Enhancement Trust Fund (EETF) impact of approximately \$35 Million after the cost savings. This reduction would eliminate 10 currently occupied Full Time Equivalent positions. The budget reduction does not include the estimated leave payouts of approximately \$72,000 that would be required.

POSITION DETAIL OF SALARIES AND BENEFITS:

FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A90 - SCH VIII B-1 REDUCTIONS						
CHANGES TO CURRENTLY AUTHORIZED POSITIONS						
2411 LOTTERY ADA COORDINATOR						
00655 001	1.00-	17,397-	18,887-	36,284-	0.00	36,284-
2412 CONTRACT COMPLIANCE COORDINATOR						
00504 001	1.00-	10,793-	17,668-	28,461-	0.00	28,461-
00517 001	1.00-	10,035-	17,529-	27,564-	0.00	27,564-
00587 001	1.00-	11,338-	17,768-	29,106-	0.00	29,106-
00596 001	1.00-	9,463-	17,422-	26,885-	0.00	26,885-
00623 001	1.00-	10,667-	17,645-	28,312-	0.00	28,312-
00654 001	1.00-	10,205-	17,560-	27,765-	0.00	27,765-
00725 001	1.00-	10,124-	17,544-	27,668-	0.00	27,668-
00737 001	1.00-	13,386-	9,451-	22,837-	0.00	22,837-
00780 001	1.00-	10,107-	17,542-	27,649-	0.00	27,649-

	COL A90 SCH VIIIB-1 REDUCTIONS POS	COL A91 SCH VIIIB-1 NR FY10-11 POS	COL A92 SCH VIIIB-1 ANZ FY10-11 POS	AMOUNT	AMOUNT	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
A90 - SCH VIIIB-1 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
TOTALS FOR ISSUE BY FUND							
2510 OPERATING TRUST FUND							282,531-
	10.00-	113,515-		169,016-	282,531-		282,531-

POTENTIAL REDUCTION - LEASE OF INSTANT TICKET VENDING MACHINES							33B0950
SPECIAL CATEGORIES							100000
LOTTERY ITVM							102382
OPERATING TRUST FUND -STATE	2,328,200-						2510 1

AGENCY ISSUE NARRATIVE:

SCH VIIIB-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO
 PRIORITY #6

During the last fiscal year, 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

	COL A90 SCH VIII B-1 REDUCTIONS	COL A91 SCH VIII B-1 NR FY10-11	COL A92 SCH VIII B-1 ANZ FY10-11	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 VIII B REDUCTIONS - OPERATING				33B0000
POTENTIAL REDUCTION - LEASE OF INSTANT TICKET VENDING MACHINES				33B0950

ITVMS are net gains at the retailers having these machines. Given these results, discontinuing the use of the ITVMS would negatively impact the Educational Enhancement Trust Fund (EETF) by approximately \$5.6 Million after the cost savings.

POTENTIAL REDUCTION - DISCONTINUE INSTALLATION OF ADDITIONAL INSTANT TICKET VENDING MACHINES				33B0960
SPECIAL CATEGORIES				100000
LOTTERY ITVM				102382
OPERATING TRUST FUND -STATE	230,600-			2510 1

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AGENCY ISSUE NARRATIVE:
 SCH VIII B-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO
 PRIORITY #1

The department's appropriation for ITVMS was increased in FY 2010-11 in anticipation of the department deploying additional units. The installation schedule has now been finalized and the department has estimated that based on the current installation dates, there will be a balance in the FY 2010-11 appropriation of \$230,600.

POTENTIAL REDUCTION - ELIMINATE BUSINESS DEVELOPMENT UNIT				33B0970
SALARY RATE				000000
SALARY RATE.....	117,496-			
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	5.00- 210,095-			2510 1

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	COL A90	COL A91	COL A92	
	SCH VIIIIB-1	SCH VIIIIB-1	SCH VIIIIB-1	
	REDUCTIONS	NR FY10-11	ANZ FY10-11	
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 - ELIMINATE				
BUSINESS DEVELOPMENT UNIT				33B0970
EXPENSES				040000
OPERATING TRUST FUND -STATE	16,388-			2510 1
TOTAL: POTENTIAL REDUCTION - ELIMINATE				33B0970
BUSINESS DEVELOPMENT UNIT				
TOTAL POSITIONS.....	5.00-			
TOTAL ISSUE.....	226,483-			
TOTAL SALARY RATE.....	117,496-			

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-1 NARR 10-11 NARRATIVE:
 PRIORITY #8

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 Equivalents. It is estimated that the elimination of the unit in January 2011 could have a possible negative Educational Enhancement Trust Fund (EETF) impact of over \$22.6 Million during the last half of the fiscal year. The budget reduction does not include the estimated leave payout of approximately \$70,000 that would be required.

	COL A90	COL A91	COL A92	
	SCH VIIIB-1	SCH VIIIB-1	SCH VIIIB-1	
	REDUCTIONS	NR FY10-11	ANZ FY10-11	
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-			
	53,487-			2510 1
EXPENSES				040000
OPERATING TRUST FUND -STATE		3,278-		2510 1
SPECIAL CATEGORIES				100000
PAID ADVERTISING/PROMOTION				102380
OPERATING TRUST FUND -STATE		353,201-		2510 1
TOTAL: POTENTIAL REDUCTION - ELIMINATE				33B0980
STRATEGIC PARTNERSHIPS				
TOTAL POSITIONS.....	1.00-			
TOTAL ISSUE.....		409,966-		
TOTAL SALARY RATE.....		30,927-		

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO
 PRIORITY #7

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 as of January 2011, could have a potential negative impact on the Educational Enhancement Trust Fund (EETF) of over \$3.2 Million after costs savings. The budget reduction does not include the estimated leave payout of just over \$16,000 that would be required.

	COL A90 SCH VIIIB-1 REDUCTIONS	COL A91 SCH VIIIB-1 NR FY10-11	COL A92 SCH VIIIB-1 ANZ FY10-11		CODES
	POS AMOUNT	POS AMOUNT	POS AMOUNT		
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
A90 - SCH VIIIB-1 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2504 DIRECTOR OF STRATEGIC ALLIANCE MARKETING							
00550 001	1.00-	30,927-		22,560-	53,487-	0.00	53,487-
TOTALS FOR ISSUE BY FUND							
2510 OPERATING TRUST FUND							53,487-
	1.00-	30,927-		22,560-	53,487-		53,487-

TOTAL: GOVERNMENTAL OPERATIONS							<u>1601.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	16.00-						2000
SALARY RATE.....		6,726,606-					
		261,938-					

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