

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

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AGENCY ISSUE NARRATIVE:  
 SCH VIIIB-2 NARR 13-14 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #9

Beginning in August 2009, the Florida Lottery commenced the distribution of 1,500 Instant Ticket Vending Machines (ITVM) throughout the state. In Fiscal Year 2011-12 the Total ITVM Sales were \$344,173,392. Given the historical and expected results, discontinuing the use of the ITVMs would negatively impact the Educational Enhancement Trust Fund by approximately \$64.7 million after the cost savings.

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POTENTIAL REDUCTION TO PAID			
ADVERTISING AND PROMOTION			3301200
SPECIAL CATEGORIES			100000
PAID ADVERTISING/PROMOTION			102380
OPERATING TRUST FUND	-STATE	5,376,000-	2510 1
		=====	

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AGENCY ISSUE NARRATIVE:  
 SCH VIIIB-2 NARR 13-14 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #8

In order to achieve the designated target, the Lottery would have to suggest decreasing this category despite a Revenue Estimating Conference (REC) impact analysis that demonstrates the consequence would be a net loss in Educational Enhancement Trust Fund (EETF) funding. The reduction requirement would range from \$0 to \$5,376,000 depending on the amount needed to achieve the established 5% reduction target for the agency's Fiscal Year 2013-14 budget. This range was established to accommodate decisions reached by the Legislature with regard to priority numbers 7 and 9. Using OPPAGA's estimated impact on EETF of (\$1.57 per dollar spent), this reduction would negatively impact EETF by up to \$8.4 million after the savings realized from the media costs. Advertising media purchases are a vital, cost-effective tool to make the public aware of new games and promotions, reminding them of the fun of playing and informing them of the use of Lottery proceeds to enhance education.

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LOTTERY, DEPARTMENT OF THE			36000000
<u>PGM: LOTTERY OPERATIONS</u>			36010000
<u>GOV OPERATIONS/SUPPORT</u>			16
<u>GOVERNMENTAL OPERATIONS</u>			<u>1601.00.00.00</u>
STATE FUNDING REDUCTIONS			3300000
POTENTIAL REDUCTION TO ADVERTISING			
AGENCY FEES			3301300
SPECIAL CATEGORIES			100000
ADVERTISING AGENCY FEES			102378
OPERATING TRUST FUND	-STATE	400,000-	2510 1
		=====	

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AGENCY ISSUE NARRATIVE:

SCH VIIIB-2 NARR 13-14 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #6

The Department currently contracts with two advertising agencies, one for the General Market and one for the Spanish Language Market. Both agencies are required to provide a certain level of services and are compensated based upon a negotiated percentage for all activities coordinated by their firms. These percentage rates have both been negotiated downward. Each contractor is compensated based on the amount of advertising expenditures placed by their agency. While the reduction in fee rate does result in the need for less funding in the fee appropriation, the Lottery would recommend that these funds could produce a higher yield for the Educational Enhancement Trust Fund if they were transferred to the Advertising Media Category. According to the OPPAGA Study #10-17 and the Revenue Estimating Conference (REC) Impact Conference, each dollar the Lottery spends on advertising results in \$1.57 in net proceeds for the Educational Enhancement Trust Fund. Therefore the budget reduction would result in an increase to the Educational Enhancement Trust Fund of \$400,000 while the reallocation would result in more than \$628,000.

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POTENTIAL REDUCTION TO DATA			
PROCESSING SERVICES - SOUTHWOOD			
SHARED RESOURCE CENTER			3301500
DATA PROCESSING SERVICES			210000
SOUTHWOOD SRC			210021
OPERATING TRUST FUND	-STATE	56,000-	2510 1
		=====	

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AGENCY ISSUE NARRATIVE:

SCH VIIIB-2 NARR 13-14 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #1

The Lottery worked with the Southwood Shared Resource Center (SSRC) to move our website supporting servers from Managed Services to their Co-Location services. This change provides the Lottery with direct 24/7 access to these mission critical servers, allowing for a more rapid response to failures. Lottery staff provides all the administrative support

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LOTTERY, DEPARTMENT OF THE		36000000
PGM: LOTTERY OPERATIONS		36010000
GOV OPERATIONS/SUPPORT		16
GOVERNMENTAL OPERATIONS		<u>1601.00.00.00</u>
STATE FUNDING REDUCTIONS		3300000
POTENTIAL REDUCTION TO DATA		
PROCESSING SERVICES - SOUTHWOOD		
SHARED RESOURCE CENTER		3301500

for the servers and the SSRC bills the Lottery for electrical circuits and Rack Mounts at a cost of approximately \$1,076 per month (reduced from \$5,805 per month). This resulted in a cost savings of \$56,000 per year. The Educational Enhancement Trust Fund will be the beneficiary of this cost savings.

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POTENTIAL REDUCTION TO LAW		
ENFORCEMENT SALARY INCENTIVES		3301600
SPECIAL CATEGORIES		100000
SALARY INCENTIVE PAYMENTS		103290

OPERATING TRUST FUND	-STATE	2,000-	
		=====	2510 1

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AGENCY ISSUE NARRATIVE:  
 SCH VIIIB-2 NARR 13-14 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #4

This appropriation category is utilized to make salary incentive payments in accordance with Florida Statutes when sworn law enforcement officers obtain additional education credits. Based on the current levels in the organization, this category could be slightly reduced. The Educational Enhancement Trust Fund will be the beneficiary of this cost savings.

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POTENTIAL REDUCTION TO VENDOR		
FUNDING - FULL SERVICE VENDING		
MACHINES		3301700
SPECIAL CATEGORIES		100000
LOTTERY FSVM		102383

OPERATING TRUST FUND	-STATE	1,375,000-	
		=====	2510 1

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AGENCY ISSUE NARRATIVE:  
 SCH VIIIB-2 NARR 13-14 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #5

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LOTTERY, DEPARTMENT OF THE		36000000
PGM: LOTTERY OPERATIONS		36010000
GOV OPERATIONS/SUPPORT		16
GOVERNMENTAL OPERATIONS		<u>1601.00.00.00</u>
STATE FUNDING REDUCTIONS		3300000
POTENTIAL REDUCTION TO VENDOR		
FUNDING - FULL SERVICE VENDING		
MACHINES		3301700

Contract negotiations with the Terminal Games vendor resulted in an equipment allowance of \$1,375,000. The Lottery could offer a one time reduction of this amount for Fiscal Year 2013-14. Since this would be using funds provided by the vendor for the Full Service Vending Machines there would be no negative impact on the Transfer to the Educational Enhancement Trust Fund, as machines will continue to generate revenue.

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POTENTIAL REDUCTION TO FULL SERVICE		
VENDING MACHINE APPROPRIATION		
CATEGORY		3301710
SPECIAL CATEGORIES		100000
LOTTERY FSVM		102383

OPERATING TRUST FUND	-STATE	2,940,000-	2510	1
		=====		

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AGENCY ISSUE NARRATIVE:  
 SCH VIIIB-2 NARR 13-14 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #7

During the 2012 Legislative Session the Lottery was appropriated funds to allow for 350 Full Service Vending Machines (FSVM). The Post Session Revenue Estimating Conference adopted an increase in the Lottery's Transfer to the Educational Enhancement Trust Fund for Fiscal Year 2013-14 of \$21 million. Discontinuing the use of the FSVMs would negatively impact the Lottery by \$21 million after the cost savings.

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REDUCTIONS DUE TO EFFICIENCIES		3306700
EXPENSES		040000

OPERATING TRUST FUND	-STATE	36,500-	2510	1
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AGENCY ISSUE NARRATIVE:  
 SCH VIIIB-2 NARR 13-14 NARRATIVE: IT COMPONENT? NO  
 PRIORITY #2

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 COL A93  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT  
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LOTTERY, DEPARTMENT OF THE		36000000
PGM: LOTTERY OPERATIONS		36010000
GOV OPERATIONS/SUPPORT		16
GOVERNMENTAL OPERATIONS		<u>1601.00.00.00</u>
STATE FUNDING REDUCTIONS		3300000
REDUCTIONS DUE TO EFFICIENCIES		3306700

The Lottery offers a potential reduction to Expense Appropriation category due to efficiency savings as a result of Lease Renegotiations. The Lottery has procured the services of a state contracted Tenant Broker to assist with lease renegotiations of District Offices, and as a result has been able to realize an efficiency savings of \$36,500. The Educational Enhancement Trust Fund will be the beneficiary of this cost savings.

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REDUCE CONTRACTED SERVICES		3308060
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777

OPERATING TRUST FUND	-STATE	34,000-	2510	1
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AGENCY ISSUE NARRATIVE:  
 SCH VIIIB-2 NARR 13-14 NARRATIVE:  
 PRIORITY #3

IT COMPONENT? NO

In Fiscal Year 2012-13 the Lottery was appropriated recurring funding in its Vehicle Acquisition appropriation category, allowing the purchase of approximately 17 new vehicles each year. These vehicles are used on a daily basis by the sales force. With the appropriation to replace aging vehicles on a regular basis there is an expected reduction in vehicle maintenance costs. The Lottery projects an efficiency savings of \$34,000 in Fiscal Year 2013-14 and will offer this up as a potential reduction to the Contracted Services appropriation category. The Educational Enhancement Trust Fund will be the beneficiary of this cost savings.

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TOTAL: GOVERNMENTAL OPERATIONS		<u>1601.00.00.00</u>
BY FUND TYPE		
TRUST FUNDS.....	15,230,100-	2000
	=====	