

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
ESTIMATED EXPENDITURES				1000000
ESTIMATED EXPENDITURES - OPERATIONS				1001000
SALARY RATE				000000
SALARY RATE.....	14,098,207			
=====				
SALARIES AND BENEFITS				010000
	368.00			
OPERATING TRUST FUND -STATE	20,705,888			2510 1
=====				
OTHER PERSONAL SERVICES				030000
OPERATING TRUST FUND -STATE	40,096			2510 1
=====				
EXPENSES				040000
OPERATING TRUST FUND -STATE	2,536,076			2510 1
=====				
OPERATING CAPITAL OUTLAY				060000
OPERATING TRUST FUND -STATE	518,784			2510 1
=====				
SPECIAL CATEGORIES				100000
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE	2,345,345			2510 1
=====				
INSTANT TICKET PURCHASE				101740
OPERATING TRUST FUND -STATE	37,581,852			2510 1
=====				
ADVERTISING AGENCY FEES				102378
OPERATING TRUST FUND -STATE	3,156,945			2510 1
=====				

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2013-14 POS	AMOUNT	AGY REQ N/R FY 2013-14 POS	AMOUNT	AG REQ ANZ FY 2013-14 POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE							36000000
PGM: LOTTERY OPERATIONS							36010000
GOV OPERATIONS/SUPPORT							16
GOVERNMENTAL OPERATIONS							<u>1601.00.00.00</u>
ESTIMATED EXPENDITURES							1000000
ESTIMATED EXPENDITURES - OPERATIONS							1001000
SPECIAL CATEGORIES							100000
PAID ADVERTISING/PROMOTION							102380
OPERATING TRUST FUND -STATE		34,593,508					2510 1
=====							
ONLINE GAMES CONTRACT							102381
OPERATING TRUST FUND -STATE		28,418,103					2510 1
=====							
LOTTERY ITVM							102382
OPERATING TRUST FUND -STATE		5,010,600					2510 1
=====							
LOTTERY FSVM							102383
OPERATING TRUST FUND -STATE		2,940,000					2510 1
=====							
RETAILER INCENTIVES							102388
OPERATING TRUST FUND -STATE		1,750,000					2510 1
=====							
SALARY INCENTIVE PAYMENTS							103290
OPERATING TRUST FUND -STATE		16,060					2510 1
=====							
CONTRACTED LEGAL SERVICES							103884
OPERATING TRUST FUND -STATE		120,000					2510 1
=====							
LEASE/PURCHASE/EQUIPMENT							105281
OPERATING TRUST FUND -STATE		125,000					2510 1
=====							

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2013-14 POS	AMOUNT	AGY REQ N/R FY 2013-14 POS	AMOUNT	AG REQ ANZ FY 2013-14 POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE							36000000
PGM: LOTTERY OPERATIONS							36010000
GOV OPERATIONS/SUPPORT							16
GOVERNMENTAL OPERATIONS							<u>1601.00.00.00</u>
ESTIMATED EXPENDITURES							1000000
ESTIMATED EXPENDITURES - OPERATIONS							1001000
DATA PROCESSING SERVICES							210000
SOUTHWOOD SRC							210021
OPERATING TRUST FUND -STATE		98,390					2510 1
TOTAL: ESTIMATED EXPENDITURES - OPERATIONS							1001000
TOTAL POSITIONS.....	368.00						
TOTAL ISSUE.....		139,956,647					
TOTAL SALARY RATE.....	14,098,207						
FLORIDA RETIREMENT SYSTEM							1001240
CONTRIBUTION ADJUSTMENT FOR							010000
FISCAL YEAR 2012-2013							
SALARIES AND BENEFITS							
OPERATING TRUST FUND -STATE		38,916					2510 1
DATA PROCESSING SERVICES							210000
SOUTHWOOD SRC							210021
OPERATING TRUST FUND -STATE		55					2510 1
TOTAL: FLORIDA RETIREMENT SYSTEM							1001240
CONTRIBUTION ADJUSTMENT FOR							
FISCAL YEAR 2012-2013							
TOTAL ISSUE.....		38,971					
ADJUSTMENT TO STATE HEALTH							1001830
INSURANCE PREMIUM CONTRIBUTION -							010000
FISCAL YEAR 2012-13							
SALARIES AND BENEFITS							
OPERATING TRUST FUND -STATE		52,896					2510 1

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
ESTIMATED EXPENDITURES				1000000
ADJUSTMENT TO STATE HEALTH				
INSURANCE PREMIUM CONTRIBUTION -				
FISCAL YEAR 2012-13				1001830
DATA PROCESSING SERVICES				210000
SOUTHWOOD SRC				210021
OPERATING TRUST FUND -STATE	50			2510 1
TOTAL: ADJUSTMENT TO STATE HEALTH				1001830
INSURANCE PREMIUM CONTRIBUTION -				
FISCAL YEAR 2012-13				
TOTAL ISSUE.....	52,946			
ADJUSTMENTS TO CURRENT YEAR				
ESTIMATED EXPENDITURES				1600000
ADD BACK CONTRACTUAL SERVICES				
BUDGET TO CONTRACTED SERVICES				160E020
SPECIAL CATEGORIES				100000
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE	209,796			2510 1

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE: IT COMPONENT? NO
 This is a request to realign the budget by transferring \$209,796 from the Other Personal Services (OPS) category to the Contracted Services category to cover the costs of Terminal Games Draw Auditors. Costs associated with the Terminal Games Draw Auditors have historically been funded in the OPS appropriation category, however the expenditures for this purpose are more consistent with items funded within the Contracted Services appropriation category.

In accordance with Section 24.105(9)(d), Florida Statutes, any game or promotion involving a draw for prizes must be witnessed by an accountant employed by an Independent Certified Public Accounting (CPA) firm. The Florida Lottery has a minimum of 2,033 draws per year that includes the five daily and four weekly draws, as well as numerous second chance and promotional drawings.

The Florida Lottery has a competitively procured contract with a CPA firm for Terminal Games draw auditors. Responsibilities for the accountants include witnessing and auditing all draw proceedings to verify and ensure the integrity, security, and fairness of each Terminal Game drawing, inspecting all equipment used in the drawing before and after the drawing and completing required documentation for each drawing certifying compliance with the drawing procedures provided by the Lottery at the conclusion of each drawing.

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
ADJUSTMENTS TO CURRENT YEAR				
ESTIMATED EXPENDITURES				1600000
LEASE OR LEASE PURCHASE OF				
EQUIPMENT - DEDUCT				160M010
EXPENSES				040000
OPERATING TRUST FUND	-STATE	250,000-		2510 1

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE: IT COMPONENT? NO

Chapter 2011-45, Laws of Florida, amended s. 216.011(1)(vv), F.S. creating a new appropriation category named Lease or Lease/Purchase of Equipment. As a result, agencies were instructed to transfer funding for the lease or lease/purchase of equipment from the historical appropriation category to a new special appropriation category entitled Lease or Lease/Purchase of Equipment.

At the same time as the Fiscal Year 2012-13 LBR development and submittal, the Lottery was performing a cost/benefit analysis of current ownership of the department's aging AIX servers and system software environment versus lease of new equipment. Also there were continuing discussions pertaining to whether or not the Lottery would be migrating to the Southwood Shared Resource Center. These two factors contributed towards why the cost associated with the lease of this equipment was not submitted with the initial request to realign funds into the new appropriation category.

In August of 2012 the Lottery submitted, and received approval for a budget amendment (EOG Log Number B7044) requesting that \$250,000 be transferred from the Expense category (040000) to the Lease or Lease/Purchase of Equipment category (105281) to cover a lease agreement for the IBM Power7 equipment located at both Tallahassee Headquarters and the Orlando Data Center. The department now needs to make that one time budget amendment recurring as the lease for the equipment spans three (3) years.

This LBR issue is a request to have the funds permanently moved from the Expense appropriation category to the Lease or Lease/Purchase of Equipment appropriation category.

LEASE OR LEASE PURCHASE OF				160M020
EQUIPMENT - ADD				100000
SPECIAL CATEGORIES				105281
LEASE/PURCHASE/EQUIPMENT				
OPERATING TRUST FUND	-STATE	250,000		2510 1

=====

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
ADJUSTMENTS TO CURRENT YEAR				
ESTIMATED EXPENDITURES				1600000
LEASE OR LEASE PURCHASE OF				
EQUIPMENT - ADD				160M020

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE: IT COMPONENT? NO

Chapter 2011-45, Laws of Florida, amended s. 216.011(1)(vv), F.S. creating a new appropriation category named Lease or Lease/Purchase of Equipment. As a result, agencies were instructed to transfer funding for the lease or lease/purchase of equipment from the historical appropriation category to a new special appropriation category entitled Lease or Lease/Purchase of Equipment.

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This LBR issue is a request to have the funds permanently moved from the Expense appropriation category to the Lease or Lease/Purchase of Equipment appropriation category.

NONRECURRING EXPENDITURES				2100000
FLORIDA LOTTERY INTEGRATED SECURITY				
SYSTEM				2103020
OTHER PERSONAL SERVICES				030000
OPERATING TRUST FUND	-STATE	21,800-		2510 1
		=====		
OPERATING CAPITAL OUTLAY				060000
OPERATING TRUST FUND	-STATE	418,784-		2510 1
		=====		

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
NONRECURRING EXPENDITURES				2100000
FLORIDA LOTTERY INTEGRATED SECURITY				2103020
SYSTEM				100000
SPECIAL CATEGORIES				100777
CONTRACTED SERVICES				
OPERATING TRUST FUND -STATE	131,377-			2510 1
TOTAL: FLORIDA LOTTERY INTEGRATED SECURITY				2103020
SYSTEM				
TOTAL ISSUE.....	571,961-			
INCREASE TO PAID ADVERTISING AND				2103038
PROMOTION				100000
SPECIAL CATEGORIES				102380
PAID ADVERTISING/PROMOTION				
OPERATING TRUST FUND -STATE	4,000,000-			2510 1
EQUIPMENT NEEDS				2400000
MOBILE SALES TOOL				24014C0
EXPENSES				040000
OPERATING TRUST FUND -STATE	185,000	185,000		2510 1
OPERATING CAPITAL OUTLAY				060000
OPERATING TRUST FUND -STATE	261,500	57,500		2510 1
SPECIAL CATEGORIES				100000
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE	50,000	50,000		2510 1
TOTAL: MOBILE SALES TOOL				24014C0
TOTAL ISSUE.....	496,500	292,500		

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
EQUIPMENT NEEDS				2400000
MOBILE SALES TOOL				24014C0

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE:

IT COMPONENT? YES

The Lottery is requesting \$496,500 for Mobile Sales Technology Tools for its Sales staff. The Fiscal Year 2013-14 total cost includes \$185,000 in Expense, \$261,500 in Operating Capital Outlay, and \$50,000 in Contracted Services. This issue also requires 2 years of recurring costs of \$204,000 to cover the required licenses.

Business Problem Being Addressed

The sales force for the Lottery currently relies on pencil, paper and pre-generated computer printouts gathered in 3 ring binders as the business solution for showing retailers performance data and peer comparisons. Laptops, Note Pads, Note Books, Smart Phones and Tablet Devices, have been utilized for many years in private sector sales calls. With daily upgrades being made available through internet technology, this mobile sales technology is an invaluable resource to any sales organization. The Lottery Industry as a whole has lagged behind private sector sales teams both in the use of best practice and available technology. However, Lotteries are quickly realizing that providing their sales teams with available technology can increase both sales and productivity. As a result many U.S. Lotteries, such as Georgia, Massachusetts, and New York (three higher per capita lotteries) currently provide a Sales Mobility solution to their sales teams.

Benefits

Increasing Lottery Scratch-Off Sales by:

--Allow Sales Representatives to view a retailer's inventory without physically being in the store, or returning to a District Office computer.

--The Sales Representatives could review their next day stops at the end of a day checking a store's Scratch-Off inventory levels and placing orders before going to the store.

--Quicker Ticket Activations - Retailers don't always activate the tickets they receive, especially for new games. This creates the need for Activation reports to assist the Lottery in efforts to ensure 90% to 100% of all stores activate new games within four days of receiving them. This tool would allow a Sales Representative to receive an alert for any store that has not activated tickets, allowing representatives to get tickets activated quicker and improve Scratch-Off sales for the Lottery. Currently this information requires a Sales Representative to return to the District Office and generate reports.

--The Sales Representatives could flag high volume stores, check inventory, and order games as needed. This could be done without traveling to the store, increasing sales and productivity. It would be especially effective during a new game launch week or going into a weekend.

--Representatives currently carry car stock to help ensure high volume retailers have sufficient inventory for the

COL A03		COL A04		COL A05		CODES
AGY REQUEST	AGY REQ N/R	AGY REQ ANZ	AGY REQUEST	AGY REQ N/R	AGY REQ ANZ	
FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	
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
EQUIPMENT NEEDS						2400000
MOBILE SALES TOOL						24014C0

weekend on fast selling games. The Mobility Tool would allow a representative to review and order for more stores than they could actually visit.

Measurable Value: If just one book of tickets were ordered for half of the retailer base to prevent out of stocks over the weekend, the one day order amount would be \$1.99 million (conservatively) or \$103.7 million per year.

1/2 Retailers X cost of book of tickets (6,650 X \$300 = \$1,995,000 X 52 weeks = \$103,740,000).

Creating Efficiencies That Would Provide a Cost Savings by:

--Utilizing the Sales Mobility Tool map feature would allow for efficient territory routing (use less gas and time). Representatives could route themselves in a way that would minimize inefficient mileage and maximize fuel efficiency, eliminating wasted drive time and fuel when following leads for new retailers.

Measurable Value: With fuel over \$3.00 per gallon and fast approaching \$4.00 a gallon, 113 vehicles saving 1 gallon of fuel per day at \$3.50 per gallon would produce a cost savings of \$1,977 per week or \$102,830 per year.

Increasing Productivity by Allowing More Time in the Field by:

--Allowing Sales Representatives, and Management to analyze time spent and results achieved on each sales call. Above average call times without measurable justification lets representatives know their time could be better spent elsewhere in a more productive way.

--Materials for distribution such as sell sheets or product briefs could be sent directly to their mobile devices eliminating the need for Sales Representatives to drive into the office to pick up printed materials, creating fuel efficiency).

--This mobile solution would also allow management to see where Sales Representatives are and it would allow the Sales Representative to make real time changes to his/her itinerary and inform management of the changes.

Measurable Value: If 50% of the sales team saved just 2.5 hours per week by not coming into the office to pick up materials, the time saved would equate to an additional three sales people over the course of a year. Current ratio of Sales Representatives to retailers is 1 per 118 retailers, the desired level is 1 per 110. Annual Salary and Benefits for 3 Sales Representatives is \$47,600 X 3 = \$142,800.

Increase Professional Appearance and the Green Factor by:

--Allowing the sales staff to make presentations and discuss everything related to the sales call on the mobile device, including weekly sales, commissions, promotions, business reviews, in numeric and graphic formats.

--Eliminating paper, printed weekly/bi-weekly materials used in making sales presentations possible in 13,300 locations,

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
	POS	AMOUNT	POS	AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
EQUIPMENT NEEDS				2400000
MOBILE SALES TOOL				24014C0

helping the ecology and saving the Lottery the cost of purchasing thousands of reams of paper annually. If a retailer did want a leave behind the representative could print a copy.

Measurable Value: Discussions with a retailer could be shown on the mobile device. As our sales information changes often (sales and commission figures changes weekly), our representatives spend a great deal of time changing paper (13,300 retailer reports are printed and updated weekly, with the old information discarded). Additionally, the Sales Representative has to move a lot of paper (average 80 pieces per week) in the store to show the retailer the quarterly sales and marketing focus, the top selling Scratch-Off Games, the Scratch-Off Plan-o-gram, Scratch-Off games being discontinued, sales figures by brand and retailer, etc. With this mobile device, all of that information could be pulled up and presented. Not only that, but we could add more graphs, charts, and information to show business trends, which would also increase sales.

113 X 80 = 9,040 X 52 = 470,080 @ \$.15 per copy = \$70,512

Final Analysis

Many other benefits will be realized as the technological capabilities provided by mobile devices improve. The challenge to increase sales goes up exponentially each year as everyone in the market place is fighting for space and dollars. It is one of the reasons almost one third of U.S. Lotteries, including Georgia, Massachusetts, and New York have provided this technology to their Sales Teams. If we don't keep pace from a technological standpoint, we will be at a tremendous disadvantage and eventually put both sales and transfers at risk.

Assumptions and constraints associated with the request

We would need to have updates provided as they become available to maximize the tool's potential. We would also need to have access to the instant ticket vendor's inventory system in order to supplement orders and communicate equipment changes, i.e. dispensers, vending machines, etc.

High Level Implementation Timeline with Major Milestones

- Create a mobile sales team from members of the Corporate Sales Division. The team would outline problems and inefficiencies as well as create software requirements designed to assist them at sales and management levels.
- Procurement process to evaluate potential vendors.
- The team would perform joint software analysis and development sessions with internal Information Technology staff and vendor support.
- Once created, the team would receive a demonstration of the product, to include the Lottery Secretary for final review and approval.

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
EQUIPMENT NEEDS				2400000
MOBILE SALES TOOL				24014C0

--The vendor would be expected to provide training to a select group of staff in order to create a train the trainer program. Lottery trainers would provide instruction for the rest of the sales division.

--Expected delivery of final product is six months from procurement date.

Impact of Not Funding the Request

The major benefit of the mobile sales tool to the Florida Lottery is the efficiencies it would maximize on a number of levels. Without this tool, those efficiencies will never be realized and more importantly, the lack of efficiency would be magnified with the stated objective of growing the retailer base.

Lottery Sales Representatives are already using a tiered call cycle, i.e. some stores weekly, others bi-weekly, others three weeks or longer. The reason for the tiered call system is the inadequate ratio between sales personnel and retailers. Growing the retailer base will make the ratio gap larger which will lead to fewer calls, less time per call, which will affect the quality of the call and the eventual decrease in per store sales.

Total project costs for all years

	Year 1	Year 2	Year 3
	-----	-----	-----
150 licenses 3 years (OCO)	\$204,000	\$204,000	\$204,000
Security of Tool (OCO)	\$ 26,500		
Servers for back office support (OCO)	\$ 31,000		
Implementation(Contracted Services)	\$ 50,000		
Training (Expenses)	\$ 50,000		
Mobile Device (150 Expenses)	\$120,000		
Mobile printing option (Expenses)	\$ 15,000		
Total Cost	\$496,500		

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
ANNUALIZATION OF ADMINISTERED				
FUNDS APPROPRIATIONS				26A0000
STATE HEALTH INSURANCE ADJUSTMENT				
FOR FY 2012-13 - 10 MONTHS				
ANNUALIZATION				26A1830
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	264,480			2510 1
DATA PROCESSING SERVICES				210000
SOUTHWOOD SRC				210021
OPERATING TRUST FUND -STATE	250			2510 1
TOTAL: STATE HEALTH INSURANCE ADJUSTMENT				26A1830
FOR FY 2012-13 - 10 MONTHS				
ANNUALIZATION				
TOTAL ISSUE.....	264,730			
WORKLOAD				3000000
FLORIDA LOTTERY SALES GOALS				
INITIATIVES - EMPLOYEE AWARDS				
PROGRAM				3000A10
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	25,000			2510 1

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

This is a request for an increase of \$25,000 to the Salary and Benefits appropriation category to allow the Lottery to implement a Sales Goal Incentives/Awards Program to recognize, encourage, develop and motivate the employees of the Department of the Lottery by appropriately rewarding their contributions, individual performance, and service in reaching annual sales goals. The Florida Lottery believes that such recognition and rewards will lead to enhanced work production and ultimately increase profit margin. It is the agency's intention to create a program that will motivate self-starters and team builders to achieve higher levels of production and creativity, which are critical to the Lottery's efforts to increase sales and maximize revenue to transfer to the Educational Enhancement Trust Fund (EETF).

The department is currently implementing a new employee evaluation process that directly links all employee activities to specific sales goals. The new process will use specific, measurable, attainable, relevant and timely measures for goal tracking. This new awards program will be integrated with the new performance measurement process and therefore be

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2013-14	POS	AGY REQ N/R FY 2013-14	POS	AG REQ ANZ FY 2013-14	POS	
LOTTERY, DEPARTMENT OF THE							36000000
PGM: LOTTERY OPERATIONS							36010000
GOV OPERATIONS/SUPPORT							16
GOVERNMENTAL OPERATIONS							1601.00.00.00
WORKLOAD							3000000
FLORIDA LOTTERY SALES GOALS							
INITIATIVES - EMPLOYEE AWARDS							
PROGRAM							3000A10

supported with goal tracking documentation.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A03 - AGY REQUEST FY 2013-14							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
OTHER SALARY AMOUNT							
2510 OPERATING TRUST FUND							25,000
							25,000
							=====

ONLINE GAMES CONTRACT							3000100
SPECIAL CATEGORIES							100000
ONLINE GAMES CONTRACT							102381
OPERATING TRUST FUND	-STATE	2,031,679					2510 1
		=====	=====	=====	=====		

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

The Fiscal Year 2013-14 requested amount for Terminal Games contract obligations is calculated using sales projections from the July 31, 2012 Revenue Estimating Conference of \$1,978,200,000 for terminal ticket sales. The Terminal gaming system contract uses a contracted percentage of 1.0699% for terminal ticket sales. There are several system and terminal enhancements that the Lottery has implemented which allow optimal use of the gaming system. These enhancements are not included in the contracted percentage rate of 1.0699%.

These enhancements include:

Gift Card Management Software - this application, which required installation in terminals at start-up, allows the

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
WORKLOAD				3000000
ONLINE GAMES CONTRACT				3000100

Lottery the ability to utilize several sales and promotional features over the life of the contract. These features include special coupon offers and promotions, reusable gift cards and subscription programs. Funding for this enhancement is: \$12.10 per terminal per month.

Altura Vision Multimedia display and messaging system - uses enhanced functionality of lottery terminals for point-of-sale communication. It makes an even bigger impact at the counter by displaying multimedia content such as game results, Florida Lottery promotional messages and graphics, and current Lottery news on video screens at the point of sale. Screens can also be used to display photos for Amber Alert announcements. Funding is being requested at: \$32 per terminal per month.

Additional Altura Terminals - The contract includes a base number of 12,000 Altura terminals to be placed at retailer locations. The Lottery received authorization for 1,000 terminals in Fiscal Year 2005-06 at a monthly cost of \$150 per terminal. Authorization for an additional 500 terminals was received in Fiscal Year 2007-08 at a per terminal monthly cost of \$190. The Lottery requests to continue this authorization.

In addition, 350 additional Altura Terminals were approved for Fiscal Year 2012-13 at a monthly cost of \$190 per terminal. Included in this appropriation was Gift Management Software for 350 terminals at a cost of \$12.10 per month.

The Lottery is also requesting \$2,000,000 in funding to cover the estimated costs for licensed property games in Fiscal Year 2013-14. The Lottery currently has two terminal games that require the payment of license fees and as the licensing of games is becoming an industry norm, it is anticipated that these types of fees will continue in future years. It should be noted that fees for most licensed property games are based on a percentage of sales; therefore, fees will increase proportionately as revenues increase.

FY 2013-14 Terminal sales projections of \$1,978,200,000 x 1.0699%	\$21,164,762
Gift Card Management Software (13,850 terminals x \$12.10 x 12 months)	\$ 2,011,020
AlturaVision - Multi-media display (4,000 terminals x \$32 x 12 months)	\$ 1,536,000
Additional Altura Terminals (1,000 terminals x \$150 x 12 months)	\$ 1,800,000
Additional Altura Terminals (850 terminals x \$190 x 12 months)	\$ 1,938,000
Licensed Property Game Fees	\$ 2,000,000

Total FY 2013-14 Appropriation Needed	\$30,449,782
Less Appropriation Base	(\$28,418,103)

Total FY 2013-14 Increase Needed	\$ 2,031,679

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
WORKLOAD				3000000
INSTANT TICKET COOPERATIVE SERVICE				
CONTRACT				3005000
SPECIAL CATEGORIES				100000
INSTANT TICKET PURCHASE				101740
OPERATING TRUST FUND				2510 1
-STATE	4,980,148			

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE: IT COMPONENT? NO

This issue requests an increase in the Instant Ticket Appropriation Category of \$4,980,148. The July 31, 2012 Revenue Estimating Conference (REC) forecasted Instant Ticket Sales for Fiscal Year 2013-14 to be \$2,770,800,000. The requested increase in this appropriation category is calculated using the latest REC forecasted sales amount and applying an "effective" rate of 1.50%. The vendor rate for Scratch-Off varies by price point, therefore the Lottery calculates an effective rate for forecasting purposes.

New and innovative products must be marketed on a continuing basis to maintain and grow instant ticket sales. Part of the Lottery's strategy to achieve incremental sales is through the continued introduction of licensed property instant games and the use of special printing options such as holographic paper or die-cut tickets. Recently successful licensed property games, such as Monopoly, and Guy Harvey offer lotteries the ability to capitalize on the equity inherent in popular brands. The familiarity of brands, and the affiliation consumers have with these brands, is a means of attracting new players and generating more sales from existing players. Special printing options such as the use of holographic paper or die-cut tickets help spotlight games such as the holiday games in such a way to help attract new players and re-energize existing players by stimulating the visual impact of repeat products. Both licensed property games and special printing options are part of the Lottery's continued effort to add product value, bring innovative products to market, and ultimately increase sales and state transfers.

FY 2013-14 Scratch-off ticket sales projection of \$2,770,800,000 x 1.50%	\$41,562,000
Estimated annual cost for Licensed Property Game Fees	\$ 1,000,000
Less Actual Appropriation	(\$37,581,852)
Projected Deficit	\$ 4,980,148

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
WORKLOAD				3000000
FLORIDA LOTTERY INDEPENDENT				
SECURITY AUDIT				3009300
SPECIAL CATEGORIES				100000
CONTRACTED SERVICES				100777
OPERATING TRUST FUND	-STATE	215,000	215,000	2510 1

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE: IT COMPONENT? NO

This issue requests Contracted Services funding in the amount of \$215,000 for the Lottery to engage the currently retained security firm to conduct a comprehensive security evaluation of the department.

Per Section 24.108(7)(a), Florida Statutes, the department shall engage an independent firm experienced in security procedures, including, but not limited to, computer security and systems security, to conduct a comprehensive study and evaluation of all aspects of security in the operation of the department. In addition Section 24.108(7)(c), Florida Statutes, further states that the security evaluation shall be conducted at least every 2 years.

The last evaluation was conducted February through June 2012. To be in compliance with the statutory guidelines, the next evaluation must be conducted in 2014.

Security and integrity of the Lottery is paramount to ensuring public confidence and integrity which in turn ensures the Department's successful operation. The security evaluation is a tool that helps ensure that the Lottery operates with the highest level of security and utmost integrity. The next security evaluation should start in January 2014 and be completed by June 30, 2014.

If funding is not provided, the department will not be in compliance with the mandates of Section 24.108, Florida Statutes. Recurring funding for the service was eliminated in 2008 due to the bi-annual nature of the requirement.

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
FLORIDA LOTTERY STATEWIDE DOCUMENT				
MANAGEMENT SYSTEM				36218C0
EXPENSES				040000
OPERATING TRUST FUND -STATE	19,337	19,337		2510 1
OPERATING CAPITAL OUTLAY				060000
OPERATING TRUST FUND -STATE	52,785	52,785		2510 1
SPECIAL CATEGORIES				100000
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE	13,548	3,375		2510 1
TOTAL: FLORIDA LOTTERY STATEWIDE DOCUMENT				36218C0
MANAGEMENT SYSTEM				
TOTAL ISSUE.....	85,670	75,497		

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE:

IT COMPONENT? YES

Project Description

The Lottery is requesting a total of \$85,670 (\$52,785 in Operating Capital Outlay, \$19,337 in Expenses and \$13,548 in Contracted Services) to implement a high speed scanning solution for the Claims Processing Unit located at Lottery Headquarters in Tallahassee and the nine Lottery District Offices across the state of Florida. This issue also requires recurring costs of \$10,173 in maintenance services.

Business Problem

The Florida Lottery is seeking to improve retailer and player customer satisfaction by streamlining the processing time frames. The Department will realize cost reductions by decreasing the generation of significant amounts of paperwork and thereby decreasing the file storage requirements and transportation cost between the District Offices and Headquarters. Procurement of high speed document scanning equipment and software for the Lottery's nine District offices and the Claims Processing Unit in Tallahassee will not only provide a way for the Lottery to reduce paper-based expenses and streamline internal workflow processes but also provide for more timely auditing of player claims. The audit process includes problem detection, enhanced training for new staff members, and a more secure method for safeguarding the confidentiality of personal and financial information provided by retailers and players as part of their application and claims processes, respectively.

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				<u>1601.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
FLORIDA LOTTERY STATEWIDE DOCUMENT				
MANAGEMENT SYSTEM				36218C0

The Lottery District Offices generate approximately 64,200 claims packages per year, or an average of 5,350 claims per month. Each claim package consists of at least 5 documents. Several of the documents are two-sided. Staff must photocopy both the front and back of the player's winning ticket and photo identification. The proposed solution would include duplex capability eliminating the need for the employee to flip the documents.

In addition to the claim packages received from the District Offices, the Claims Processing Unit receives approximately 142,042 tickets each year from players by mail. The tickets are stored with supporting documentation in 18 four-drawer file cabinets on-site. Scanning of these incoming tickets and supporting documentation would eliminate the need for additional storage and archiving as well as expedite retrieval at a later date for tax review and audit purposes.

The District Offices also obtain and handle approximately 5,600 retailer documents (average of 466 packages per month). Each application package consists minimally of 3 documents: a 4 page application, 7 page retailer contract and an Electronic Funds Transfer form. The contract renewal package consists of 2 documents: a renewal application and 7 page contract. The termination process involves one form which is typically faxed or emailed to Headquarters' Retailer Contracting Unit. District Offices mail all other forms and packages to the Retailer Contracting Unit.

Impact of not Funding the High Speed Scanning Project

Without the funds for the proposed solution, the Lottery will continue to copy, mail, handle, shred and archive tremendous amounts of paperwork. The Lottery will also spend unnecessary dollars on postage by continuing to have the District Offices mail retailer application packages and claims documentation to Lottery Headquarters. It will be difficult, if not impossible, for the Lottery to further reduce the approval time frames associated with the three to four prescribed business days involved in waiting on mailed packages from the District Offices.

Proposed Solution Description and Explanation of How it Will Address the Business Problem

The Lottery recently deployed the core storage units when implementing the single unit solution in the Headquarters' Retailer Contracting Unit. Two high speed scanners were obtained and networked to a ProStor infinivault Model 35 Storage System with an identical back-up storage device located at the Lottery's Orlando Back-Up Data Center. Expanding this solution to include the Claims Processing Unit with three high speed scanners and each District Office with their own high speed scanner would greatly improve productivity for these work areas. Additional storage cartridges would be installed on the infinivault to accommodate the expansion of usage. The District Offices would no longer transmit hard copies of the retailer applications, renewals, termination and player claim packages to Headquarters but would scan the elements and post the images to the shared drive on the network.

Benefits of Proposed Project

Approval of the high speed scanning solution would result in many benefits including:

COL A03		COL A04		COL A05		CODES
AGY REQUEST	AGY REQ N/R	AGY REQ N/R	AGY REQ ANZ	AGY REQUEST	AGY REQ ANZ	
FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	
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>
AGENCY-WIDE INFORMATION TECHNOLOGY						3620000
FLORIDA LOTTERY STATEWIDE DOCUMENT						
MANAGEMENT SYSTEM						36218C0

- Increased Lottery revenues resulting from more timely approvals of retailer contracts (3-4 days) - \$2.8 million estimated annual increase in revenues due to shorter approval process.
- Cost savings associated with the reduction in paper and postage usage generated by the District Offices in copying and mailing of documents to Lottery Headquarters - \$17,300 estimated annual savings.
- Improved customer (retailers and players) service and satisfaction resulting from a faster response from the Lottery made possible by the elimination of 3 to 4 days of waiting time for mailed packages.
- Better use of staff resources - less time dedicated to opening and processing incoming mail and more time dedicated to processing applications and claims.
- Cost savings to Headquarters due to less photocopying, storing and shredding of paper - \$3,000 estimated annual savings.
- Improved levels of productivity due to staff time saved in searching for paper files, retrieving and returning files to file cabinets, archiving and retrieving from archives, filing, and searching for files - 75 hours estimated annual savings.
- Improved timeliness in auditing of player claims; quicker detecting results in timely feedback and enhanced staff training.
- Stronger continuity of operations in the event of a disaster or interruption of business.
- Greater protection of confidential data and personal information contained in claim documents and retailer application files.
- Enhanced sharing of and access to non-confidential retailer documentation by various work areas.
- Improved response time for public and internal records requests - response within minutes instead of hours or days.

Assumptions and Constraints to Completing the Project and Achieving these Benefits

 Barring significant changes in workload due to new projects or other initiatives, this project can be accomplished by existing staff with assistance from the vendor within schedule and acceptable levels of risk and downtime.

Planned Start and Completion Dates for the Solution

	COL A03 AGY REQUEST FY 2013-14	COL A04 AGY REQ N/R FY 2013-14	COL A05 AG REQ ANZ FY 2013-14	CODES
POS	AMOUNT	POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>GOVERNMENTAL OPERATIONS</u>				<u>1601.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
FLORIDA LOTTERY STATEWIDE DOCUMENT				
MANAGEMENT SYSTEM				36218C0

The timeline below indicates that implementation of a high speed scanning system would take approximately four months. The start date of July 1, 2013 has been used as an example.

Solution Implementation	Dates
Vendor receives order for equipment and software - allow 15 business days from order date for equipment to be received	July 1, 2013
Implementation in Headquarters Claims Processing	July 22-August 2, 2013
Testing and Training in Headquarters Claims Processing	August 5-August 9, 2013
District Offices Implementation - 1 Office per week	August through October 2013

Total Estimated Costs

The table below provides the detailed estimate. The equipment will be installed and software configured by the vendor.

Category and Description	Quantity	Unit Cost	Total Cost
Operating Capital Outlay - OCO			
--Canon DR-9050C Production Scanner, Duplex, Bitonal, Color	3	\$ 7,481.25	\$22,443.75
--Canon DR-6030C Color Departmental Scanner	9	\$ 3,371.25	\$30,341.25
		<u>\$10,852.50</u>	<u>\$52,785.00</u>
Expenses			
--oscFile Index Capture Suite-incl index w/barcode and OCR, QC, Send and Sea Cover Sheet Licenses	12	\$ 1,500.00	\$18,000.00
--Padded Shipping Container for DR-6030C	9	\$ 165.00	\$ 1,336.50
		<u>\$ 1,665.00</u>	<u>\$19,336.50</u>
TOTAL EXPENSES			

Contracted Services

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
FLORIDA LOTTERY STATEWIDE DOCUMENT				
MANAGEMENT SYSTEM				36218C0
--27 Hours of Staff Training on Scanning Equipment and Software				
at \$125 per hour			27	\$ 125.00 \$ 3,375.00
--1 Year Maintenance-oscFile Index Coversheet 5 User Pack			12	300.00 \$ 3,600.00
--Canon DR-9050C Maintenance Service one year			3	\$ 997.00 \$ 2,991.00
--Canon DR-6030C Maintenance Service one year			9	\$ 398.00 \$ 3,582.00

				TOTAL CONTRACTED SERVICES
				\$2,520.00 \$13,548.00
				GRAND TOTAL BASED UPON 1 YEAR MAINTENANCE
				\$17,032.50 \$85,669.50

Conclusion

The Lottery's investment in a high speed document scanning solution, including hardware, software, and the additional data storage cartridges listed in the estimate above would lead to cost savings, improved turnaround time in the approval of retailers and in the payment of prizes, and streamlining of processes performed by Claims Processing, Retailer Contracting and the District Offices. The solution would improve the Lottery's ability to safeguard confidential retailer and player information since the documentation would not need to be mailed. Records requests from within the Lottery and from the public could be handled more efficiently.

Based on the anticipated gain in revenues, the cost of implementation will be recovered after the first full year of operations.

INCREASING SALES INITIATIVES				4100000
LOTTERY RETAILER FORUMS				4100300
EXPENSES				040000
OPERATING TRUST FUND	-STATE	45,000		2510 1
		=====		

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

The purpose of the Retailer Forums is to strengthen and potentially expand the Florida Lottery's Retailer base. It is estimated that the total cost of conducting the Forums will be approximately \$45,000. This estimate was based on the previous cost of conducting similar forums, as well as calculating the travel cost of Florida Lottery employees.

The Forums will provide the Lottery the ability to conduct focused/streamlined prospecting in specific geographical locations, and in specific markets/trades. The Forums also provide ample networking opportunities among Lottery staff,

COL A03		COL A04		COL A05		CODES
AGY REQUEST	AGY REQ N/R	AGY REQ N/R	AGY REQ N/R	AG REQ ANZ	AG REQ ANZ	
FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	
POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	
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>
INCREASING SALES INITIATIVES						4100000
LOTTERY RETAILER FORUMS						4100300

retailers, prospects and strategic partners, along with multiple opportunities to leverage strategic partnerships, as well as, corporate marketing and advertising abilities of the Florida Lottery.

The Florida Lottery anticipates conducting one (1) Statewide Retailer Forum in the format of a combined Sales Conference and Top Corporate and Independent Outreach Forum. This will provide a venue for the Lottery's employees to meet and network with key Top Corporate and Independent Retailer Executives with the intention of growing the number of Retailer locations with the top existing Retailers and increasing sales with those Retailers.

The Lottery intends to invite Florida Petroleum Association Retailers and leverage existing vendor partnerships to share costs. The Lottery anticipates scheduling the Statewide Forum in Orlando, Florida. This Statewide Forum will provide an opportunity for the Florida Lottery to talk to Retailers throughout the State regarding sales and incentives, benefits of being a Florida Lottery Retailer, and educate the Retailers on various way to increase their sales, expand their locations resulting in increased Florida Lottery Retailers and may provide training opportunities through our vendor partners.

After the initial Statewide Retailer Forum, three (3) District Outreach Missions are planned to be held in Jacksonville, Miami and Pensacola to further nurture and develop Retailer relationships and increase sales in these areas of the State. The Florida Lottery intends to utilize all available resources to contain cost of these missions including leveraging vendor partnerships in an effort to maximize earnings for the Educational Enhancement Trust Fund.

The Lottery's recent experience with the Secretary's visits to corporate headquarters demonstrates the value of face to face meetings with the top executives of our corporate chains. In 2012, Secretary O'Connell personally visited over a dozen corporate decision makers from the top 25 corporate chains to express thanks for their support and to share ideas on ways we could expand our brand awareness in their stores, increase their lottery sales and to solicit feedback from on ideas they may have to improve their business. As a result of these visits several chains implemented point of sale programs, incentive drives, plans to increase visibility of scratch-off games and increase placement of the successful Instant Ticket Vending Machines (ITVM). All of the visited chains had year over year increases in FY 2011-12 and the Secretary's visits were a contributing factor in the gains achieved in these chains.

Gains from Secretary visits:

- Increased slots for scratch games in dispensers
- Adding additional signage
- Gained agreements for stores to following standardized plan-o-grams
- Displaying Jackpot signs when available
- Installing ITVM's in selected stores
- Directives to stores to activate new scratch game immediately when launched
- Improved Management communications between our organizations, and participation in upcoming lottery promotions

Several Top 25 corporate chains had success in implementing lottery programs that helped drive their sales and contributed to the Lottery's success in 2012. Corporate retailer Winn-Dixie partnered with the Lottery by being our

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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
INCREASING SALES INITIATIVES				4100000
LOTTERY RETAILER FORUMS				4100300

selling retailer at our Live Draw event in Pensacola Beach. Winn-Dixie participated with the Lottery as a corporate sponsor of thirteen (13) Ice Cream socials at local colleges held to celebrate Bright Future scholars.

Winn-Dixie was the first chain to implement the Menu Board program which features Scratch-off game display cards and is merchandised by the retailer to provide greater visibility of our scratch game product. Results of the program produced an increase in excess of 40% at Winn-Dixie stores when comparing sales to pre-implementation periods. Hess was another Corporate chain that implemented several programs that directly increased lottery sales in their stores Statewide. Hess implemented an auto-order program that allowed our Scratch vendor Sci-Games to place the scratch-off game orders for the Hess locations directly from computer models which thereby eliminated time consuming telephone calls between store personnel and the vendor. Hess also worked with the Lottery on improving product awareness by including Florida Lottery products in their permanent point-of-sale signage program. The advantage to this is that it helps leverage media campaigns the Lottery runs to support its brands and drive customers to retailers.

FLORIDA LOTTERY OPERATIONS FUNDING				5000000
REQUEST FOR INCREASE TO				
PAID ADVERTISING/PROMOTIONS				
APPROPRIATION				5000400
SPECIAL CATEGORIES				100000
PAID ADVERTISING/PROMOTION				102380
OPERATING TRUST FUND	-STATE	4,000,000		2510 1

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

Since 2003, a number of studies have addressed the relationship between Lottery advertising spending and the generation of proceeds for the Educational Enhancement Trust Fund (EETF). These studies have been conducted by Battelle Memorial Institute (Columbus, Ohio) under contract to the Lottery, by the Office of Program Policy Analysis and Government Accountability (OPPAGA), and by the Lottery itself.

Consistently, these studies have found a net positive return to education funding from additional dollars spent on Lottery advertising. In other words, when the Lottery spends money on advertising, the additional EETF generated from the resulting increase in ticket sales is not only enough to recoup the advertising dollar spent, it actually yields additional funding for the EETF.

On April 16, 2012, the Office of Economic and Demographic Research held a Revenue Estimating Conference on the subject. The result of the conference was the adoption of the low estimate based on the findings of the OPPAGA Report No. 10-17 (January 2010)--"Lottery Jackpots, Retailer Density, and Advertising Drive Transfers to Education." That study analyzed

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2013-14	POS	AGY REQ N/R FY 2013-14	POS	AG REQ ANZ FY 2013-14	POS	
LOTTERY, DEPARTMENT OF THE							36000000
PGM: LOTTERY OPERATIONS							36010000
GOV OPERATIONS/SUPPORT							16
GOVERNMENTAL OPERATIONS							<u>1601.00.00.00</u>
FLORIDA LOTTERY OPERATIONS FUNDING							5000000
REQUEST FOR INCREASE TO PAID ADVERTISING/PROMOTIONS APPROPRIATION							5000400

monthly lottery sales, advertising expenditures and other economic data from the Fiscal Year 2006-2009 period, with adjustments for jackpots and market conditions. The study used regression analysis to quantify the relationship between advertising spending and sales. The OPPAGA report acknowledged the possibility of adverse impacts of the economic recession on the advertising ROI: ". . . Since the three years we examined include the worst economic downturn in recent Florida history, our return on investment estimates may understate future returns on advertising spending."

During the 2012 Legislative Session the Department of the Lottery was appropriated an additional \$4 million (non-recurring) funds in the Paid Advertising and Promotions category. This is a request for that \$4 million to be recurring based on the positive impact and increased sales for Fiscal Year 2012-13 adopted during the July 31, 2012 Revenue Estimating Conference. The Revenue Estimating Conference met concerning Lottery revenues on July 31, 2012 to update the forecast adopted on July 12, 2012. The forecast was corrected to reflect the non-recurring nature of the additional \$4.0 million appropriated for advertising for Fiscal Year 2012-13. The forecast for total income was decreased from the prior estimate by \$20.9 million annually beginning in Fiscal Year 2013-14, resulting in a reduction in expected distributions to the Educational Enhancement Trust Fund (EETF) of \$2.3 million a year beginning in Fiscal Year 2013-14. As a result, annual growth rates for EETF distributions are 2.9% in Fiscal Year 2012-13 and 1.6% in Fiscal Year 2013-14.

July 31, 2012 REVENUE ESTIMATING CONFERENCE RESULTS

TOTAL SALES	July 12, 2012	July 31, 2012	Difference	Percent
Fiscal Year 2011-12	\$2567.0	\$2567.0	\$ 0.0	0.000%
Fiscal Year 2012-13	\$2703.4	\$2703.4	\$ 0.0	0.000%
Fiscal Year 2013-14	\$2783.0	\$2770.8	\$12.2-	0.440%-
Fiscal Year 2014-15	\$2822.6	\$2810.4	\$12.2-	0.434%-

TRANSFER TO EETF	July 12, 2012	July 31, 2012	Difference	Percent
Fiscal Year 2011-12	\$1310.4	\$1316.6	\$6.2	.471%
Fiscal Year 2012-13	\$1354.6	\$1354.6	\$0.0	.000%
Fiscal Year 2013-14	\$1378.1	\$1375.8	\$2.3-	.167%-
Fiscal Year 2014-15	\$1393.2	\$1390.9	\$2.3-	.165%-

Approval of this request supports the primary objective of the Department of the Lottery--to maximize transfers to the Educational Enhancement Trust Fund.

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2013-14 POS	AMOUNT	AGY REQ N/R FY 2013-14 POS	AMOUNT	AG REQ ANZ FY 2013-14 POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE							36000000
PGM: LOTTERY OPERATIONS							36010000
GOV OPERATIONS/SUPPORT							16
GOVERNMENTAL OPERATIONS							1601.00.00.00
FLORIDA LOTTERY OPERATIONS FUNDING							5000000
FLORIDA LOTTERY GAMING SYSTEM							
SOLICITATION CONSULTANT							5000600
SPECIAL CATEGORIES							100000
CONTRACTED SERVICES							100777
OPERATING TRUST FUND -STATE		300,000		300,000			2510 1

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

This issue requests contracted services funding for the Lottery to procure a contract with a firm to provide domestic lottery consultant services related to the traditional lottery gaming industry. The Florida Lottery has found it beneficial to employ the services of consultants knowledgeable and experienced in the Lottery industry to assist in complex procurements where only 2-3 highly competitive vendors exist within the vendor pool. This category of consultants provides a unique blend of the knowledge and technical skill needed in defining scopes of services, evaluation methodologies and processes, negotiations, unique pricing methodologies in the Lottery industry and documenting contract deliverables through user acceptance testing that helps ensure the integrity and security of Lottery products that are competitive within the industry. The use of consultants in 2007 was instrumental in securing the more efficient scratch-off ticket contract currently in place. That procurement resulted in a savings of over \$18 Million last year and a savings of \$14 Million the previous year.

Ideal services to be provided include, but would not be limited to, solicitation development, industry subject matter expertise, procurement process administration and management assistance, technical proposal evaluation assistance, contract negotiation assistance, post award consultation, and acceptance testing activities. Additionally, other consulting services related to the Lottery industry and/or business operations may be requested under this contract.

INCREASE TO RETAILER INCENTIVE							5000700
SPECIAL CATEGORIES							100000
RETAILER INCENTIVES							102388
OPERATING TRUST FUND -STATE		750,000					2510 1

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

This issue requests funding to restore the Retailer Incentive Fund to \$2.5 M. The Retailer Incentive Fund has been an important tool in encouraging Lottery retailers to actively promote new games and in maintaining the spirit of partnership between the Lottery and its retailers. The availability of special incentives also is a selling point in the effort to attract new retailers to lottery sales. The Lottery conducts retailer incentive programs annually that are

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
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>
FLORIDA LOTTERY OPERATIONS FUNDING				5000000
INCREASE TO RETAILER INCENTIVE				5000700

structured around best practices and sales performance. The Florida Lottery continues to plan for future incentives that will provide retailers with more opportunities to earn cash awards.

Restoring the Retailer incentive Fund will allow the Florida Lottery to:

- Increase our game specific retailer incentive programs to quarterly promotions to keep retailers engaged in promoting our product.
- Create a retailer incentive plan offering retailers a bonus for selling winning Scratch-Off tickets with top prizes of \$1,000,000 or more. This incentive encourages retailers to sell the higher price point Scratch-Off tickets. Similar plans are used in Massachusetts, one of the few states with a higher per capita sales level than Florida.
- Create retailer buy-in to promote and educate players on new games as the Lottery continues to expand to new product offerings.
- Excite new retailer, especially the profit-oriented corporate chains, as the Lottery's retailer base expands in response to our aggressive recruitment goals.
- Promote existing games and new product offerings with more frequent retailer incentive promotions that will continue strong sales and, in turn transfers to the Education Enhancement Trust Fund.

TOTAL: GOVERNMENTAL OPERATIONS				<u>1601.00.00.00</u>
BY FUND TYPE				
	368.00			
TRUST FUNDS.....	148,880,126	882,997		2000
SALARY RATE.....	14,098,207			
	=====	=====	=====	

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				1602.00.00.00
ESTIMATED EXPENDITURES				1000000
ESTIMATED EXPENDITURES - OPERATIONS				1001000
SALARY RATE				000000
SALARY RATE.....	3,431,233			
=====				
SALARIES AND BENEFITS				010000
	55.00			
OPERATING TRUST FUND -STATE	4,413,818			2510 1
=====				
OTHER PERSONAL SERVICES				030000
OPERATING TRUST FUND -STATE	271,500			2510 1
=====				
EXPENSES				040000
OPERATING TRUST FUND -STATE	3,086,538			2510 1
=====				
OPERATING CAPITAL OUTLAY				060000
OPERATING TRUST FUND -STATE	1,000			2510 1
=====				
SPECIAL CATEGORIES				100000
ACQUISITION/MOTOR VEHICLES				100021
OPERATING TRUST FUND -STATE	340,000			2510 1
=====				
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE	814,749			2510 1
=====				
RISK MANAGEMENT INSURANCE				103241
OPERATING TRUST FUND -STATE	355,498			2510 1
=====				

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2013-14 POS	AMOUNT	AGY REQ N/R FY 2013-14 POS	AMOUNT	AG REQ ANZ FY 2013-14 POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE							36000000
PGM: LOTTERY OPERATIONS							36010000
GOV OPERATIONS/SUPPORT							16
EXEC LEADERSHIP/SUPPRT SVC							1602.00.00.00
ESTIMATED EXPENDITURES							1000000
ESTIMATED EXPENDITURES - OPERATIONS							1001000
SPECIAL CATEGORIES							100000
TR/DMS/HR SVCS/STW CONTRCT							107040
OPERATING TRUST FUND -STATE		147,142					2510 1
TOTAL: ESTIMATED EXPENDITURES - OPERATIONS							1001000
TOTAL POSITIONS.....	55.00						
TOTAL ISSUE.....		9,430,245					
TOTAL SALARY RATE.....	3,431,233						
CASUALTY INSURANCE PREMIUM							1001090
ADJUSTMENT							100000
SPECIAL CATEGORIES							103241
RISK MANAGEMENT INSURANCE							
OPERATING TRUST FUND -STATE		146,930-					2510 1
FLORIDA RETIREMENT SYSTEM							1001240
CONTRIBUTION ADJUSTMENT FOR							010000
FISCAL YEAR 2012-2013							
SALARIES AND BENEFITS							
OPERATING TRUST FUND -STATE		6,860					2510 1
ADJUSTMENT TO STATE HEALTH							1001830
INSURANCE PREMIUM CONTRIBUTION -							010000
FISCAL YEAR 2012-13							
SALARIES AND BENEFITS							
OPERATING TRUST FUND -STATE		7,758					2510 1

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2013-14 POS	AMOUNT	AGY REQ N/R FY 2013-14 POS	AMOUNT	AG REQ ANZ FY 2013-14 POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE							36000000
PGM: LOTTERY OPERATIONS							36010000
GOV OPERATIONS/SUPPORT							16
EXEC LEADERSHIP/SUPPRT SVC							1602.00.00.00
ADJUSTMENTS TO CURRENT YEAR							
ESTIMATED EXPENDITURES							1600000
BACK OUT CONTRACTED SERVICES FROM							
OTHER PERSONAL SERVICES - DEDUCT							160E030
OTHER PERSONAL SERVICES							030000
OPERATING TRUST FUND							2510 1
	-STATE	209,796-					

AGENCY ISSUE NARRATIVE:

2013-2014 BUDGET YEAR NARRATIVE: IT COMPONENT? NO

This is a request to realign the budget by transferring \$209,796 from the Other Personal Services (OPS) category to the Contracted Services category to cover the costs of Terminal Games Draw Auditors. Costs associated with the Terminal Games Draw Auditors have historically been funded in the OPS appropriation category, however the expenditures for this purpose are more consistent with items funded within the Contracted Services appropriation category.

In accordance with Section 24.105(9)(d), Florida Statutes, any game or promotion involving a draw for prizes must be witnessed by an accountant employed by an Independent Certified Public Accounting (CPA) firm. The Florida Lottery has a minimum of 2,033 draws per year that includes the five daily and four weekly draws, as well as numerous second chance and promotional drawings.

The Florida Lottery has a competitively procured contract with a CPA firm for Terminal Games draw auditors. Responsibilities for the accountants include witnessing and auditing all draw proceedings to verify and ensure the integrity, security, and fairness of each Terminal Game drawing, inspecting all equipment used in the drawing before and after the drawing and completing required documentation for each drawing certifying compliance with the drawing procedures provided by the Lottery at the conclusion of each drawing.

ANNUALIZATION OF ADMINISTERED FUNDS APPROPRIATIONS							26A0000
STATE HEALTH INSURANCE ADJUSTMENT FOR FY 2012-13 - 10 MONTHS							
ANNUALIZATION							26A1830
SALARIES AND BENEFITS							010000
OPERATING TRUST FUND							2510 1
	-STATE	38,790					

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2013-14	FY 2013-14	FY 2013-14	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				<u>1602.00.00.00</u>
TOTAL: EXEC LEADERSHIP/SUPPRT SVC				<u>1602.00.00.00</u>
BY FUND TYPE				
	55.00			
TRUST FUNDS.....		9,126,927		2000
SALARY RATE.....	3,431,233			
TOTAL: PGM: LOTTERY OPERATIONS				36010000
BY FUND TYPE				
	423.00			
TRUST FUNDS.....		158,007,053	882,997	2000
SALARY RATE.....	17,529,440			