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 COL A93  
 SCH VIIIIB-2  
 REDUCTIONS  
 POS AMOUNT  
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LOTTERY, DEPARTMENT OF THE			36000000
<u>PGM: LOTTERY OPERATIONS</u>			36010000
<u>GOV OPERATIONS/SUPPORT</u>			16
<u>GOVERNMENTAL OPERATIONS</u>			<u>1601.00.00.00</u>
STATE FUNDING REDUCTIONS			3300000
POTENTIAL REDUCTION TO INSTANT			
TICKET VENDING MACHINE - ITVM			
LEASE			3301100
SPECIAL CATEGORIES			100000
LOTTERY ITVM			102382
OPERATING TRUST FUND	-STATE	5,010,600-	2510 1
		=====	

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AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 12-13 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #2

In order to achieve the designated 10% reduction target, the Lottery would have to recommend decreasing this category. Beginning in August 2009, the Florida Lottery commenced the distribution of 1,000 Instant Ticket Vending Machines (ITVMs) throughout the state. By October 2009, all 1,000 ITVMs were in place and selling Florida Lottery Scratch-Off tickets. On July 1, 2010, an additional 500 ITVMs were distributed across the state in prime sales locations, bringing the number of ITVMs in the state to a total of 1,500. In the first full year, Fiscal Year 2010-11, retailers with ITVMs recorded 18% growth from the same timeframe from the previous year while statewide Scratch-Off game sales declined slightly. 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.

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POTENTIAL REDUCTION TO PAID			
ADVERTISING AND PROMOTION			3301200
SPECIAL CATEGORIES			100000
PAID ADVERTISING/PROMOTION			102380
OPERATING TRUST FUND	-STATE	6,714,326-	2510 1
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AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 12-13 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #3

In order to achieve the designated 10% reduction 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 & Government Accountability's (OPPAGA's) estimated impact on EETF of \$1.57 per dollar spent, this proposed reduction would negatively impact the EETF by over \$10.5 Million dollars after the savings realized from the media costs. Advertising media

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LOTTERY, DEPARTMENT OF THE		36000000
<u>PGM: LOTTERY OPERATIONS</u>		36010000
<u>GOV OPERATIONS/SUPPORT</u>		16
<u>GOVERNMENTAL OPERATIONS</u>		<u>1601.00.00.00</u>
STATE FUNDING REDUCTIONS		3300000
POTENTIAL REDUCTION TO PAID		
ADVERTISING AND PROMOTION		3301200

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.

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POTENTIAL REDUCTION TO ADVERTISING		
AGENCY FEES		3301300
SPECIAL CATEGORIES		100000
ADVERTISING AGENCY FEES		102378

OPERATING TRUST FUND	-STATE	671,433-	2510	1
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AGENCY ISSUE NARRATIVE:  
 SCH VIIIIB-2 NARR 12-13 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 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 Priority #3. The General Market Agency contract, the largest percentage of the expenditure, was recently renegotiated with a reduction in fees from the prior contract.

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POTENTIAL REDUCTION TO STRATEGIC		
PARTNERSHIPS		3301400
SALARIES AND BENEFITS		010000

OPERATING TRUST FUND	-STATE	106,998-	2510	1
		=====		

		COL A93	
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		REDUCTIONS	
POS	AMOUNT		CODES
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LOTTERY, DEPARTMENT OF THE			36000000
PGM: LOTTERY OPERATIONS			36010000
GOV OPERATIONS/SUPPORT			16
GOVERNMENTAL OPERATIONS			<u>1601.00.00.00</u>
STATE FUNDING REDUCTIONS			3300000
POTENTIAL REDUCTION TO STRATEGIC			
PARTNERSHIPS			3301400
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 TO STRATEGIC			3301400
PARTNERSHIPS			
TOTAL ISSUE.....		835,720-	
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AGENCY ISSUE NARRATIVE:  
 SCH VIIIIB-2 NARR 12-13 NARRATIVE:  
 PRIORITY #5

IT COMPONENT? NO

The department has established numerous relationships with businesses, such as Universal Studies, 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 FTE that is dedicated full time to developing new relationships and monitoring existing relationships. It is estimated that the elimination of this program for Fiscal Year 2012-13, could have a potential negative impact on the Educational Enhancement Trust Fund (EETF) of over \$6.5 Million after cost savings.

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COL A93 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE		36000000
PGM: LOTTERY OPERATIONS		36010000
GOV OPERATIONS/SUPPORT		16
GOVERNMENTAL OPERATIONS		1601.00.00.00
STATE FUNDING REDUCTIONS		3300000
POTENTIAL REDUCTION TO STRATEGIC PARTNERSHIPS		3301400

POSITION DETAIL OF SALARIES AND BENEFITS:

FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A93 - SCH VIIIIB-2 REDUCTIONS						
CHANGES TO CURRENTLY AUTHORIZED POSITIONS						
OTHER SALARY AMOUNT						
2510	OPERATING TRUST FUND					106,998-
						-----
						106,998-
						=====

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REDUCTIONS DUE TO EFFICIENCIES		3306700
EXPENSES		040000
OPERATING TRUST FUND	-STATE	251,090-
		=====
		2510 1

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AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 12-13 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #1

The Florida Lottery acknowledges that due to reductions in staffing levels over the past several years, the office space used to house headquarters personnel currently exceeds the targeted space recommendations by the Department of Management Services (DMS). As a result, the Lottery has proactively made a significant effort to reduce costs and space, and has entered into a Sublease Agreement with State of Florida, Agency for Workforce Innovation, Office of Early Learning Services to lease to them 14,854 square feet. During Fiscal Year 2012-13 the Sublease payment to the Florida Lottery will amount to \$251,090. This amount will offset the current expense category and directly result in additional transfer to the Educational Enhancement Trust Fund.

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SCH VIII B-2  
REDUCTIONS  
POS AMOUNT  
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CODES

LOTTERY, DEPARTMENT OF THE  
PGM: LOTTERY OPERATIONS  
GOV OPERATIONS/SUPPORT  
GOVERNMENTAL OPERATIONS

36000000  
36010000  
16  
1601.00.00.00

TOTAL: GOVERNMENTAL OPERATIONS  
BY FUND TYPE

1601.00.00.00

TRUST FUNDS..... 13,483,169-  
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2000