

**Fiscal Year 2018 Budget and Financial Plan Questions**  
**DC Lottery**

1. Please list all program enhancements, technical adjustments, and reductions included within the Fiscal Year 2018 budget. Please provide job title and job description for positions being added or eliminated in Fiscal Year 2018. Include in your response an explanation for CSG 35 – “Occupancy Fixed Costs” and the following CSGs:

- The DC Lottery added 1 FTE in FY 2018. The job title is Program Specialist (within the Licensing and Charitable Games Activity). This FTE is primarily responsible for assisting with the licensing of lottery retailers, the licensing of organizations interested in engaging in charitable events and the maintaining of licensing files and data.
- 12- “Regular Pay- Other”:  
The increase in “Regular Pay Other” is driven by the addition of 1 FTE – Program Specialist, Licensing and Charitable Games Activity, and the shifting of staff from full time equivalents to temporary/part time status across the DC Lottery. (Multiple Programs).
- 15 – “Overtime Pay”:  
Overtime pay remained flat for FY 2018.
- 20 – “Supplies and Materials”:  
The decrease in “Supplies and Materials” is primarily driven by a decrease in fixed costs assessed by the Department of General Services (DGS). (Agency Management Programs - AMP).
- 34 – “Security Services”:  
The increase in “Security Services” is due to the shared services charge DC Lottery is assessed by the Department of General Services (DGS) for building security at 2235 Shannon Place SE. (Agency Management Programs - AMP).
- 35 – “Occupancy Fixed Costs”:  
The increase in “Occupancy Fixed Costs” is due to the shared services charge DC Lottery is assessed by the Department of General Services (DGS) (Agency Management Programs - AMP).
- 70 – “Equipment and Equipment Rental”:  
The increase in “Equipment and Equipment Rental” is due to an increase in rental agreements for copier machines used throughout the DC Lottery. (Agency Management Programs - AMP).

2. Will the proposed FY 2018 budget allow you to meet all statutory mandates? If not, please explain.

The DC Lottery’s proposed FY 2018 budget is sufficient to meet its statutory requirements.

3. In Fiscal Year 2018 are there any plans for introducing new terminal generated lottery games?

Two new games will be introduced in FY 2018, Miss Match and Mega Millions. Miss Match is a terminal generated game with an instant outcome (no draw). Miss Match is a rolling jackpot game where the jackpot grows until it is won, similar to our very popular DC Jackpot Fast Play game. Miss Match is a multi-jurisdictional game where five lottery jurisdictions will contribute to the game's sales and growing jackpot. This means the jackpot will rise faster and higher, and should result in increased sales.

In an effort to improve Mega Millions' sales, the Mega Millions group has decided to increase the cost of a single ticket from \$1 to \$2 starting late October 2017. It is anticipated that this will result in faster growing and larger jackpots. Additionally, an exciting new feature called "Just the Jackpot" is being added to the game. If a player chooses, for an extra \$1, they can play "Just the Jackpot". This option gives the player two plays for the jackpot. Players choosing this option will not be eligible to win any of the lower tier prizes.

4. Within your product mix, where would you say is your greatest opportunity for growth?

Instant tickets continue to represent the greatest area of growth for the DC Lottery. We are still in the process of returning sales back to record levels. Instant tickets represent 24% of the Lottery's total sales. We are working to grow this to 30% through a mix of innovative product development and marketing.

5. What is the anticipated transfer from the Lottery to the General Fund in FY 2018 and how does this compare to the projected and actuals (to date) for FY 2017? Where do we hope or expect to see increases revenue?

The DC Lottery's budgeted transfer to the General Fund in FY 2018 is \$51.9 million, compared to the \$48.4 million budgeted in FY 2017. As of March 31, 2017, \$20.6 million has been transferred to the General Fund, and our latest FY 2017 year end projection suggests a transfer in the low to mid \$40 million range. The instant ticket product is primarily where we expect to see an increase in revenue. We are continually introducing creative products, and have three new exciting instant tickets scheduled: Handbag, to launch May 10, 2017; Neighborhoods, and Majic both are scheduled to launch this summer.

6. Please provide a detailed explanation of the proposed changes to the following Program and Activities, including the need for the increase or decrease in funding and how the increase funding will be spent, if applicable:

- (1040) Information Technology:  
Information Technology decreased due to a re-aligning of the gaming contract from IT - Admin to IT- Games.
- (130F) Fiscal Officer:  
The increase in the Fiscal Office is driven primarily by increases in prize payouts (~\$18.4 million); agent commissions (~\$3 million); and transfers to General Fund (~\$3.6 million).
- (6300) Trade Development:  
The increase in Trade Development is as a result of the re-aligning of the instant ticket vendor contract from the Draw Division.
- (6400) Draw Division:

The decrease in the Draw Division is as a result of the re-aligning of the instant ticket vendor contract to Trade Development; and the re-aligning of the contract for an outside consultant to Executive Direction & Support.

7. Please list all RFPs that are out for solicitation or expected to be out for solicitation by the end of FY 2018 or during FY 2018, along with a brief description of the work and expected timeline for award.

- Procurement of Oracle FMS- Update to Oracle system that supports DC Lottery's Financial system. Approximate cost of \$150,000.
- Procurement of a website vendor – Management of the Lottery's website. Cost will exceed \$250,000.
- Gaming system and related services - Procurement to begin in FY 2018; existing contract expires 2020.

8. I have often asked what, if anything can we do or help do to increase our lottery presence in the city?

Thanks for always trying to help us increase our lottery presence in the city. Opening up the Federal Enclave would help increase our distribution within the city. However, we continue to explore ways to expand our presence too. Recruiting new retailers continues to be a challenge for us, but we continue to try every chance we get.

9. With regards to the Office of Inspector General, District of Columbia Management Recommendations for Fiscal Year 2016, please comment on the "Partially Implemented" Status of Prior Year Recommendation #5, "Deficiency In Information Security Process – Information Security Processes and Procedures Supporting DC Lottery".

The report has been corrected to reflect the accurate status of all recommendations being resolved.

**BUDGET OVERSIGHT HEARING ON  
FISCAL YEAR 2018 PROPOSED BUDGET AND FINANCIAL PLAN  
FISCAL YEAR 2018 BUDGET SUPPORT ACT OF 2017**

**Before the  
Committee on Finance and Revenue  
Council of the District of Columbia**

**THE HONORABLE JACK EVANS, CHAIRMAN**

**MAY 3, 2017, 9:00 A.M.  
COUNCIL CHAMBERS, JOHN A. WILSON BUILDING**



**Testimony of  
Tracey Cohen, Interim Executive Director  
Office of Lottery and Charitable Games**

**Jeffrey DeWitt, Chief Financial Officer  
Government of the District of Columbia**

## Our Driving Principles

**Mission:** To provide revenue-generating entertainment through the sale of innovative lottery products and promotions that directly benefits the residents and the economic vitality of the District of Columbia.

**Vision:** To be the preferred lottery in the region by stimulating imagination and inspiring optimism through the delivery of an engaging gaming experience while consistently offering superior consumer interaction.





## Who We Are

Office: Office of Lottery and Charitable Games

Headquarters: 2235 Shannon Place, SE

Staff : 62

Retailers: 425

Vendor Partners: 19

Revenue Projection for FY 2017: \$215 million






## 35 Years of Service to the District of Columbia

# 35 YEARS OF WINNING

DC  TTERY  
LOTS OF PEOPLE WIN

  \$3 BILLION  
IN PRIZES  


\$2 BILLION TRANSFER

 \$130 MILLION  
CHARITABLE GAMES

# 6,386,914

WINNERS PER YEAR

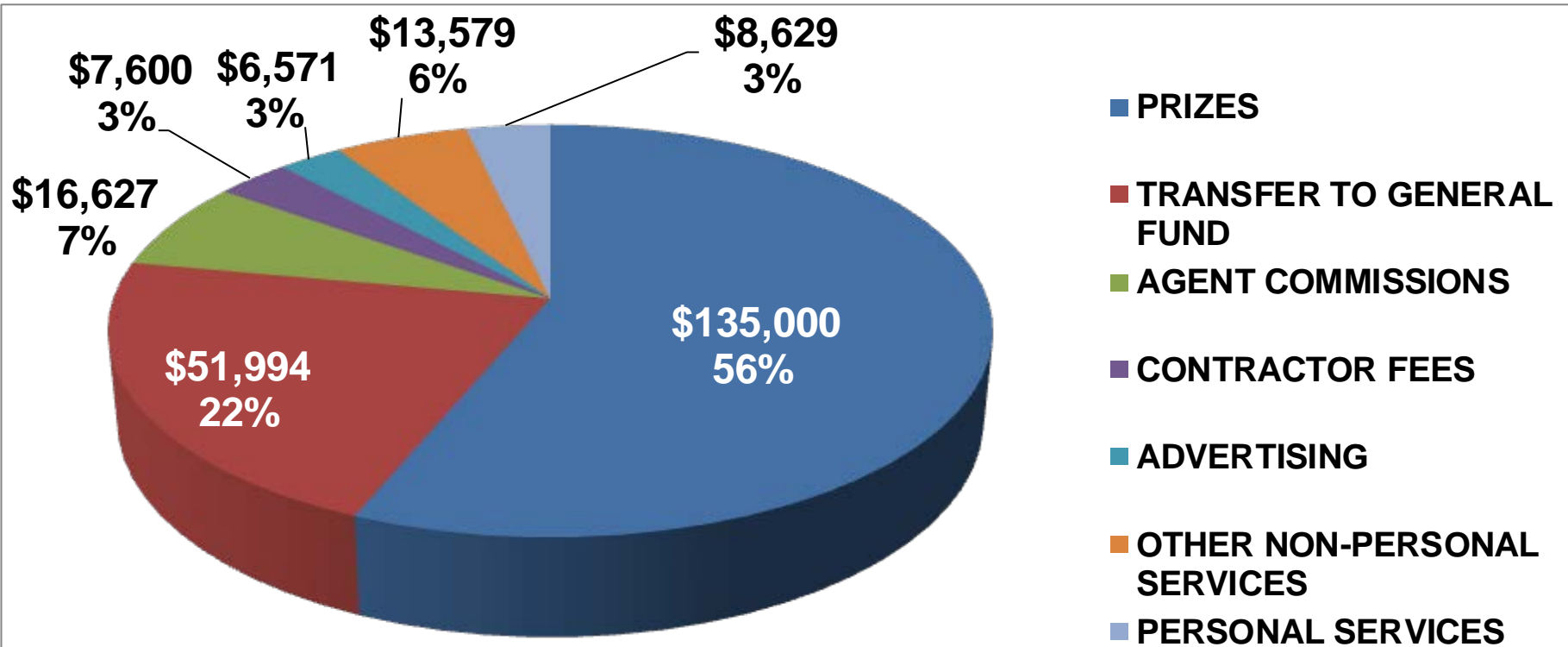
 532,243 PER MONTH  739 PER HOUR

 17,741 PER DAY  12 PER MINUTE

\*FISCAL YEAR 2016 DATA

# FY2018 Budget Breakdown

## Enterprise Funds





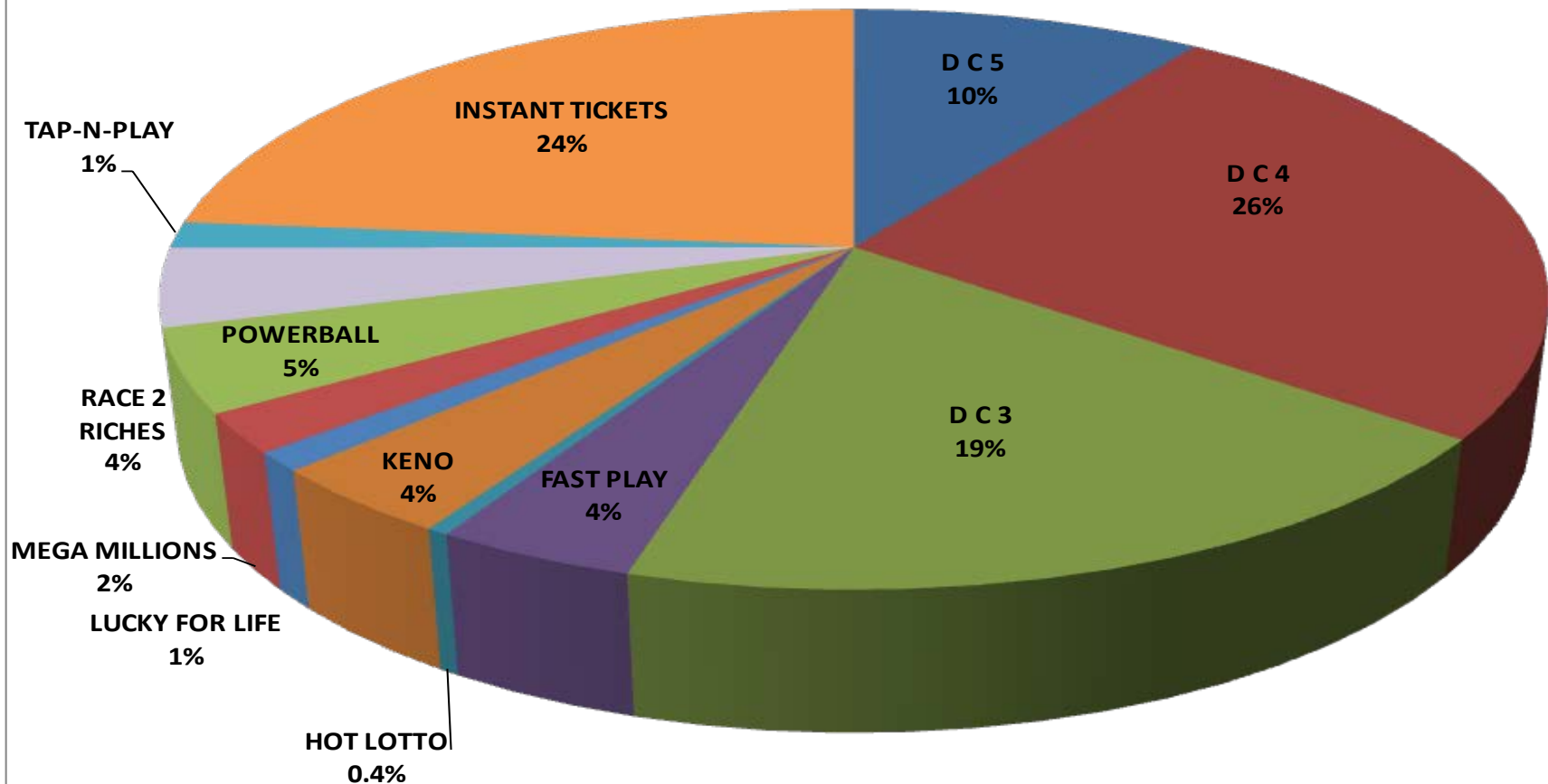
## DC Lottery Game Portfolio



THE FAMILY OF NUMBERS GAMES

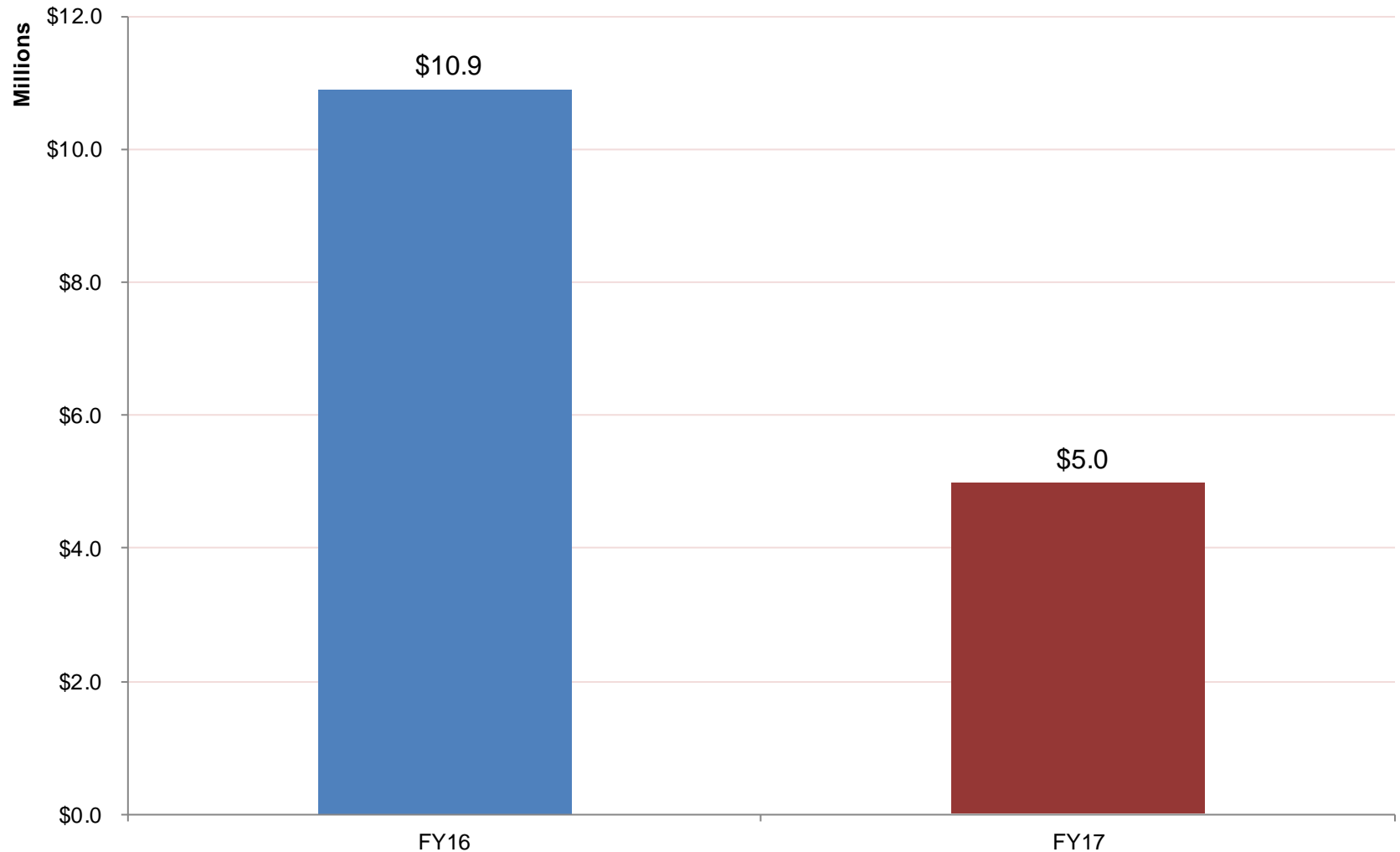


## FY17 DC Lottery Game Share Portfolio

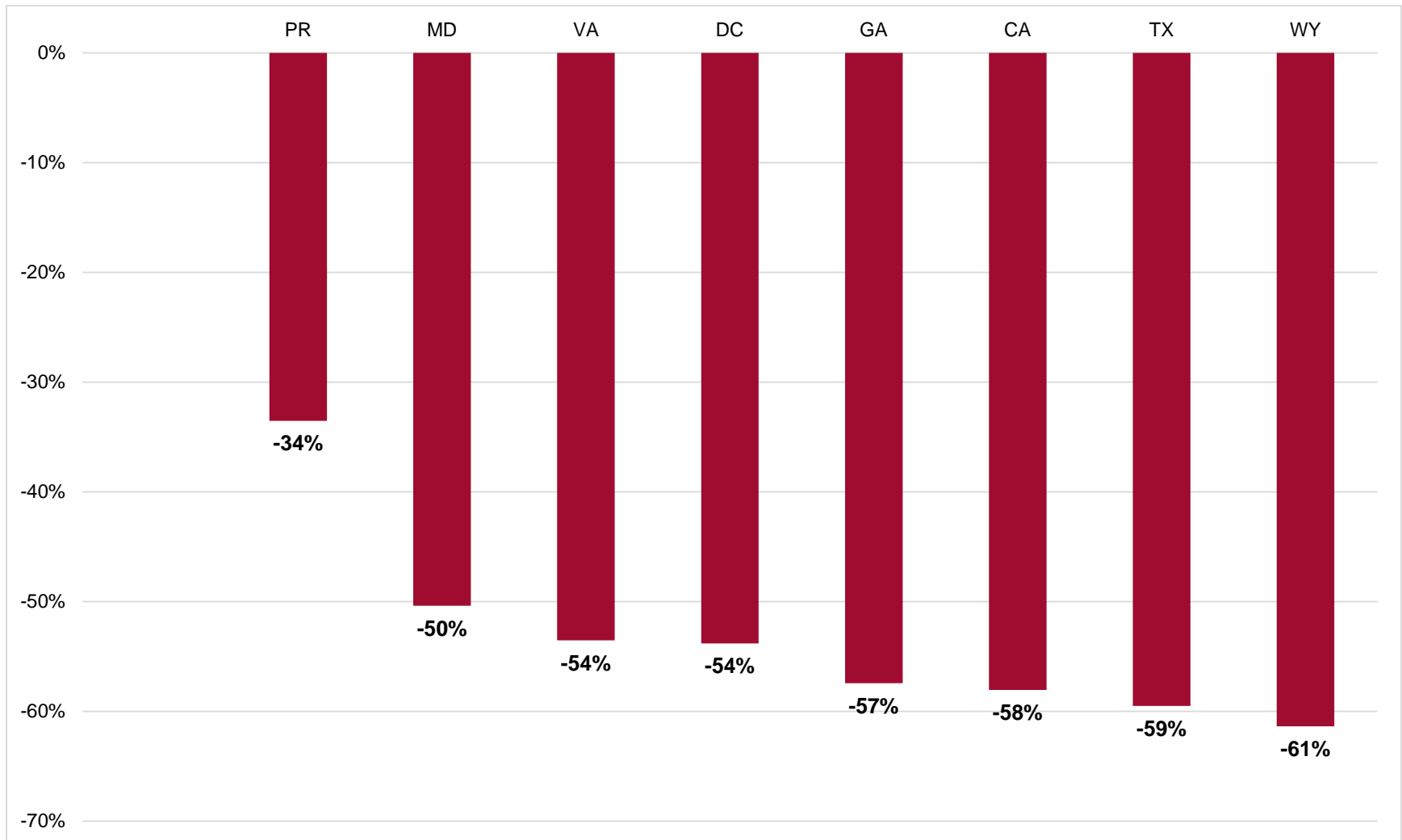


Based on Revenues YTD March 31, 2017

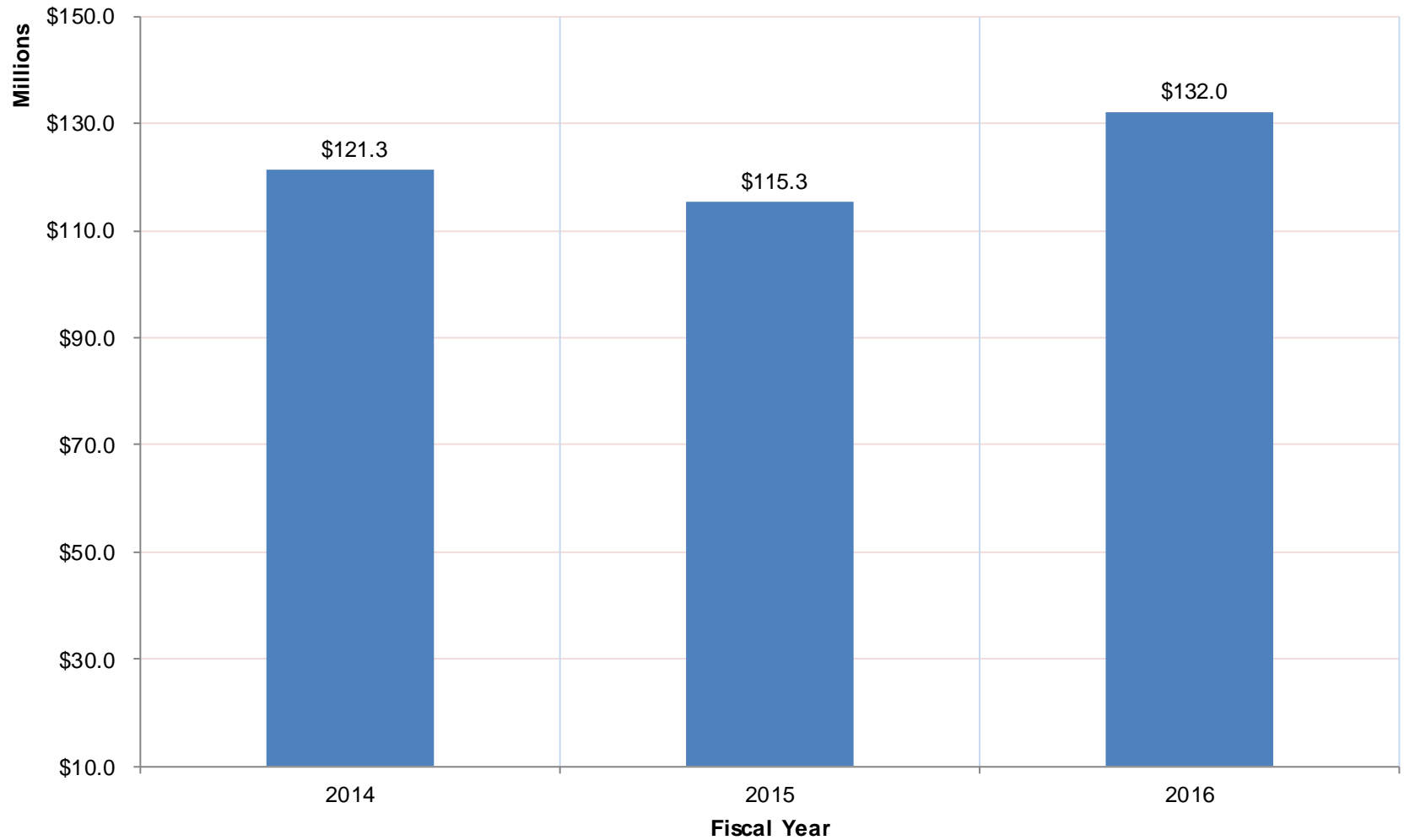
## DCL Powerball sales (FY16 vs. FY17 as of 03/31)



## Powerball Decrease in Sales Comparison % Change



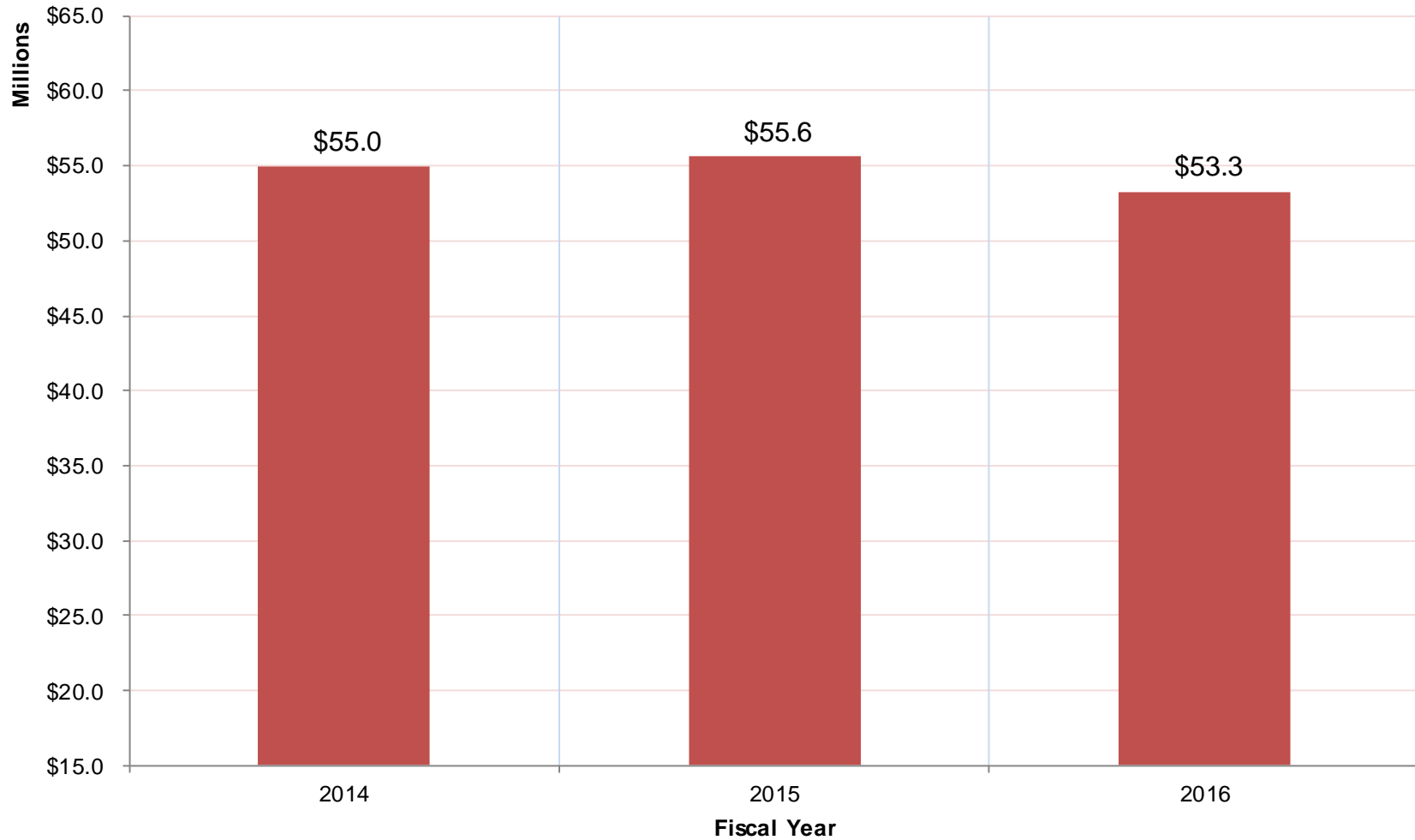
### 3 Year DCL Prize Payout



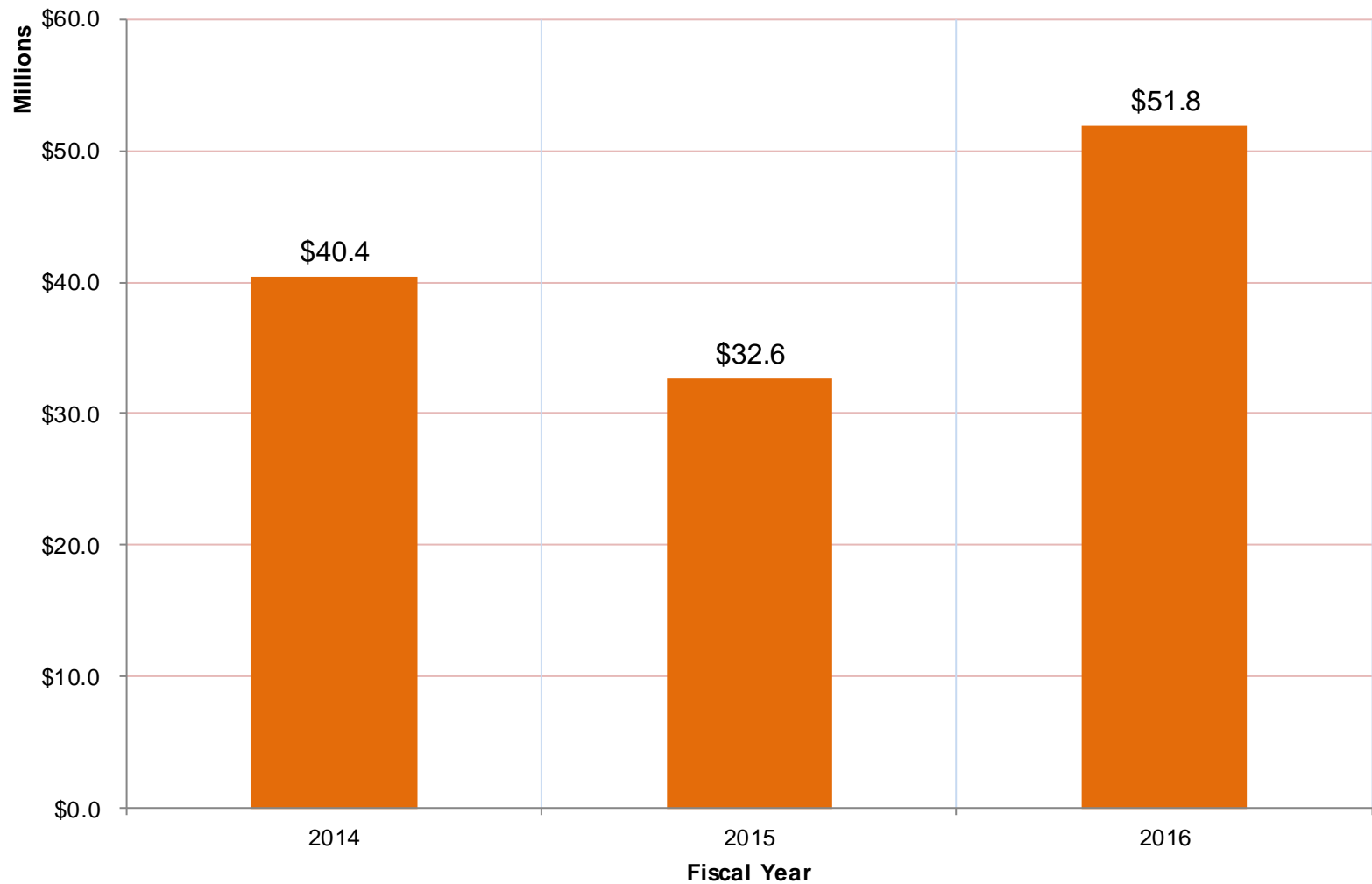
## MGM Casino Promotions



### 3 Year trend in DCL General Fund Transfers



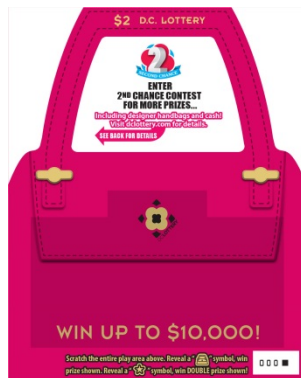
### 3 Year trend in DCL Instant Ticket Revenue





## FY 2017 Instant Ticket Launch Samples

# The “Handbag” Ticket



*Look as Fabulous as you Feel!*

Play and enter the 2nd chance contest to win a dream designer handbag or cash prizes.

**PLAY RESPONSIBLY**  
Instant scratch-off games  
D.C. Scratch-off games may continue to be sold even when all the top prizes have been claimed



# The “Majic” Ticket





# The “Neighborhoods” Ticket

