

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: September 13, 2019

SUBJECT: Report for the September Commission Meeting

This is a status update of ongoing and special projects in Administration, Finance and Operations.

I. CUSTOMER RESOURCE CENTER

The Customer Resource Center is responsible for processing winner claims. In addition, MGM National Harbor, Live! Casino and Hotel, and Hollywood Casino Perryville have the ability to cash winning tickets from \$5,001 to \$25,000 like our Baltimore claim center. In the near future, our remaining casinos will be provided with the same ability.

The Lottery has approximately 382 Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. In our new system, all claims are processed in the field and the Customer Resource Center no longer has to key in claim forms. These locations, in turn, submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number and amount of winners' claims processed by the Lottery and the casinos are noted below:

Location	August 2019 Count	August 2019 Amount	YTD 07/01/19 To 06/30/20	YTD 07/01/19 To 06/30/20
Baltimore	1,030	\$3,885,152.00	2,063	\$9,435,406.58
Casinos	43	\$425,984.10	67	\$678,364.30

XCAP PROCESSING:

August 2019 Count	August 2019 Amount	YTD 07/01/19 To 06/30/20	YTD 07/01/19 To 06/30/20
4,745	\$9,050,876.05	10,221	\$20,803,330.65

SUBSCRIPTIONS PROCESSED:

The Lottery's Customer Resource Center is also responsible for processing subscriptions. Multi-Match, Mega Millions, Powerball and Cash4Life subscriptions can be purchased for 26, 52 or 104 draws. Data concerning subscriptions processed is noted below:

Total Subscriptions as of August 31, 2019:

Multi Match	2,327
Mega Millions	3,401
Powerball	2,193
Cash4Life	<u>293</u>
Total	8,214

Total Subscriptions Processed During August, 2019

Multi Match	427
Mega Millions	493
Powerball	345
Cash4Life	<u>85</u>
Total	1,350

Interceptions:

	YTD July 2019 Amount	August 2019 Amount	YTD 07/1/19 to 6/30/20 Amount
Child Support	\$19,414.25	\$8,470.55	\$27,884.91
CCU Debts	\$77,919.76	\$80,389.29	\$158,309.05

II. BUDGET

- **FISCAL YEAR 2019 Final Expenditures**

- Lottery: \$80,145,784
- VLT Special Fund: \$10,240,347
- VLT General Fund: \$ 6,715,636
- Submitted a budget amendment to DBM in the amount of \$600,000 to cover increased vendor fees paid to SGI as a result of an increase in sales.

- **FISCAL YEAR 2020**

- Lottery: \$85,682,455
- VLT Special Fund: \$11,205,629
- VLT General Fund: \$ 6,906,251

- **FISCAL YEAR 2021**

- The FY 21 budget has been submitted to DBM.

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of July, 2019 \$ 11,341,633
- Estimated increase in August, 2019 \$ 2,677,591
- Estimated usage in August, 2019 \$ (3,019,106)
- Estimated balance as of August, 2019 \$ 11,000,118

III. ACCOUNTING/FINANCE

- The May financial statements will be distributed at the September 26, 2019 meeting.

IV. PROCUREMENT

- Procurement works closely with all Divisions to support the MLGCA's daily operations to include, but not limited to, procurement of printing of POS materials and various information sheets/brochures to support all games; promotional items, sponsorship agreements for events; and supplies/equipment for the Lottery's internal use, as well as the processing of all payments under \$5,000.00 using the State P-Card and monthly reconciliation of bank statement.
- Instant Ticket Games and Related Services Contract (#2013-01) with Pollard Banknote Limited (Primary Contract) and Scientific Games International, Inc. and IGT/GTECH Corporation (both Secondary Contracts) for the production of Instant Tickets and delivery to Retailer locations. These Contracts expire August 31, 2020 with no additional renewal options available. The MLGCA has a continuing need for these services and has begun the process of preparing an RFP for a replacement contract.

- Central Monitor and Control System for a Video Lottery Terminal Program (#2009-11) with IGT (formerly GTECH Corporation) to provide the design, development, implementation, lease, operation, and maintenance of a complete turnkey Central Monitor and Control System for a Video Lottery Terminal Program. This Contract expires September 26, 2020 with no additional renewal options available. The MLGCA has a continuing need for these services and has begun the process of preparing an RFP for a replacement contract.

V. HUMAN RESOURCES

- The HR department is continuing its efforts to train all agency employees on sexual harassment prevention for all agency employees as required by recent legislation enacted in October of 2018.
- All HR staff members have been trained on the new electronic enrollment process for employees to receive health benefits. HR has begun communication blasts to all staff advising on the upcoming open enrollment period and processes.

VI. INFORMATION TECHNOLOGY

- The new telephone system install is in progress; telephones have been deployed, and configuration of the system is eighty percent complete.
- Recruitment is underway for two computer operators. Interviews are finished, and offers will be made by HR.
- Working with our vendor to schedule the Agency's annual IT security assessment.
- Reviewing the State's new IT security policies for compliance, and gap assessment.