

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: October 18, 2018

SUBJECT: Report for the October 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. Prior to April 27, 2018, the Lottery had two claim centers, one in Baltimore at the headquarters location and one in Lanham. See the data below. At close of business on April 27, 2018, Lanham closed in anticipation of our casino partners becoming lottery claim centers. In May, MGM National Harbor and Live! Casino and Hotel were provided with the ability to cash winning tickets from \$5,001 to \$25,000, like our Baltimore claim center. In the near future, our remaining casinos will be provided with the same ability.

The Lottery has approximately **356** Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. In our new system, all claims are processed in the field and the Customer Resource Center no longer has to key in claim forms. These locations, in turn, submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number and amount of winners' claims processed by the Lottery and the casinos are noted below:

Location	September 2018 Count	September 2018 Amount	YTD 07/01/18 to 09/30/18 Count	YTD 07/01/18 to 09/30/18 Amount
Baltimore	896	\$4,498,498.77	3,640	\$13,472,290.43
Casinos	18	\$169,960.00	54	\$560,38.10

SUBSCRIPTIONS PROCESSED:

The Lottery's Customer Resource Center is also responsible for processing subscriptions. Multi-Match, Mega Millions, Powerball and Cash4Life subscriptions can be purchased for 26, 52 or 104 draws. Data concerning subscriptions processed is noted below:

Total Subscriptions as of September 30, 2018:

Multi Match	2,731
Mega Millions	5,541
Powerball	1,446 (added after conversion)
Cash4Life	<u>642 (added after conversion)</u>
Total	10,360

Total Subscriptions Processed During September 2018

Multi Match	296
Mega Millions	319
Powerball	206
Cash4Life	<u>105</u>
Total	926

Withholdings

	YTD August 2018 Amount	September 2018 Amount	YTD 07/1/18 to 09/30/18 Amount
Child Support	\$24,030.20	\$24,388.03	\$48,418.23
CCU Debts	\$214,224.12	\$91,322.32	\$305,546.44

II. BUDGET

- **FISCAL YEAR 2018**

- Lottery: \$71,448,486
- VLT Special Fund: \$10,110,308
- VLT General Fund: \$9,350,813

- **FISCAL YEAR 2019**

- Budget

- Lottery: \$82,120,306
 - VLT Special Fund: \$10,187,001
 - VLT General Fund: \$ 6,917,562

- **FISCAL YEAR 2020**

- Budget was submitted to DBM on September 28, 2018. It is currently under review and we are waiting for a meeting to be scheduled.

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of August, 2018 \$ 5,868,906
 - Estimated increase in September, 2018 \$ 1,685,000
 - Estimated usage in September, 2018 \$ (1,450,000)
 - Estimated balance as of September, 2018 \$ 6,103,906

III. ACCOUNTING/FINANCE

- The GAAP financial statements were submitted to the State on October 1, 2018.
- The June and GAAP financial statements are included with your package.

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.
- RFP for Advertising, Marketing, Media and Related Services (#2018-07): This RFP for a new advertising contract contains two Functional Areas – Creative Development and Production Services, and Media Planning and Buying Services. This RFP replaces the prior RFP #2018-01 which was cancelled. The RFP was issued on August 29, 2018. A Pre-Proposal Conference was held September 12, 2018 which was attended by 30 individuals representing 22 firms. Proposals were submitted by the due date of October 10, 2018.
- RFP for Lottery Drawing Machines and Related Maintenance Services (#2018-06): This RFP covers the purchase of six new Drawing Machines to be used for the live Televised Drawings and also provides maintenance and repair services for these new machines as well as for the MLGCA's existing inventory of machines. This RFP has just been approved by DBM for release.

- MBE/VSBE/SBR Activities:

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

V. **HUMAN RESOURCES**

- HR will be assisting all employees with preparation for health benefits open enrollment which begins on October 15, 2019 for the next calendar year.
- HR will be working with the agency's Communications department to meet the agency's goal for the 2018 Maryland Charity Campaign.
- Employees are being provided information and assistance on new directives regarding Sick and Safe Leave and Parental Leave.

VI. **INFORMATION TECHNOLOGY**

- Ongoing effort in evaluating the requirements for a new telephone system. This includes reviewing options/functionality for a system, as well as ensuring the existing infrastructure can support it. The change will require modifications to existing hardware.
- Working with creative services and SGI to enable our microsites in the new hosting environment. The process will assist in defining our approach when enabling the Lottery's primary consumer website in the environment.