

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: November 9, 2017

SUBJECT: Report for the November 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 **357** 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 09/30/2017 Count	YTD 07/1/17 to 09/30/2017 Amount	October 2017 Count	October 2017 Amount	YTD 07/01/17 to 10/31/17 Count	YTD 07/01/17 to 10/31/17 Amount
Baltimore	1,790	\$2,517,299.40	498	\$756,499.70	2,288	\$3,273,749.10
Lanham	485	\$1,970,488.98	141	\$572,953.70	626	\$2,543,442.68
XCAP	12,549	\$25,623,373.40	3,754	\$7,995,562.15	16,303	\$33,618,935.55

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 07/3/17 – 6,271 As of 10/30/2017 – 6,585

	YTD September 2017 Count	October 2017 Count	YTD 07/1/17 to 10/31/17 Count
New Applications	204	83	287
Internet	274	37	311
Renewal	1,124	704	1,828

Mega Millions As of 07/07/17- 14,176 As of 10/27/2017 – 13,968

	YTD September 2017 Count	October 2017 Count *	YTD 07/1/17 to 10/31/17 Count
New Applications	204	3,636	3,830
Internet	155	11	166
Renewal	977	1	978

Withholdings

	YTD September 2017 Amount	October 2017 Amount	YTD 07/1/17 to 10/31/17 Amount
Child Support	\$58,100.90	\$7,459.71	\$65,560.61
CCU Debts	\$248,082.68	\$60,690.38	\$308,773.06

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**

- DBM Budget Hearing was held on November 6, 2017

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of September, 2017 \$ 5,976,069
- Estimated increase in October, 2017 \$ 2,200,000
- Estimated usage in October, 2017 \$ 3,000,000
- Estimated balance as of October, 2017 \$ 5,176,069

III. ACCOUNTING/FINANCE

- The July financial statements will be given out at the November 16, 2017 meeting.

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.
- Televised Drawings of Lottery Draw Games and Related Services Contract (#2017-02); Recommendation for award to Hearst Television, Inc. WBAL Division of new contract for 3 years (12/11/2017 – 12/10/2020) with two one-year renewal options in the amount of \$4,209,012 for the base term and \$1,403,004 for each renewal option, if exercised. This contract award was approved by the BPW at its November 1, 2017 meeting.
- Advertising, Digital, Web & Social Media, and Research Services Contract (#2013-02)

with GKV Communications, Inc. and media buying with Media Works, Ltd. (#2013-XX). These Contracts expire on July 31, 2018 with no renewal options remaining. The MLGCA has a continuing need for these services and has initiated the development of an RFP for new replacement contracts. It is anticipated that this RFP will be submitted for Commission review/approval in December/January.

- MBE/SBR Activities:

A summary of the MLGCA's MBE participation is attached.

V. HUMAN RESOURCES

- The Human Resources department is currently working with various healthcare vendors to coordinate on-site events and presentations during the open enrollment period for health benefits which ends on November 15th. Our Agency has coordinated with Maryland Department of Environment to conduct a Health Fare Event onsite. These informative efforts will be coordinate with the Department of Budget and Managements Wellness initiative to also educate employees on the various services the Wellness Program provides for State employees.
- HR will be continuing its efforts to assist the Agency with the Maryland Charity Campaign to reach its goal of \$17,550. Several fundraiser events are underway to supplement the generous donations made by our Agency employees.

VI. INFORMATION TECHNOLOGY

- Set up and configured the new Internal Control System environment; hardware and network.

VII. CONVERSION

- Continuing to work with SGI to define technical requirements for back office conversion as well as day to day business requirements. Started providing SG with back office data for conversion purposes.