

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: January 19, 2017

SUBJECT: Report for the January Commission Meeting

I. CUSTOMER RESOURCE CENTER

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

The Customer Resource Center is responsible for processing winner claims. The Lottery has two claim centers, one in Baltimore at the headquarters location and one in Lanham. In addition to processing winner claims, the claim centers are responsible for processing the W-2G paperwork for claims that were cashed by the agent plus locations. The Lottery has approximately 335 Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. These locations, in turn submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number of winners claims processed by the Lottery and the number of agent plus claim forms processed by the Lottery is noted below:

Location	YTD 07/1/15 to 11/30/2016 Count	YTD 07/1/15 to 11/30/2016 Amount	December 2016 Count	December 2016 Amount	YTD 07/01/16 to 12/31/16 Count	YTD 07/01/16 to 12/31/16 Amount
Baltimore	2,743	\$ 5,426,405.05	547	\$900,982.50	3,290	\$6,327,387.55
Lanham	1,091	\$4,761,281.90	160	\$705,078.80	1,251	\$5,466,360.70
XCAP	20,613	\$44,362,201.20	4,308	\$9,107,110.25	24,921	\$53,469,311.45

SUBSCRIPTIONS PROCESSED:

The Lottery's Customer Resource Center is also responsible for processing subscriptions for Multi-Match and Mega Millions. Multi-Match subscriptions can be purchased for 26, 52 or 104 weeks for one to 3 games. Mega Millions subscriptions can be purchased for 26, 52 or 104 weeks for \$1 or \$2 per game. Data concerning subscriptions processed is noted below:

Multi-Match As of 07/4/16 – 7,657 As of 12/26/2016 – 6,286

	YTD November 2016 Count	December 2016 Count	YTD 07/1/16 to 12/31/16 Count
New Applications	319	139	458
Internet	255	142	397
Renewal	3,371	493	3,864

Mega Millions As of 07/01/16- 16,438 As of 12/30/2016 – 14,729

	YTD November 2016 Count	December 2016 Count	YTD 07/1/16 to 12/31/16 Count
New Applications	758	387	1,145
Internet	455	204	659
Renewal	4,934	1,199	6,133

Withholdings

	YTD November 2016 Amount	December 2016 Amount	YTD 07/1/16 to 12/31/16 Amount
Child Support	\$77,121.70	\$17,161.31	\$94,283.01
CCU Debts	\$399,439.30	\$85,157.75	\$484,597.05

II. BUDGET

- **FISCAL YEAR 2016** – We have started the reversal of encumbrances and accruals.
- **FISCAL YEAR 2017**
 - Lottery: \$68,320,140
 - VLT Special Fund: \$9,132,860
 - VLT General Fund: \$21,770,000
- **FISCAL YEAR 2018**
 - The Budget was submitted to DBM and our budget hearing was held on November 9th. It has now moved to the Legislature. Hearing dates are as follows:
 - February 2nd at 1:00 pm – Senate
 - February 6th at 3:00 pm - House
- **Promotion Fund (Unclaimed Prizes)**
 - Balance as of November 2016 \$ 8,359,011
 - Estimated increase in December, 2016 \$ 1,000,000
 - Estimated usage in December, 2016 \$ 5,400,000
 - Estimated balance as of December, 2016 \$ 3,959,011

III. ACCOUNTING/FINANCE

- The October financial statements will be distributed at the January 26th meeting.

IV. PROCUREMENT

- During December a total of 46 new small procurements (up to \$25k) were initiated. Procurement works closely with all Divisions to support the Lottery'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 Vending Machines ("ITVMs") and Related Services Contract (#2008-26) with GTECH Corporation: Contract to provide, distribute, install, maintain and relocate up to 1,000 new ITVMs to be located at Retailer locations throughout the State. The Contract included five 1-year Renewal Options for maintenance and repair services. Renewal Options #1, 2 and 3 were previously exercised with expiration February 28, 2017. The MLGCA desires to exercise the 1-year Renewal Option #4

with the term 3/1/2017 – 2/28/2018 in the amount of \$1,637,000 to provide for the continuing maintenance and repair of the ITVMs currently in operation at Retailer locations. This renewal was approved by the Commission at its October, 2016 meeting and submitted to DBM for inclusion on the November 2, 2016 BPW Agenda. The renewal was subsequently pulled from the agenda for November 2 and has now been rescheduled for February 8, 2017.

- The MLGCA's existing Contract for "Televised Drawings of the Lottery's On-Line Games and Related Services (#2010-07)" with Hearst Television, Inc. dba WBAL-TV 11 expires on June 30, 2017. This contract provides for 1) The production and live television broadcast of the Drawings of the MLGCA's Draw Games and related services in the Baltimore area and beyond; 2) Promotes the televised Drawings, winning numbers, upcoming jackpots, recent Lottery winners, and other related MLGCA products and promotions; and 3) performs all other promotion and transmission activities. The MLGCA is currently in the process of exploring its options as it relates to these services and will provide the Commission with an update as decisions are reached.

- MBE/SBR Activities:
 - I. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

- HR is working with agency managers to complete employee evaluations and position descriptions.
- HR will be providing internal training to the management staff to assist managers with completing performance evaluations, telework assessments, financial disclosures, and policy reviews for all staff.
- HR is working with DBM on the Wellness Campaign for 2017. Employees who voluntarily participate will qualify for a co-pay waiver when visiting their primary care physician.

VI. INFORMATION TECHNOLOGY

- Working with other departments to prepare for end of year processes i.e. 1099, W2G's etc.
- Performing a review of the IT equipment inventory with Support Services.