

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: September 21, 2017

SUBJECT: Report for the September 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 350 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 07/1/17 to 07/31/2017 Count	YTD 07/1/17 to 07/31/2017 Amount	August 2017 Count	August 2017 Amount	YTD 07/01/17 to 08/31/17 Count	YTD 07/01/17 to 8/31/17 Amount
Baltimore	536	\$853,223.90	682	\$805,690.30	1,218	\$1,658,914.20
Lanham	168	\$671,975.10	163	\$711,510.50	331	\$1,383,485.60
XCAP	4,326	\$8,957,633.85	3,817	\$7,587,907.70	8,143	\$16,545,541.55

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 07/31/17 – 6,271 As of 08/28/2017 – 6,334

	YTD July 2017 Count	August 2017 Count	YTD 07/1/17 to 08/31/17 Count
New Applications	26	110	136
Internet	85	137	222
Renewal	56	689	745

Mega Millions As of 07/07/17- 14,176 As of 08/25/2017 – 13,328

	YTD July 2017 Count	August 2017 Count *	YTD 07/1/17 to 08/31/17 Count
New Applications	204	0	204
Internet	155	0	155
Renewal	977	0	977

Withholdings

	YTD July 2017 Amount	August 2017 Amount	YTD 07/1/17 to 8/31/17 Amount
Child Support	\$9,480.37	\$23,247.68	\$32,728.05
CCU Debts	\$74,484.50	\$53,517.68	\$128,002.18

*In anticipation of the Mega Millions matrix change and the increase from \$1 to \$2, we stopped accepting subscriptions at the end of July, 2017. We will resume processing subscriptions October 1, 2017.

II. BUDGET

- **FISCAL YEAR 2017**

- Lottery: \$67,058,207
- VLT Special Fund: \$9,569,383
- VLT General Fund: \$20,706,321

- **FISCAL YEAR 2018**

- Lottery: \$68,795,702
- VLT Special Fund: \$11,857,000
- VLT General Fund: \$20,048,221

- **FISCAL YEAR 2019**

- Budget is due to DBM on September 22, 2017
- MFR was submitted to DBM on August 25, 2017

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of July, 2017 \$ 7,787,718
- Estimated increase in August, 2017 \$ 2,200,000
- Estimated usage in August, 2017 \$ 3,100,000
- Estimated balance as of August, 2017 \$ 6,887,718

III. ACCOUNTING/FINANCE

- Working on the GAAP financial statements which are due to the State on October 2, 2017.

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.
- 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 December 31, 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 RFP for a new replacement contract was issued June 1, 2017; Proposals were received on July 12, 2017; Site Visits and Discussions with all Offerors were conducted September 14, 2017; and Proposals are presently in the evaluation process.

- MBE/SBR Activities:

- I. A summary of the MLGCA's MBE participation including both Lottery and VLT operations is attached. (Note: Ownership of VLTs has been transferred to Rocky Gap effective July 1, 2017 and to Ocean Downs effective August 1, 2017. The attached report will therefore be the final report for Rocky Gap. Next month's report will be the final report for Ocean Downs)

V. HUMAN RESOURCES

- The Human Resources department is currently working with DBM to prepare for the electronic open enrollment period for health benefits to take place in fall of 2018.
- HR is currently working with Hiring Managers having existing position vacancies to recruit and hire the most suitable candidates.
- With the upcoming flu season, HR is coordinating with DBM's Wellness team to provide employees with information on resources to get their flu vaccinations.

VI. INFORMATION TECHNOLOGY

- Upgraded the Agency's NetworkMD network connections and configuration.
- Evaluating options and costs associated with implementing a document imaging system to be used by a few departments.
- Working with the VLT Licensing Division to procure replacement badge printers, which will include additional enhancements.
- Completed the Kofax application upgrade and migration onto a new server, and replaced the Kofax scanning PCs.

VII. CONVERSION

- Continuing to work with SGI to define technical requirements for back office conversion as well as day to day business requirements.