

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: June 16, 2016

SUBJECT: Report for the June 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 **300** 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 04/30/2016	YTD 07/1/15 to 04/30/2016	May 2016	May 2016	YTD 07/01/15 to 05/3/16	YTD 07/01/15 to 05/31/16
	Count	Amount	Count	Amount	Count	Amount
Baltimore	4,599	\$ 7,967,909.05	478	\$739,985.70	5,077	\$8,707,894.75
Lanham	1,182	\$ 5,394,007.80	169	\$715,421.70	1,351	\$6,109,429.50
XCAP	36,671	\$72,008,046.75	3,796	\$7,125,697.45	40,467	\$79,133,744.20

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 07/6/15 – 7,657 As of 05/30/2016 – 7,025

	YTD April 2016 Count	May 2016 Count	YTD 07/1/15 to 05/31/16 Count
New Applications	1,045	63	1,108
Internet	758	62	820
Renewal	7,752	474	8,226

Mega Millions As of 07/03/15- 16,438 As of 05/27/2016 – 15,496

	YTD April 2016 Count	May 2016 Count	YTD 07/1/15 to 05/31/16 Count
New Applications	2,454	131	2,585
Internet	1,341	79	1,420
Renewal	11,123	1,247	12,370

Withholdings

	YTD April 2016 Amount	May 2016 Amount	YTD 07/1/15 to 05/31/16 Amount
Child Support	\$135,048.17	\$14,454.02	\$149,502.19
CCU Debts	\$789,768.64	\$98,570.15	\$888,338.79

II. BUDGET

- **FISCAL YEAR 2015**

The majority of the FY 15 encumbrances and accruals have been moved back to FY 2015.

- **FISCAL YEAR 2016**

- **Fiscal Year 2016 Budget**

- Lottery - \$68,725,549
- VLT Special Fund - \$9,558,000
- VLT General Fund - \$24,861,449

- **FISCAL YEAR 2017**

- Our fiscal year 2017 budget was successfully passed with an additional \$4 million in advertising. The budget is as follows:

Lottery: \$68,320,140
VLT Special Fund: \$9,132,860
VLT General Fund: \$21,770,000

- Promotion Fund (Unclaimed Prizes)

Balance as of April, 2016	\$7,582,163
Estimated increase in May, 2016	\$1,300,000
Estimated usage in May, 2016	<u>\$3,100,000</u>
Estimated balance as of May, 2016	\$5,782,163

III. ACCOUNTING/FINANCE

- The April financial statements will be distributed at the June meeting.

IV. PROCUREMENT

- During May a total of 52 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.

- Lottery Central Monitoring and Control System (#2015-01): RFP to obtain a Lottery Central Monitoring and Control System, and its implementation, operation and maintenance. Proposals were received by the Due Date for Receipt of Proposals on April 28, 2016. Proposals continue to be in the evaluation process.
- Licensing Contract (#2016-03) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$360,100 for the 2.5 year term May 27, 2016 – November 30, 2018 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. This contract was approved by the BPW at its May 11, 2016 meeting.
- Advertising, Digital, Web & Social Media, and Research Services Contract (#2013-02) for four Functional Areas ("FA") with GKV Communications, Inc. (FA #I – Creative and FA #III - Digital/Web); Media Works, Ltd. (FA #II – Media); and The Key Group (FA #IV – Research) for the term 8/1/2013 – 7/31/2016 contains 2 one-year renewal options. The Lottery intends to: (1) continue existing services by exercising the first of two available one-year renewal options as contained in the original contract for each Contractor in Functional Areas (“FA”) I, II and III; (2) increase the Not to Exceed amount for the renewal option period for FA I, II and III to correspond to the MLGCA’s increased advertising budget for FY 2017; and (2) increase the Not to Exceed amount for the renewal option period for FA I to provide enhanced research services. This Renewal/Modification, approved by the Commission at its May meeting, has been submitted to DBM for inclusion on the June 22, 2016 BPW Agenda.
- MBE/SBR Activities:
 - I. Procurement/MBE staff attended/are scheduled to attend the following events:
 - 1) MCCC GovConNet Procurement Conference held at the University of Shady Grove, Rockville, on May 12, 2106.
 - 2) Maryland Washington Minority Companies Association 13th Annual 2016 Spring Breakfast held at Martins West on May 13, 2016
 - II. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

- The electronic timekeeping component of Workday went live statewide on 5/25/16. HR is working with employees to assist with the transition.
- HR is working with the Baltimore city’s Youth Program coordinator to hire 11 youth workers during the summer intern program. These youth workers will work within

the various departments of the agency where they will gain hands on work experience and professional development from the department managers.

- HR will be coordinating with the Department of Budget and Management to have a Wellness Fair on site for employees to gain information on the State's program as well as tips on healthy living.

VI. INFORMATION TECHNOLOGY

- Completed MUSL security and IT survey.
- New LiveScan units from 3M, which will capture gaming applicant's fingerprints for background checks, were installed at multiple casinos the week of 6/13.
- Splunk TORFP is with DoIT, the award is pending their approval. Splunk is a security event and incident management application utilized for monitoring and analyzing machine-generated big data, via a web style interface.
- Working with internal audit staff to complete an IT audit.
- Performing end of year budget review to ensure outstanding invoices are paid, and that funding for pending invoices/contracts are properly encumbered.

