

# 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: November 12, 2015

SUBJECT: Report for the November Commission Meeting

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## **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 298 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 09/30/2015	YTD 07/1/15 to 09/30/2015	October 2015	October 2015	YTD 07/01/15 to 10/31/15	YTD 07/01/15 to 10/31/15
	Count	Amount	Count	Amount	Count	Amount
Baltimore	1,556	\$2,858,170.75	514	\$628,042.50	2,070	\$3,486,213.25
Lanham	403	\$2,079,817.80	84	\$379,883.10	487	\$2,459,700.90
XCAP	11,263	\$22,900,480.55	4,089	\$7,351,338.75	15,352	\$30,251,819.30

**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 10/26/2015 – 7,833

	<b>YTD September 2015 Count</b>	<b>October 2015 Count</b>	<b>YTD 07/1/15 to 10/31/15 Count</b>
New Applications	201	75	276
Internet	116	65	181
Renewal	2,186	1,039	3,225

**Mega Millions** As of 07/03/15- 16,438 As of 10/30/2015 – 14,907

	<b>YTD September 2015 Count</b>	<b>October 2015 Count</b>	<b>YTD 07/1/15 to 10/31/15 Count</b>
New Applications	554	174	728
Internet	250	125	375
Renewal	2,257	1,614	3,871

	<b>YTD September 2015 Amount</b>	<b>October 2015 Amount</b>	<b>YTD 07/1/15 to 10/31/15 Amount</b>
Child Support	\$37,127.21	\$20,507.18	\$57,634.39
CCU Debts	\$239,961.48	\$35,073.10	\$275,034.58

## **Agent Administration**

	<b>07/01/2015</b>	<b>10/31/2015</b>
# OF AGENTS	4,536	4,564
# OF AGENT TERMINALS	5,262	5,293
# XCAP RETAILERS	275	298

## **II. BUDGET**

- **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**

Submitted the Fiscal Year 2017 Budget to DBM. DBM Budget Hearing to be held on November 17<sup>th</sup>.

## **III. ACCOUNTING/FINANCE**

We have completed the August and September financial statements which will be distributed at the November meeting.

## **IV. PROCUREMENT**

- During October a total of 47 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.
- MBE/SBR Activities:
  - I. Procurement/MBE staff attended/are scheduled to attend the following events:

- 1) 2015 Supplier Diversity & Inclusion/Minority Enterprise Development Week City of Baltimore Procurement Fair to be held October 29, 2015 at the Baltimore Hilton hotel.

II. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

## V. HUMAN RESOURCES

### **Human Resources Development:**

- HR staff members have all successfully completed the testing certification requirement for all State HR employees. This test is designed to determine the core competency of HR employees as it relates to personnel matters at the various HR levels.
- HR is currently revising our new employee orientation program to be more informative and better structured to assist new employees with the onboarding process and becoming familiar with the Agency and the Lottery industry.

### **Upcoming initiatives:**

- HR is continuing its efforts along with with the Employee Benefits Division regarding the new state employees Wellness Program to ensure employees comply with taking required actions before the new December 31, 2015 deadline.
- HR is working with the State Personnel System and all Agency members to transition to Phase II of the Workday implementation. This phase involves the timekeeping component whereas managers will be able to review and approve work schedules and leave requests in Workday.

## VI. WAREHOUSE

The instant ticket warehouse is responsible for packing all of the instant tickets that are shipped to lottery retailers. Orders are placed through our Tel Sell operation which is run by our on-line vendor. Once the order is placed, it is sent to the warehouse for fulfillment. Once fulfilled, the orders are shipped out through UPS for overnight delivery to the agent locations. In addition to fulfilling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and delivery. Instant ticket shipping activity is as follows:

<b># of orders</b>	<b># of packs</b>	<b>YTD orders</b>	<b>YTD packs</b>
<b>October 2015</b>	<b>October 2015</b>	<b>7/1/15 – 10/31/15</b>	<b>7/1/15 – 10/31/15</b>
14,102	152,812	57,062	605,134

**VII. FACILITIES**

- On-going monitoring of building service issues.
- Reviewing and updating security and safety items for the building.

**VIII. CONTRACT MANAGEMENT**

- The On-Line RFP has been sent to the State Department of Information Technology (DoIT) for their final review. The Lottery met with DoIT on November 5, 2015 for the Quarterly Portfolio Review of the project where we discussed the status of the RFP and project timeline.
- Discussions are underway as to what functionality will be added to Phase 2 of the My Lottery Rewards App.
- Additional modifications to the Racetrax graphics screens were deployed on Thursday, November 5, 2015. The Lottery and Scientific Games are visiting high volume Racetrax locations to get feedback from the players on the newest changes.
- MLGCA continues to work Michigan, Ohio, Georgia lotteries and the Multi-State Lottery Association (MUSL) on the development of a multi-state progressive add on to the Keno game.
- MS Technologies continues to work on e-Licensing Systems. Work on Phase 2, nearly complete. The Lottery is testing two minor functions and then these will be moved to production. Work on Phase 3 has begun with several of the security related functions already moved to production. Testing of the remainder of Phase 3 functionality should begin shortly.
- SGI has begun Operations Testing of the Cash4Life software release. The Lottery will begin testing at the end of November.
- Version 7 of the Sales Force Automation tool OnePlace is was deployed on Friday, November 30, 2015. The Sales team will begin training on the newest functionality within the next couple of weeks.

- Testing of IGT as an instant ticket provider has been completed and Product Development has been advised that they may move forward with using IGT as an instant ticket supplier.

## **IX. INFORMATION TECHNOLOGY**

- Working on completing the Agency's IT Master Plan (ITMP) for submission to the State's Department of Information Technology (DOIT).
- Planning is in progress with Hudson Alley and contract management to migrate our CRM (Customer Resource Management) system, OnePlace, to a new virtualized environment on newer hardware provided by the Lottery.
- Continued effort in making final revisions to the central system Request for Proposal (RFP).
- Received DoIT approval to replace the Agency's Uninterruptible Power Supply (UPS) and Power Distribution Unit (PDU) located within the data center. The work will also involve consolidating equipment into fewer server cabinets; the install is tentatively planned for 1/17/2016.