

RICK SCOTT
Governor



CYNTHIA F. O'CONNELL
Secretary

FLORIDA LOTTERY

LONG RANGE PROGRAM PLAN

September 30, 2011

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221 Capitol
Tallahassee, Florida 32399-1300

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Senate Budget Committee
201 Capitol
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Florida Lottery is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2012-13 through Fiscal Year 2016-17. This submission has been approved by Cynthia F. O'Connell, Secretary, Florida Lottery.

Any questions concerning this submission can be directed to the Florida Lottery's Budget Manager, Melisa Spivey, at 487-7777 extension 2440.

Sincerely,

A handwritten signature in blue ink that reads "Cynthia B. Jackson".

Cynthia B. Jackson, CPA
Chief Financial Officer

CBJ/ms
Enclosures





Long Range Program Plan Fiscal Years 2012-13 through 2016-17

September 30, 2011

Cynthia F. O'Connell
Secretary

Florida Lottery Mission Statement

To operate the state lottery as authorized by Section 15, Article X of the State Constitution so as to maximize revenues in a manner consonant with the dignity of the state and the welfare of its citizens.

Maximize Education Revenues

Agency Goals

In the Florida Lottery's 24th year of operation, the department continues to recognize the need for constant commitment and perseverance to meet the challenges resulting from the slowing growth typical of mature lotteries and a slumping economy. The Florida Lottery continues to focus on the goal of increasing transfers to the Educational Enhancement Trust Fund (EETF) to support improvements to public education. With the objective of transferring at least \$1 billion annually to the EETF, the Florida Lottery's contributions have grown from \$694 million in its first full year of operation (FY 1988-89) to \$1.19 billion in FY 2010-11.

The Lottery will aggressively pursue strategies over the next few years to:

- Continually increase transfers to the Educational Enhancement Trust Fund;
- Refresh and expand the Lottery's corporate image resulting in opening new markets and methods of electronic marketing; and
- Allow Florida's players additional opportunities by providing new locations and more convenient purchasing technology while maintaining the integrity and security of the product and process.



Agency Objectives

The Florida Lottery refuses to simply accept the notion that as a mature organization it must accept the fate of slower growth and lower sales. The department continues to set goals to move the organization forward to transcend the stagnant perception. The Lottery's mission of increasing education funding is one that all Floridians – especially teachers, parents, and students – can embrace. By implementing the items outlined in this long-range plan, the Lottery is working towards regaining and surpassing its previous sales levels by reaching the goal of \$5 billion in annual sales.

As previously stated, the Lottery's primary objective is to transfer at least \$1 billion annually to the Educational Enhancement Trust Fund. To assist the Lottery in projecting the outcome of its future performance with regard to annual transfers to the EETF, and forecasting the operating requirements necessary to achieve its goals and objectives, a Performance Projection Table has been included to reflect the Lottery's annual performance targets.



Agency Service Outcome and Performance Projection Table (Based on Revenue Estimating Conference)

(Outcome: Annual Transfers to the EETF)

Baseline FY 1997-98	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
\$801.68 M	\$1.21 Billion	\$1.24 Billion	\$1.25 Billion	\$1.27 Billion	\$1.27 Billion

The Lottery's financial impact to the state goes well beyond merely selling tickets and paying prizes. One result that provides positive dividends to the state's overall bottom-line includes significant savings to debt management. Due to the Lottery's stable revenue projections, the Division of Bond Finance was able earlier this year to refinance \$242 million in 2002 and 2003 Lottery Revenue bonds with the result of saving \$24 million dollars in reduced interest payments to the bond holders. Paying less interest on outstanding bond debt permits a larger percentage of Lottery revenue to go directly to education programs funded via EETF.

Performance Goals and Projection Table (Based on Florida Lottery Internal Goals)

	FY 2010-11		FY 2011-12	FY 2012-13
	Goal	Actual	Goal	Goal
Annual Transfers to EETF	\$1.16 Billion	\$1.19 Billion	\$1.25 Billion	\$1.27 Billion
Sales	\$3.97 Billion	\$4.00 Billion	\$4.22 Billion	\$4.27 Billion
Retailer Distribution Network	13,200	13,270	13,700	13,835
Containing Executive and Administrative Costs to less than 5% of total agency costs	Standard 6.2%	4.2%	5%	5%
Administration Positions less than 12% of total agency positions		13.7%	12%	12%



Linkage to Governor's Priorities

Governor Rick Scott has identified several issues that are of priority to his administration:

1. Accountability Budgeting
2. Reduce Government Spending
3. Regulatory Reform
4. Focus on Job Growth and Retention
5. World Class Universities
6. Reduce Property Taxes
7. Eliminate Florida's Corporate Income Tax Over Seven Years

Education is the Future of Florida

The Florida Lottery supports the majority of these priorities with a focused approach ensuring it operates its business efficiently and effectively to contribute a growing amount to the education system that supports the future of Florida's economy. Education is the key to success for all Florida's students and thereby Florida's economy. From the first day of pre-kindergarten to the last day in one of Florida's world class universities, students' futures begin to take shape as they work to make their dreams come true. The Florida Lottery is proud to help make these dreams a reality.

Every lottery ticket sold contributes to improved opportunities for success for Florida students. As of June 30, 2011, Florida Lottery ticket sales have generated more than \$22 billion to education. While Lottery contributions are not the majority of the funds required to fund the state's entire education system, the Florida Lottery's contributions can be seen in every facet of Florida's public education system. The Lottery has funded more than 1.5 million Bright Futures scholarships since the program's inception in 1997. Lottery funds also contribute to K-12 programs in Florida's 67 school districts; bonds for school construction and maintenance; state universities and community colleges, including workforce education programs; and other state student financial aid.

Not only is the Lottery committed to improving the education of the children of Florida, but two of its major vendors realize the importance of a quality education by sponsoring opportunities for learning experiences. The "After School Advantage Program" opens three new computer centers per year providing computer access to at-risk children ages 5-18 in afterschool programs. Additionally, seven selected Bright Futures scholarship students are offered annual internships in areas such as marketing research, account management, copywriting, design, and media.



Florida Lottery employees also show their commitment to Florida students by mentoring through programs such as the Florida Mentoring Partnership. In FY 2010-11, twenty-five Lottery employees assisted public school students as mentors or tutors by providing extra support needed to help these students have a successful school year.

Established Business Practices for Sustainable Growth

Being a \$4 billion-per-year business focused on maximizing profits, it is paramount that the Florida Lottery embraces proven business principles designed to ensure an enterprise with sustainable growth. These are the same concepts Governor Scott has incorporated into his operating guidelines for state government: accountability, cost efficiencies, process reform, and measured outcomes. These practices will assist the state in achieving the goal of world class education and job growth.

The Lottery demonstrated its continued popularity and public demand for its products by growing once again in FY 2010-11. The established sales goals require the department to create and market new games to stimulate new and existing players to resume and/or increase their existing Lottery purchases. During FY 2010-11, the Lottery launched three new products - CASH 3™ 1-OFF™, LUCKY LINES™ and FLORIDA LOTTO™ with XTRA®, as well as numerous promotions and second chance experiences for players. Marketing research conducted by both the department and an external service assisted the Lottery in focusing its efforts on elements resulting in the highest net gain for the state. The department continues to efficiently exercise the variable prize payout authority granted by the Legislative in 2005 in order to create successful products. Again, the department achieved the goal of generating over \$4 billion in sales by providing its customers with more choices and enhanced options in a competitive environment.

The Lottery's product distribution model is solidly based on mutually beneficial relationships with various Florida businesses. The model for developing and maintaining these relationships is based on customer service rather than regulation. During FY 2010-11, the Lottery contracted with more than 13,200 businesses, located throughout the state, who earned more than \$223 million in commissions and incentives by selling tickets and redeeming prizes. Approximately \$63 million of that amount was paid in commissions to minority retailers statewide.

Retailers use their commissions in a number of ways, including paying current personnel salaries, hiring additional personnel, improving retailer facilities, and advertising. Commission dollars are often used to grow businesses, attract customers and help stimulate Florida's economy. Florida Lottery customers often make multiple trips to retail locations increasing the likelihood of making additional purchases of staple inventory.

During the spring of 2011, the Lottery reviewed all of its administrative rules to ensure no



unnecessary barriers restrict businesses from becoming members of the distribution chain. The Lottery routinely reviews its rules and policies to meet the requirements of a changing competitive environment, to ensure the integrity of the products and/or to bolster public confidence.

The Florida Lottery values the businesses that sell its products. Customer satisfaction surveys are continuously utilized to measure the Lottery's approval rating among retailers and ensure the relationship is performing at its maximum efficiency. The Lottery also uses periodic business reviews with the retailers to show the owners available business opportunities which could be used to enhance their own revenue stream from Lottery sales.

Sustainable growth is dependent on measurable increases in the distribution chain. The Florida Lottery is not only focused on increasing the number of members in the distribution chain, but also providing distribution options to businesses willing to enter the network. Within the last 18 months, the Lottery has deployed 1,500 Instant Ticket Vending Machines (ITVMs) in locations throughout the state to enhance purchasing convenience. Constant monitoring of sales generated by those locations ensures that the placement of the machines continues to be profitable for both the business owner and the Education Enhancement Trust Fund. The department continues to research and advocate for other distribution options, such as Full Service Vending Machines, to enhance the existing network.

In FY 2010-11, the Florida Lottery disbursed approximately \$2.46 billion to winners of lottery prizes. Approximately 75 percent of the prizes were paid by retailers. Retailers not only receive a bonus commission for cashing these prizes, but they also put cash in the hands of customers who are in their stores. What better place for customers to spend some or all of their prize payout than in the store where they already shop? This is yet another way that the Lottery helps increase retail sales and contributes to the local economy.

Competitive procurement, contract monitoring and process reengineering are routine techniques employed by the Lottery to ensure that operations are streamlined and its business partners are performing as expected. These efforts help the Lottery focus its activities on areas most likely to support the sustainable growth initiatives. Resources are evaluated at every opportunity to determine the return on investment and/or available alternatives. The department utilizes best practices, contract renegotiations, performance monitoring and competitive procurement techniques in order to obtain the best values for product development and prizes.

In order to ensure the Lottery can function efficiently during times of disaster, the Lottery's Division of Security is responsible for maintaining and coordinating the Department's Continuity of Operations Plan in close coordination with the Florida Division of Emergency Management. The department routinely conducts failover tests and COOP activation drills to ensure the department is prepared to respond during detrimental weather conditions or other types of disasters.



Integrity and Public Confidence

The Lottery is required by statute to have a Division of Security to promote and protect the integrity of, and public confidence in, the department and the lottery games. This division is responsible for maintaining the security of the facilities, data, game drawings, and the integrity of employees, retailers, and major service providers. These efforts serve to maintain the public's confidence and trust that Lottery games are operated in a fair and consistent way and that every ticket has an opportunity to win. Failing to do so and losing public confidence in the process would negatively impact sales. Lottery tickets lose their value if there is no confidence in the integrity of the product and the outcome of the drawings.

Background investigations are conducted on all department employees, retailers, and service providers for major procurements. This scrutiny helps ensure that personnel employed at the Lottery or involved in the Lottery business are of high moral character, which serves to protect the integrity of the Lottery operations.

Pursuant to Section 24.108, Florida Statutes, the Florida Lottery must, at least once every two years, engage an independent firm experienced in security procedures to conduct a comprehensive study and evaluation of all aspects of security in the operation of the Lottery. The Department recently completed the evaluation process, and the report has been presented to management and members of the legislature. The 2010 evaluation states: "The overall security of the Florida Lottery is very good. The results of our organizational scan indicate a very strong security culture within the organization."

Scratch-off ticket security is ensured by a high level of security at the printer location during packing and delivery of the tickets. Each new game is thoroughly tested and ticket security criteria scrutinized by the Lottery's Division of Security prior to the launch of the game. The Department employs an extensive system of internal controls and procedures to ensure the integrity of lottery drawings for on-line games, including secure storage of draw machines and ball sets, a monitored storage vault with strict access procedures, multiple recordings of every drawing by broadcast and Lottery Security staff. An independent verification of the results of each drawing is performed by an employee of the Division of Security and an accountant from an independent certified public accounting firm. A number of additional on-line ticket security requirements were implemented to accommodate and support the sale of POWERBALL® tickets in the state of Florida.

Internal controls are also in place for the frequent second chance drawings offered by the Lottery which allow players to enter non-winning scratch-off tickets in the Lottery's website for promotion prizes and merchandise. These drawings are also overseen by the Division of Security and witnessed by an accountant from an independent certified public accounting firm.



Supporting Community and Public Safety

With the help of Lottery special agents and security officers, the Florida Lottery has joined other law enforcement agencies and media outlets in partnering with the Florida Department of Law Enforcement's (FDLE) Missing Endangered Persons Information Clearinghouse (MEPIC) by participating in Amber Alert activations. During FY 2010-11, the Florida Lottery was involved in eleven Amber Alert activations. When the Lottery receives an Amber Alert notification from FDLE, the information is forwarded via terminal messaging to Lottery retailers in the requested areas providing key information regarding the missing child (sometimes with a photograph), the suspect and the suspect's vehicle, if known. Retailer employees and members of the public who are in the store are then able to view this information. The Lottery's website is also updated to indicate that an Amber Alert is in progress and provides a link to the FDLE MEPIC Web site page. Amber Alert notifications have played a role in successful resolution and recovery of the missing child.

The Florida Lottery's Division of Security also acts in a support role to Emergency Support Function (ESF) at the State Emergency Operations Center in response to disaster events. The sworn personnel within the Division of Security participate, with all state law enforcement, in the Florida Mutual Aid Plan that is put into action during and following disasters.

Lottery special agents provide valuable lead information to local law enforcement investigators when lottery tickets are reported stolen by retailers. Often, multiple offenses are solved within their jurisdictions. Retailers benefit by getting the perpetrators of those crimes off the street; books of tickets, that can potentially be re-activated and sold to players, are sometimes recovered, too. The special agents also assist retailers by providing important transaction information to local law enforcement or loss prevention investigators when internal theft is suspected and work directly with the State Attorney's Office to submit appropriate paperwork for the filing of criminal charges.

All of these illustrate the Florida Lottery's commitment to protecting citizens and visitors of our state.



Trends and Conditions Statement

The Florida Lottery was created in 1988 to be a self-supporting, revenue-producing department of state government. In authorizing the Florida Lottery to function as much as possible in the manner of an entrepreneurial business enterprise, the Florida Legislature recognized that the operation of a lottery is a unique activity of state government, and that the structures and procedures appropriate to the performance of other governmental functions are not necessarily appropriate to the successful operation of a state lottery.

The Lottery offers a variety of On-line games, Scratch-Off games, and promotions that have generated more than \$63 billion in revenues, more than \$34 billion in prizes and \$22 billion in transfers to the Educational Enhancement Trust Fund. The Florida Lottery is a ticket to the future for Florida's students. With the patronage of lottery players, the dedication of retailers and employees, a state-of-the-art gaming system, and the insight of Florida's Governor and Legislature, the future looks bright for the Florida Lottery, its players and beneficiaries.

Because every lottery ticket sold contributes to endless opportunities for success for Florida students, the Florida Lottery is strongly focused on achieving the Agency's goals. These include continually increasing transfers to the Educational Enhancement Trust Fund, refreshing and expanding the Lottery's corporate image through new markets and electronic marketing, and providing new convenient purchasing technology while maintain the integrity and security Floridians expect. Following is a list of accomplishments that reiterate the Lottery's commitment to these priorities.

Accomplishments ⇒

- FY 2010-11 was the 9th consecutive year the Florida Lottery transferred in excess of \$1 billion to the Educational Enhancement Trust Fund (EETF).
- Florida ranked 5th highest in the domestic lottery industry for government transfers to its beneficiary (the EETF) as a percentage of sales.
- In FY 2010-11, the Lottery achieved \$4.007 billion in total ticket sales despite a slow economy.
- Florida POWERBALL® sales are number 1 nationally and are 37% higher than the next highest state.
- The Lottery boasts the strongest \$20 Scratch-Off ticket sales in the nation.
- In FY 2010-11, total ticket sales were the 3rd highest in the nation.



- The Lottery offers one of the highest selling licensed-property Scratch-Off games in the nation.
- The Lottery's FLORIDA LOTTO™ game is the strongest single-state lotto game per capita in the nation.
- Gold Rush is the Lottery's best \$20 Scratch-off game for the past seven years and has contributed over \$2 billion in sales since its launch in 2004.
- The Lottery is ranked among the top 12 in the domestic lottery industry in per capita sales.
- The Lottery is ranked among the top 5 in the domestic lottery industry for total Scratch-Off sales.
- The Lottery is ranked 9th in worldwide lotteries for total Scratch-Off sales.

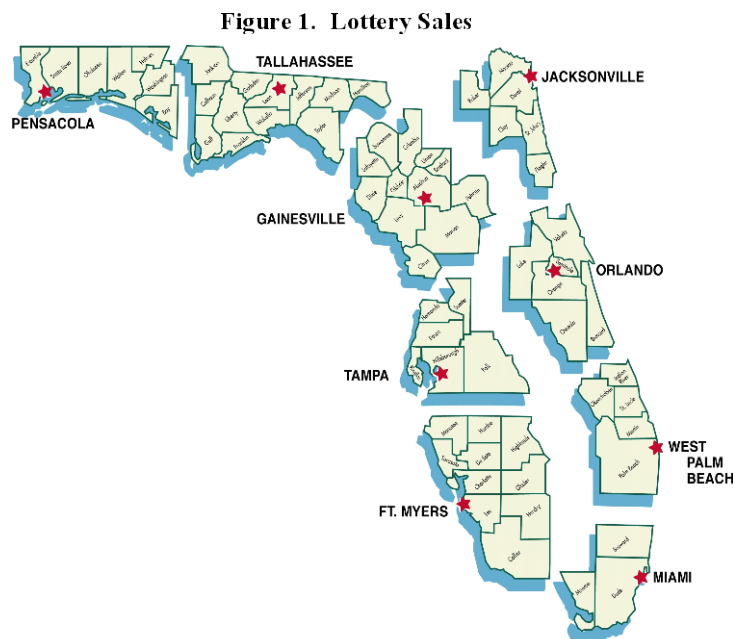
LaFleur's 2011 World Lottery Almanac



Current Lottery Operations

During the recent economic downturn, the Lottery, like many other business, felt the effect of decreased spending on the part of consumers. The fluctuation of gasoline prices and the resulting drop in available funds for discretionary spending in products like lottery tickets seem to be the key factors for the declines; however, other economic conditions, most notably the rise in home foreclosures, the credit crisis and the increase in grocery prices, are also likely contributors. However, during FY 2010-11, the Florida Lottery once again began to realize growth from its continued efforts to engage the public and neutralize the economic impact. The lottery achieved total revenues exceeding \$4.02 billion, up three percent from \$3.91 billion in FY 2009-10. Transfers to the Educational Enhancement Trust Fund for FY 2010-11 were approximately \$1.19 billion (unaudited), while lower than the previous year, due to the shift in sales from the On-line products to the Scratch-Off products and some significant non-recurring revenues. Fiscal year 2010-2011 marks the ninth consecutive year that transfers to the Educational Enhancement Trust Fund have exceeded \$1 billion.

The Florida Lottery headquarters is located in Tallahassee, with nine district offices located throughout the state that provide prize payment services to the public, as well as sales and marketing support to a network of over 13,200 retailers. The district offices are located in Pensacola, Tallahassee, Jacksonville, Gainesville, Orlando, Tampa, West Palm Beach, Fort Myers and Miami. (Figure 1)



During the last nine years, the Florida Lottery has continued to add more retailers to its network and games to its product line without increasing the level of staffing.

Table 1 represents a comparative statement of income and expenses for the last five fiscal years. As depicted, the data demonstrates the challenges faced by a mature organization attempting to recover from negative economic impacts. In FY 2006-07, the Lottery was in the midst of a growth cycle, spurred by residual impact from an expansion of variable prize payout authority. Since that time, total revenues reflect a slight decrease in the last five years from \$4.12 billion to \$4.01 billion (-2.9%). When viewed over a longer period, it is evident that the recent increases are returning the Lottery to previously obtained sales levels. The Lottery's contributions to public education during this particular five year period have decreased from \$1.26 billion to approximately \$1.19 billion (-5.7%) during. Noteworthy is the fact that the Lottery's operating costs, expressed as a percentage of revenue, have fluctuated slightly during the five years but are relatively stable at 1.78% in FY 2010-11. In this document, operating costs include only those costs that are administratively tied to the operations of the Lottery, and do not include those costs that correlate to sales volume, such as payments to On-line and Scratch-Off ticket vendors, retailer commissions, or prizes.

Table 1

Comparative Statement of Income and Expenses (Millions)

	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11*
Total Revenues	\$4,142.50	\$4,203.30	\$3,960.10	\$3,914.10	\$4,021.30
Total EETF Transfers	\$1,263.20	\$1,283.40	\$1,287.80	\$1,247.10	\$1,191.80
Total Operating Costs **	\$73.20	\$72.60	\$71.20	\$71.50	\$71.40
Total FTE's	440	440	438	438	437
Operating Costs as a Percent of Total Revenue	1.77%	1.73%	1.80%	1.83%	1.78%
EETF Contribution per FTE	\$2.90	\$2.90	\$2.90	\$2.80	\$2.70

*Data for FY 2010-11 is unaudited.

**Department operations only.



After two years of revenue declines, the sales trend appears to be returning to a desired increasing status. Table 2 provides an illustration of sales by product for the five most recent fiscal years. As shown, Scratch-Off ticket sales have almost returned to previous levels while On-line products are continuing to decline as POWERBALL® sales are now leveling off after the initial increases from built-up demand for the nationally recognized multi-state game.

Table 2

Comparative Statement of Sales (Millions)

	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Scratch-Off	\$2,283.6	\$2,368.8	\$2,064.1	\$2,078.1	\$2,225.7
LOTTO	\$735.6	\$779.0	\$650.6	\$445.9	\$411.4
Fantasy 5	\$326.2	\$309.4	\$287.3	\$282.0	\$282.8
Cash 3	\$348.7	\$336.1	\$320.2	\$304.0	\$313.3
Play 4	\$225.3	\$227.9	\$239.0	\$235.0	\$235.7
Mega Money	\$130.1	\$122.7	\$102.2	\$92.1	\$89.0
Raffle	\$72.5	\$30.8	\$41.3	\$29.3	\$12.6
Power Ball			\$233.4	\$434.1	\$393.0
Total On-line	\$1,838.4	\$1,805.9	\$1,873.9	\$1,822.4	\$1,783.0
Total Ticket Sales	\$4,122.1	\$4,174.8	\$3,938.0	\$3,900.5	\$4,008.7

* Data for FY 2010-11 is unaudited.

The Lottery is constantly pursuing a comprehensive and aggressive strategy to out-perform the projections of the Revenue Estimating Conference (REC) with regards to sales and EETF revenue. For FY 2010-11, the Lottery exceeded both the sales and EETF transfer forecasts. The REC has forecasted continued growth for FY 2011-12, with increases in both Scratch-Off (7.63%) and On-line (1.88%) ticket sales for a combined ticket sales increase of 5.07%.

Though attainable, this comprehensive and aggressive strategy will not be easy. It should be noted that nothing outlined within this strategy should be construed as an expansion of lottery gaming. All of the game ideas outlined are considered "traditional" lottery games. The effort to expand the distribution base is designed to moving Florida to a per capita level comparable to other successful states and making the approved products more conveniently accessible to the public. As a matter of policy, however, if the Governor and Legislature direct the Lottery to



undertake additional initiatives beyond its current authority, our efforts will be directed to implement those initiatives in a responsive and responsible manner.

Strategy for Sustainable Growth

In order for the Lottery to focus its activities on the critical elements needed to ensure the growing demands for revenue continue to be met, the management team evaluated the strengths, weaknesses, opportunities, and treats of the enterprise. This evaluation is the basis for the strategy that we believe will promote the sustainable growth the State of Florida requires for the World Class Education System Governor Scott has depicted.

Listed below are a few of the key findings uncovered during the evaluation process.

Strengths ⇨

- Florida Lottery is ranked third in total lottery sales in the U.S.
- The Lottery is ranked among the top 5 in the domestic lottery industry for total Scratch-Off sales.
- The Lottery is ranked 9th in worldwide lotteries for total Scratch-Off sales.
- National reputation and recognition as one of the most efficient lotteries with a 23 year reputation built on integrity and trust.
- Strong, transparent integrity and responsible business practices including internal controls with game, prize payments and drawing activities.
- Variable payout authority for both the Scratch-Off and On-line games.
- Scratch-Off contract designed in flexible manner to facilitate various approaches for increased sales.
- On-line gaming contract allows additional growth to 20,000 terminals and many opportunities for new play styles and promotions.
- Scratch-Off sales have increased for the 1,500 retailers having an Instant Ticket Vending Machine (ITVM) resulting in a higher return on investment than anticipated.
- POWERBALL® game continues to provide an additional revenue source and increased player enjoyment.



- Midday draws for CASH 3[®] and PLAY 4[™] offer players' two chances daily to play and win.
- Multiple \$20 Scratch-Off games continue to rank at the top in sales for all Scratch-Off games available. Unclaimed funds are being used to enhance player satisfaction with internet-based second chance drawings and other promotional games.
- Full scale deployment of the Lottery's website as a marketing tool, which includes enhancements that have allowed more efficient player interaction, has proven successful.
- Potential and current Lottery retailers are effectively and efficiently educated on the Federal and State American with Disabilities Act (ADA) accessibility requirements resulting in a 98% compliance rate.
- Recognized for industry best practices for vendor diversity initiatives and activities.
- Operating expenses continue to decline making the Florida Lottery among the most efficient in U.S. Lotteries.

Weaknesses ⇒

- Florida ranks 12th in total per capita sales among U.S. Lotteries indicating an opportunity for sales growth.
- The Lottery's sales-to-population ratio ranks 13th out of 43 domestic lotteries.
- Florida ranks 19th out of 41 domestic lotteries in retailer-to-population ratio.
- Current advertising budget limits the ability to maximize marketing frequencies to residents and visitors in Florida over the age of 18.
- Heavy reliance on the unpredictable jackpot rollovers of its flagship game, FLORIDA LOTTO[®], to drive game sales. Although efforts have been made to enhance the game, sales continue to decline over the last three years.
- Sales for the two latest On-line products indicate players are becoming less motivated to purchase traditional games.
- Inability to replace aging infrastructure to support basic Lottery operations without receiving specific legislative authority.
- Reduced Retailer Incentive funding impacts the ability to reward top-selling retailers.



Opportunities ⇨

- Revitalize the Lottery brand to spark interest, increase revenue and help bring the both the On-line and Scratch-Off games into the age of new technology.
- Continue to exercise flexibility in setting prize payout percentages for On-line games, thereby increasing On-line sales and transfers to the Educational Enhancement Trust Fund.
- Ability to maintain a competitive advantage in the areas of distribution channel management, product development, product positioning, identifying new market opportunities, and expanded retailer network, particularly underrepresented minorities.
- Offer innovative cutting edge products to quickly entice players into new play styles.
- Offer full service vending machines for Scratch-Off and On-line tickets for market expansion into new trade styles.
- Licensed-property Scratch-Off games with second chance drawings provide an opportunity for more players to win merchandise and cash.
- Ability to create new strategic alliances focused on increasing sales.
- The world's largest retailer, Walmart, has contracted with the Lottery to embark on a pilot program with 27 Walmart neighborhood markets.
- Upgrade department operations with advanced technology from vendors to allow more player flexibility and higher satisfaction.
- Patent authority allows the Lottery to apply for and hold patents on unique games or play-styles and could be an additional source of revenue.

Threats ⇨

- Reduction in advertising funding which is required to successfully promote Lottery products.
- Policy constraints conflict with the legislative intent set forth in subsection 24.102(2)(b), Florida Statutes, limiting the ability of the Florida Lottery to operate "in the manner of an entrepreneurial business enterprise."
- Steady decline in return on investment over the years due to legislative oversight restricting innovation and experimentation.
- The current economic conditions have caused business closings, as well as terminations due to low ticket sales or other financial issues, thus hampering the ability to increase the retailer network to its full potential.



- Reduced discretionary spending by Florida consumers.
- Rising investment costs impact jackpot levels and cash management options.
- Annual authorization to update aging infrastructure including vehicles, technology and physical security needs.
- Inability to reinvest achieved efficiencies to enhance future growth.
- Retail industry is moving to unified accounting systems and self-service check-outs, trends the Lottery is not currently capable of supporting, which could threaten access to major retail chains.

The goal is a simple one: *Increase funding for the Educational Enhancement Trust Fund*. The strategies required to achieve that goal are aggressive and will impact the entire organization, requiring concentrated efforts by the various functional units within the business.

**Continually Increase Transfers to the
Education Enhancement Trust Fund**

1. Continue to review, revise and develop games that are exciting and desirable by the public.

While the Florida Lottery is a mature lottery by industry measure, the enterprise persists in searching for new ideas and approaches to continuously provide the desired products for the purchasing market. The present product line is under constant review and evaluation. In addition, new and existing external resources are assessed for new offerings or enhancement opportunities. Interaction with national and international resources is paramount to this ongoing effort.

2. Use available research to support game revisions or development.

The Lottery presently has access to research information from multiple sources. The collection of data represents the various viewpoints desired to ensure the Lottery is considering all stakeholders in its efforts. A research panel for both players and retailers is another tool that has been recently added to the Lottery's arsenal of data gathering opportunities. The department must stay diligent in utilization of market data when evaluating product line and distribution model changes.

3. Continue to evaluate processes and procedures to identify cost savings due to efficiencies.

The Lottery long ago realized that in addition to sales growth, cost efficiencies are direct contributors to increasing profitability. In addition to obvious cost savings realized through



procurement renegotiations, the various processes utilized by the Lottery offer opportunities for efficiency if modern technology and reengineering efforts are continuously applied. As a twenty-three year old business, the Lottery is looking to newer equipment that reduces operating costs, has a smaller footprint and power consumption, provides increased capabilities and has an overall lower total cost of ownership.

Most recently both technology and reengineering efforts have allow the Lottery to make significant improvements in customer service and resource utilization in the areas of corporate retailer account reporting, prize payments, monitoring and auditing of the gaming systems, internal control systems and customer service front line activities. The Lottery has successfully implemented voice over IP, 4-digit dialing between Headquarters, the Orlando Data Center and the District Offices. This allows the Lottery to utilize the state's MyFloridaNetwork avoiding long distance charges for inter-office calls. The Lottery has already identified other areas within the agency that have longstanding processes that would benefit from modernization and reengineering. Two such areas are the retailer contracting process and the processes used by the sales representatives in supporting the daily retailer interactions.

4. Continue to ensure public integrity and confidence by performing heightened levels of due diligence with regard to contractor performance, game development and process execution.

The Lottery is already known in the industry for the diligence used in various aspects of its operations to ensure the integrity of its products and processes. The foundation and requirement of a successful Lottery is that the public has confidence that the games and processes supporting the games are all fair and legitimate. Without public confidence in the integrity of the organization selling the ticket, the ticket is a meaningless piece of paper. The Lottery must continue to prove to the public and all other stakeholders that its games and operations are structured on the highest level of principles and ethical standards. Some of the opportunities the Lottery has used for monitoring and demonstrating those efforts include the Bi-Annual Security Audit, Live Draw Events, Law Enforcement Cooperation, Retailer Monitoring and various stakeholder communication efforts.

**Refresh and Expand the Lottery's Corporate Image
To Result in Opening New Markets and
Methods of Electronic Marketing**

1. Brand Refresh.

The Lottery is no different than any other consumer product enterprise when it comes to marketing and brand awareness. It is paramount that the brand associated with the Florida



Lottery be recognizable and representative of the enterprise. The Lottery intends to direct activities of an extensive review of its current branding elements. This effort will include both of the advertising agencies and an analysis of all communication tools and techniques used by the Lottery to support the brand. The current logo is twenty three years old and the Lottery should take a current pulse of the market to determine if reenergizing, modernizing or revising some or all elements is needed in order to maximize the benefits of brand recognition.

2. Explore new media options.

In a mature industry, all options and available tools must be evaluated and utilized if appropriate. The Lottery has recognized that it does not have a current presence in many of the new and emerging media formats. The department will coordinate, in cooperation with the current advertising agencies, a thorough evaluation of new and emerging media options which are not currently utilized in the portfolio of marketing tools. The evaluation will eventually result in implementation plans and deployment where appropriate and profitable.

3. Website redesign.

Averaging over three million unique visitors per month, the Lottery's stable and robust website is aligned to support Lottery's revenue growth in an efficient and cost effective manner. The website will be reevaluated and expanded to provide existing and prospective retailers with access to tools and services, including promotional information, forms, business aids, point of sale materials, and frequently asked questions. Through the Corporate Reporting portal, existing corporate retailers have secured access to a variety of Business Intelligence sales and inventory reports for a single store or rolled up to the chain level. The Lottery plans to continue to incorporate the website into its internet marketing campaigns by leveraging social media, providing mobile phone applications, and offering marketing and sales initiatives. Plans are expected to include web casting of all Lottery drawings, On-line and Scratch-Off second-chance drawings, digital videos, commercials, E-coupons, E-mail, text alerts, simulated games, and On-line prize redemptions.

4. Loyalty Club Deployment.

Loyalty programs are structured marketing efforts that reward, and therefore encourage, loyal buying behavior, which is potentially beneficial to the business. A good loyalty program for a company would be one that gives discounts on products already offered after so many customer purchases. This keeps the revenue internal and increases loyalty for your products. The information gathered during the registration and the use of the program will give the Lottery better insight into the current market. The demographic information can help in future growth and market penetration. At this time, the Lottery does not have a loyalty program. Many of the other state lotteries have deployed the ever growing popular



clubs with significant success. The Lottery believes incorporating this valuable tool into its current website offerings will benefit the department by dramatically by assisting with revenue growth.

5. Maximize advertising appropriation with consolidated efforts, strategic placement and dynamic partnerships.

The Lottery, as it does with all of its major expenditure items, constantly evaluates the impact and return on investment of all the advertising funds used to support the products. The Lottery's current advertising efforts are designed to not only inform and persuade the consumer public into purchasing available products, but also to generate increased purchases over time of the games through "Branding." The "Branding" effort concentrates on the repetition of an image or product name in an effort to associate certain qualities with the brand in the minds of consumers. The Lottery recognizes additional strides are necessary to ensure that all advertising efforts not only maximize the value of the placement, but also support the "Branding" effort.

The Lottery has successfully utilized many partners in the past to provide consumers with fresh and exciting game options and prize packages. Those successes have spurred the Lottery to focus efforts on continuing to explore dynamic new partnerships with diverse types of organizations that could expand upon the already successful efforts. The Lottery will continue to explore the profitability and marketability of strategically linking multiple business partners together for more dynamic product offerings and promotions.

6. Strategic Point of Sale development and utilization.

Point of Sale (POS) materials are a tried and true form of consumer education and product awareness used by most successful consumer product providers. It is no surprise that is a staple in the sales tools utilized by the Lottery. The most traditional forms are used daily statewide to assist retailers selling our products in our distribution network. The Lottery has discovered that while a standardized design approach is desirable from a provider perspective, it is not always the most effective approach from the retailer perspective. As the Lottery strives to grow the number of participants in the distribution network, it will extend to new types of businesses and trade styles in Florida. The Lottery must continue its efforts to assess and utilize the most effective forms of POS to capture the interest of consumers frequenting that type of location.



**Allow Florida's Players Additional Opportunities
by Providing New Locations and More Convenient Purchasing
Options, While Maintaining the Integrity and Security of the
Product and Process.**

1. Aggressively grow retailer base.

The Lottery has established a very aggressive goal for growing the retailer distribution network over the next five years. The goals are based on the desire to bring Florida to a per capita level comparable to other successful states while also making products more conveniently accessible to the public. The Lottery has identified many barriers presented by new trade styles and has made improvements previously discussed, designed to eliminate many of those barriers. The Lottery will now revisit many of the previously approached trade styles and attempt to recruit them into the network.

Of course, the Lottery must be able to offer the new retailers the technology elements required to facilitate sales in their environment as well as ensure it can support the larger network at the expected level of customer service. As recently discovered, when the Lottery can provide a sales environment that requires less resource commitment from the retailer, yet maintain security and sufficient controls over the inventory and equipment, previously resistant trade styles are willing to entertain discussions on how the Lottery can enhance their business success.

The Lottery is furthering its efforts to make our products more conveniently accessible by expanding our retail footprint and implementing pilot programs with "big box" general merchandise and specialty stores. These types of stores emphasize "one stop shopping", where customers can stop once and buy everything they need or want.

2. Strengthen relationships with corporate accounts.

In recent months, the Lottery has renewed the energy required to ensure productive and mutually beneficial relationships with its existing corporate customers. The Lottery's customer satisfaction surveys continue to indicate that the retailers are pleased with the frequent interaction with Lottery staff and level of business support. However, the Lottery also recognizes that the relationship with corporate accounts must be managed different from the relationships with the independent retailers. The corporate accounts require multiple interactions at various levels within the corporate environment. Successful business relationships are based on continuing personal interaction at all required levels. Therefore,



the Lottery is reevaluating the level of resources committed to the corporate accounts to ensure continued growth.

3. Use new technology to make products more convenient to purchase.

In order to continue to operate as a successful business enterprise, the Lottery must ensure it has the tools and support necessary to continue, as well as improve, its external operations. As previously discussed, the barriers to entering new trade styles have continued to involve resource commitment requirements on the part of the retailer. A smaller footprint in the retailer environment is being demanded in order to sell products in a more convenient and less resource demanding manner.

As with most industries, utilization of modern and available technology is a key component of sustainable growth. The Lottery continues to search for the most efficient tools available to provide appropriate selling tools to an increasing variety of trade styles. The wider the variety of tools authorized for use, the wider the variety of trade styles that can be incorporated into the distribution network. To this end, the Lottery is requesting modernization of the authorizing language to allow the utilization of new selling tools available in the industry that it believes will eliminate more of the barriers of entry into new trade styles.

4. Use new technology to empower sales force to assist retailers in maximizing their own revenue stream.

As previously reported, the customer satisfaction scores at the local retailer level are extremely encouraging and indicate that the Lottery does a good job at supporting its retailer locations. But that does not necessarily mean the Lottery is efficient in the methods providing those services. In fact, the Lottery is woefully delinquent in its deployment of available technology to allow the current level of sales resources to support the expanding retailer network.

In order for the retailer relationships to continue to be mutually beneficial for both parties, the Lottery spends considerable time assisting retailers in identifying areas for improvement within their own stores which would not only result in increased Lottery product sales, but also increased foot-traffic. This is in addition to the inventory management and POS support provided by the sales force. Unfortunately, all of these field efforts are currently executed in a paper and pencil environment. The department has been unable to deploy mobile computing technology for on-site field activities. The Lottery must continue to explore options to empower the sales force to work more efficiently and effectively while in the field supporting the local retailer.



The task before this business is one of paramount importance. The Lottery must assist the state in its pursuit of future greatness by enhancing the state's commitment to education. In light of that challenge, this Lottery ambitiously accepts the challenges presented to advocate for and implement this plan that we believe will promote sustainable growth.



List of Potential Policy Changes Affecting the Agency Budget Request or Governor's Recommended Budget

No policy changes that will affect the Lottery's budget request or governor's recommended budget are anticipated.

List of Changes Which Would Require Legislative Action

The Lottery will be pursuing approval from the Legislature to modify the authorizing language in Chapter 24 that will allow the department to utilize available technology to increase the options available to sell all products authorized for sell.

List of All Task Forces, Studies, Etc. In Progress

The Florida Lottery conducts a comprehensive, ongoing marketing research program comprising several different types of studies. The purpose of these studies is to gain a better understanding of consumer behaviors and preferences, retailer sales performance and the financial impacts of game or program changes. This type of data helps improve the Lottery's ability to increase sales and transfer more money to the EETF.

Retailer Satisfaction Survey - This is an annual survey developed to assess retailers' overall satisfaction level with Lottery employees and the general level of service they receive from the Florida Lottery, including: visits to the retailer by the Lottery sales representatives, stocking and upkeep of the Lottery play station, inventory management, staff training and Lottery orientation, point-of-sale materials, Lottery help desk, Lottery Web site; and to assess retailers' satisfaction with the Florida Lottery's On-line and Scratch-Off vendors.

Brand Health Scratch – Off and Draw Games - The purpose of this study was to assess the brand health of all lottery products.

Game Revenue Forecasting and Prize Payout - This is an ongoing analysis of new games, particularly focusing on their possible impact on sales and return on investment. These analyses are conducted several times per year as new products are proposed.



Monthly Market Tracking Survey - This is a continuing telephone survey of Floridians ages 18 and older, conducted both in English and Spanish. It is aimed at measuring advertising awareness and recall, game awareness and participation, along with attitudes toward the Florida Lottery (including understanding of its education funding role) and special issues.

Geo-Based Information Analysis - The Florida Lottery uses MAPINFO and CLARITAS to analyze sales and markets geographically. Examples include pilot testing the placement of terminals in areas shown as having considerable sales potential, analyzing district office locations in proximity to the customer base and assessing sales routes for efficiency purposes.

Sales Representatives' Routes Analysis - The Florida Lottery uses MAPINFO and CLARITAS to "Load Balance" the routes of the sales force. This is done on an as-needed basis when a route is added or eliminated. This is also done to balance the number of retailers for each representative, in order to service our retailers more efficiently.

Sales and Revenue Forecasting - Forecast studies include projections of FLORIDA LOTTO® sales to determine announced jackpots for each drawing; twice-yearly official forecasts for the State's Revenue Estimating Conference; quarterly forecasts of Scratch-Off game sales and prize expenses; estimating the sales and revenue impacts of proposed legislative changes to Florida Lottery authorizations, mandates and budget.



LRPP Exhibit II - Performance Measures and Standards

Department: Florida Lottery	Department No.: 36
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Program: Lottery Operations	Code: 36010000
Service/Budget Entity: Lottery Operations	Code: 36010000

NOTE: Approved primary service outcomes must be listed first.

Approved Performance Measures for FY 2011-12 (Words)	Approved Prior Year Standard FY 2010-11 (Numbers)	Prior Year Actual FY 2010- 11 (Numbers)	Approved Standards for FY 2011-12 (Numbers)	Requested FY 2012-13 Standard (Numbers)
Transfers to the State Educational Enhancement Trust Fund	\$1.206 B	\$1.192 B	\$1.206 B	\$1.206 B
Total Revenue in dollars	\$3.918 B	\$4.022 B	\$3.918 B	\$3.918 B
Operating Expense* as a Percent of Total Revenue	9.52%	8.90%	9.52%	9.52%
Percent of Respondents who are aware of the Lottery's Contribution to Education	65%	58%	65%	65%
Provide Executive Direction and Support Services for all Lottery Operations as measured by Percent of Total Agency Budget	6.2%	4.2%	6.2%	6.2%

**Includes Payments to Gaming Vendors and Retailer Commissions*



LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Lottery

Program: Lottery Operations

Service/Budget Entity: Lottery Operations 36010000

Measure: Percent of Respondents who are Aware of the Lottery's

Contribution to Education

Action:

- Performance Assessment of Outcome Measure Revision of Measure
- Performance Assessment of Output Measure Deletion of Measure
- Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
65%	58%	-7%	-7%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- Other (Identify)

Explanation:

External Factors (check all that apply):

- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission
- Technological Problems
- Natural Disaster
- Other (Identify)

Explanation: Though the Florida Lottery supported its education message with a multi-media campaign including television, radio, Web site, print, outdoor and point-of-sale advertising, education-specific collateral materials, and participation in various education-related events during FY 2010-11, the percentage of the general population that identified education/scholarships as the recipients of Lottery funds ended at 58%. Overall knowledge of how Lottery revenues are used tends to trend positively with



benefit ad awareness. It is possible that external factors outside of the Lottery's control – such as discussion of non-lottery education issues, media attention on other topics affecting the state, election coverage and discussion, etc. – may have contributed to the downturn in education awareness among Floridians.

Management Efforts to Address Differences/Problems (check all that apply):

- Training Technology
 Personnel Other (Identify)

Recommendations: The Lottery will continue to convey its education message through television, radio, Web, print, and point-of-sale advertising in both English and Spanish; billboard ads in English; and public relations initiatives including press releases, letters to newspaper editors, and collateral development in both English and Spanish; and participation in various education-related events/initiatives throughout the state.

Office of Policy and Budget – July 2011



LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Lottery

Program: Lottery Operations

Service/Budget Entity: Lottery Operations 36010000

Measure: Transfers to the State Educational Enhancement Trust Fund

Action:

- Performance Assessment of Outcome Measure Revision of Measure
- Performance Assessment of Output Measure Deletion of Measure
- Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$1.206B	\$1.192B	-14M	-1.16%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors Staff Capacity
- Competing Priorities Level of Training
- Previous Estimate Incorrect Other (Identify)

Explanation:

It should be noted that this standard has been in place for many years and is not adjusted to coincide with Revenue Estimating Conference (REC) forecasts. Although the Lottery did not meet this set standard, it did surpass the February 2011 forecast of \$1.141B in transfers to Educational Enhancement Trust Fund (EETF).

External Factors (check all that apply):

- Resources Unavailable Technological Problems
- Legal/Legislative Change Natural Disaster
- Target Population Change Other (Identify)
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission

Explanation:

Total ticket sales increased by 2.77% over the prior fiscal year. Scratch-off sales were 55.6% of total sales. The shift in sales from higher profit margin On-line product to the lower profit margin Scratch-Off product directly impacts the amount transferred to the



EETF. Also the transfer to EETF in 2010-11 was based solely on current year net profit, whereas the prior year included additional monies from reserves.

Management Efforts to Address Differences/Problems (check all that apply):

- Training
- Personnel
- Technology
- Other (Identify)

Recommendations:

The REC September 2011 forecast for FY 2011-12 for transfer to EETF is \$1.217B; the Lottery is pursuing a comprehensive and aggressive strategy to out-perform those projections.

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LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures		
Measure Number	Approved Performance Measures for FY 2011-12 (Words)	Associated Activities Title
1	Transfers to the state Educational Enhancement Trust Fund	Supervise and administer the operation of Lottery games
		Conduct market research and special studies
		Provide adequate and convenient availability of tickets to the public
		Advertise and promote Lottery games
		Conduct investigations of retailers, vendors and employees
		Pay prizes for winning tickets submitted to Lottery headquarters
		Keep the public informed of Lottery activities
		Compensate retailers in the form of incentives
2	Total revenue in dollars	Supervise and administer the operation of Lottery games
		Conduct market research and special studies
		Provide adequate and convenient availability of tickets to the public
		Advertise and promote Lottery games
		Conduct investigations of retailers, vendors and employees
		Pay prizes for winning tickets submitted to Lottery headquarters
		Keep the public informed of Lottery activities
		Compensate retailers in the form of incentives
3	Operating expense as percent of total revenue	Supervise and administer the operation of Lottery games
		Conduct market research and special studies
		Provide adequate and convenient availability of tickets to the public
		Advertise and promote Lottery games
		Conduct investigations of retailers, vendors and employees
		Pay prizes for winning tickets submitted to Lottery headquarters



			Keep the public informed of Lottery activities
			Compensate retailers in the form of incentives
4	Percent of respondents who are aware of the Lottery's contribution to education		Conduct market research and special studies
			Advertise and promote Lottery games
			Keep the public informed of Lottery activities
5	Executive direction and support services for all lottery operations as measured by percent of total agency budget		The Executive Direction and Administrative Support Activities contribute to this measure

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LOTTERY, DEPARTMENT OF THE		FISCAL YEAR 2010-11	
SECTION I: BUDGET		OPERATING	FIXED CAPITAL OUTLAY
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		134,836,081	0
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		2,684,981	0
FINAL BUDGET FOR AGENCY		137,521,062	0
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost
<i>Executive Direction, Administrative Support and Information Technology (2)</i>			(2) Expenditures (Allocated)
			(3) FCO
Supervise And Administer The Operation Of Lottery Games * Number of games administered		135	86,375.30
Conduct Market Research And Special Studies * Number of studies conducted		43	11,240.98
Provide Adequate And Convenient Availability Of Tickets To The Public * Number of tickets sold		2,333,408,647	0.03
Advertise And Promote Lottery Games * Total gross annual sales		4,008,715,835	0.01
Conduct Investigations Of Retailers, Vendors And Employees * Number of investigations conducted		4,329	890.97
Pay Prizes For Winning Tickets Submitted To Lottery Headquarters * Number of prizewinners paid		80,195	18.15
Keep The Public Informed Of Lottery Activities * Number of media releases and public education materials distributed		5,388,280	0.50
Compensate Retailers In The Form Of Incentives * Number of retailers compensated		50,037	32.13
TOTAL			136,138,119
SECTION III: RECONCILIATION TO BUDGET			
PASS THROUGHS			
TRANSFER - STATE AGENCIES			
AID TO LOCAL GOVERNMENTS			
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS			
OTHER			
REVERSIONS			1,382,954
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)			137,521,069

SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

Glossary of Terms and Acronyms

CLARITAS – A compendium of marketing data from leading market research firms

EETF – Educational Enhancement Trust Fund

ITVM – Instant Ticket Vending Machines

MAPINFO – A comprehensive desktop mapping tool that enables the performance of complex geographic analysis

Operating Cost – Appropriations or expenditures that are not directly tied to sales

POS – Point of sale marketing materials to increase customer awareness

REC – Revenue Estimated Conference

