

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: Financial Director's Report

DIVISION: Administration, Finance and Operations

DATE: June 16, 2020

SUBJECT: Report for the June Commission Meeting

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

I. CUSTOMER RESOURCE CENTER

The Maryland Lottery's Customer Resource Center (CRC) is responsible for processing winner claims. Out of concern for player and employee safety during the pandemic, the CRC closed to the public on March 30. During that time, claimants with prizes of \$600 and below have been able to cash their winnings at any of the more than 4,000 Lottery retailers across the state; winners with prizes of up to \$5,000 have been able to visit the approximately 370 XCAP retailers that were still open. CRC staff have continued to process the larger prizes via both mail-in claims and any claims left in a drop-box located in the main lobby of Montgomery Park Business Center. Maryland Lottery staff have been planning and preparing for the reopening of the CRC and we expect our doors to open to the public in the coming weeks. However, to mitigate unnecessary overcrowding and long lines, we will be reopening -- by appointment only -- from 8:45 a.m. to 4:15 p.m. each weekday. No walk-ins will be allowed. MGM National Harbor; Live! Casino and Hotel; Hollywood Casino Perryville; Ocean Downs Casino; and Rocky Gap Casino have the ability to cash winning tickets from \$5,001 to \$25,000, but they too have been closed since mid-March. While the casinos will begin reopening on June 19, processing claims will not, understandably, be their first priority and we are unsure at this time when they will begin to again process Lottery claims. In the future, Horseshoe Casino will also be able to cash winning tickets over \$5,000.

As of May 31, 2020, the Lottery now has approximately **373** 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, the casinos and XCAP retailers are noted below:

Location	May 2020 Count	May 2020 Amount	YTD 7/01/19 to 05/31/20	YTD 7/01/19 to 05/31/20
Baltimore	775	\$568,596	11,754	\$48,112,395
Casinos	0	\$0.00	333	\$3,658,972

XCAP PROCESSING:

May 2020 Count	May 2020 Amount	YTD 7/01/19 to 05/31/20	YTD 7/01/19 to 05/31/20
5,878	\$12,084,307	59,330	\$125,046,043

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 May 2020:

Multi-Match	2,156
Mega Millions	3,417
Powerball	2,540
Cash4Life	<u>385</u>
Total	8,498

Total Subscriptions Processed During May 2020:

Multi-Match	448
Mega Millions	527
Powerball	440
Cash4Life	<u>122</u>
Total	1,537

Interceptions:

	YTD April 2020 Amount	May 2020 Amount	YTD 7/1/19 to 05/31/20 Amount
Child Support	\$194,374	\$5,020	\$199,394
CCU Debts	\$988,225	\$0.00	\$988,225

II. BUDGET

- **FISCAL YEAR 2020**
 - Lottery: \$86,109,661
 - VLT Special Fund: \$11,401,155
 - VLT General Fund: \$ 6,954,957
- **FISCAL YEAR 2021**
 - The Legislature has approved our FY21 budget as recommended by the Department of Budget Management.
- **Promotion Fund (Unclaimed Prizes)**
 - Beginning Balance as of May 1, 2020 \$2,953,640
 - Estimated increase in May, 2020 \$1,179,800
 - Estimated usage in May, 2020 (\$1,714,200)
 - Estimated Ending Balance as of May 31, 2020 \$2,419,240

III. ACCOUNTING/FINANCE

- The January statement is attached.

IV. PROCUREMENT

- Licensing Contract (#2020-02) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$317,980 for the 2.5 year term approximately May 21, 2020 - November 30, 2022, to provide 1) a license to use the Ravens NFL team marks and logos for two Instant Ticket Lottery Games and 2) Ravens and NFL football related prizes, which is similar to the Raven's Contracts done for the past eleven years. This contract was approved by the BPW at its June 3, 2020, meeting.
- Auditing and Accounting Services (#2015-04) with Stout, Causey & Horning, P.A.: Contract with a Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of operations for both Lottery games and the VLT program. The Contract included three 1-year renewal options and option #1 and 2 were previously exercised. The MLGCA desires to exercise the third Renewal Option with term 7/1/2020 – 6/30/2021, in the amount of \$244,425 to continue these services. The NTE amount of this renewal option was specified in the original Contract as \$238,650 but was increased by Modification #1 during the base contract term to add the annual audit of Cash4Life® Agreed Upon Procedures. This Renewal Option, approved by the Commission at its May meeting, has been submitted to DGS and is scheduled for review at the June 17, 2020, BPW meeting.
- Licensing and Dunning Systems Additions, Enhancements and Maintenance (#2015-08) with MS Technologies Corporation: Contract has a fixed-price component to provide system development and enhancement and a Time & Materials (T&M) component to provide maintenance. The contract expires on June 30, 2020, at which time the work required under the fixed-price component will be completed, but the MLGCA will have a continuing need for the T&M component to conduct system maintenance. Therefore, the MLGCA intends to extend the Contract for Maintenance services only for an additional 2-year period at a total NTE amount of \$49,900. Upon approval by the Commission, this contract will go to DGS for approval. BPW approval will not be required as the contract is under \$50,000.
- MBE/VSBE/SBR Activities:
 - o Current MBE data is unavailable at this time. Reports will be updated as soon as possible.

V. HUMAN RESOURCES

The Human Resources unit is working with the Department of Budget and Management, Department of General Services, and Agency staff to prepare for a gradual reopening process to resume all agency operations and services.