

# Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: October 15, 2019

SUBJECT: Report for the October Commission Meeting

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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 377 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:

<b>Location</b>	<b>September 2019 Count</b>	<b>September 2019 Amount</b>	<b>YTD 07/01/19 To 06/30/20</b>	<b>YTD 07/01/19 To 06/30/20</b>
<b>Baltimore</b>	1,073	\$3,260,477.05	3,136	\$12,695,883.63
<b>Casinos</b>	46	\$399,704.70	113	\$1,078,069.00

**XCAP PROCESSING:**

September 2019 Count	September 2019 Amount	YTD 07/01/19 To 06/30/20	YTD 07/01/19 To 06/30/20
5,532	\$11,513,733.30	15,753	\$32,317,063.95

**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 September 30, 2019:

Multi Match	2,279
Mega Millions	3,370
Powerball	2,163
Cash4Life	<u>334</u>
Total	8,146

Total Subscriptions Processed During September, 2019

Multi Match	322
Mega Millions	472
Powerball	318
Cash4Life	<u>85</u>
Total	1,197

**Interceptions:**

	YTD August 2019 Amount	September 2019 Amount	YTD 07/1/19 to 6/30/20 Amount
Child Support	\$27,884.91	\$8,783.84	\$36,668.75
CCU Debts	\$158,309.05	\$115,343.62	\$273,652.67

## II. BUDGET

- **FISCAL YEAR 2019 Final Expenditures**

- Lottery: \$80,145,784
- VLT Special Fund: \$10,240,347
- VLT General Fund: \$ 6,715,636

- **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. Awaiting further questions and for a meeting to be scheduled.

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of August, 2019 \$ 11,000,119
- Estimated increase in September, 2019 \$ 2,584,049
- Estimated usage in September, 2019 \$ (2,692,997)
- Estimated balance as of September, 2019 \$ 10,891,171

## III. ACCOUNTING/FINANCE

- The June and GAAP financial statements are included.

## 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.
- Request for Proposal (RFP) for Instant Ticket Games and Related Services (#2019-05). The current contracts 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 will expire August 31, 2020, with no additional renewal options available. The MLGCA has a continuing need for these services. This RFP will be submitted to the Commission for review and approval at its October meeting.

- 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.
- MBE/VSBE/SBR Activities:

I. A summary of the MLGCA's MBE/VSBE participation is attached.

## V. HUMAN RESOURCES

- HR has continued efforts to educate all employees of new changes regarding open enrollment for health benefits. The open enrollment period begins October 15, 2019 and employees and retirees will enroll using a new electronic process.
- The HR Department successfully completed Sexual Harassment Prevention training for all employees.

## VI. INFORMATION TECHNOLOGY

- The Agency's annual IT security assessment is in process. The first of three assessments is complete, and the remaining work is scheduled to be completed by the end of the year.
- Evaluating Endpoint Detection and Response (EDR) software to replace the current solution.
- Testing new ICS software in preparation for production use.