

OKLAHOMA LOTTERY COMMISSION (435)

Lead Administrator: Rollo Redburn

Lead Financial Officer: Jay Finks

FY'19 Projected Division/Program Funding By Source

Dept	Federal	Revolving	Local	Other*	Total
Administration & Operations	\$0	\$3,688,000	\$0	\$0	\$3,688,000
Marketing	\$0	\$3,800,000	\$0	\$0	\$3,800,000
Total	\$0	\$7,488,000	\$0	\$0	\$7,488,000

*Source of "Other" and % of "Other" total for each.

FY'18 Carryover and Refund by Funding Source

FY'18 Carryover	Federal	Revolving	Local	Other*	Total
	\$0		\$0	\$0	\$0

*Source of "Other" and % of "Other" total for each.

ALL PROFIT IS PAID TO THE STATE. THERE IS NO UNOBLIGATED CARRYOVER AVAILABLE.

What Changes did the Agency Make between FY'18 and FY'19?

1.) Are there any services no longer provided because of budget cuts?

No

2.) What services are provided at a higher cost to the user?

N/A

3.) What services are still provided but with a slower response rate?

N/A

4.) Did the agency provide any pay raises that were not legislatively/statutorily required?

Yes. We take appropriate opportunity to address pay needs every year, typically through payroll or operational savings.

Due to the tremendous, positive performance during FY'18, increasing sales from \$151.6 million to \$221.2 million and profits from \$53.5 million to \$63.6 million, the Board of Trustees awarded employees who had worked for a year and had "meets standards" or better on their performance evaluations, a 7.5%, one-time, non-recurring pay incentive. All processed through the Cabinet Secretary and OMES. The Board also created a sales incentive plan on an ongoing basis where the Board could approve, in the subsequent June Board meeting at the end of a FY, a similar incentive payment based on performance during FY'2019 and following fiscal years. The Board can decide to award it; reduce it; or not provide it at all.

Also, the director's salary was increased from \$140k to \$175k. The initial director was hired on 6/6/2005 at \$175k. His pay was increased to \$175,700 on 7/1/2005 because of the statewide \$700/year pay increase. His salary was increased again on 10/1/2006 to \$184,485 due to the statewide 5% pay increase. When I was promoted to the Director position, I agreed to a lower salary of \$140k so that we could keep as much as possible in prize payouts to help try to offset the limitations imposed on the Lottery by the minimum mandated 35% profit requirement. In their September 2018 board meeting, the Board of Trustees raised the director's salary to the initial \$175,000 pay level effective 10/1/2018. All transactions were again processed through the cabinet secretary and through OMES and are in accordance with statutory restrictions placed on the director's salary.

FY'20 Requested Division/Program Funding By Source

Dept	Federal	Revolving	Other	Total	% Change
Administration & Operations	\$0	\$4,000,000	\$0	\$4,000,000	8.46%
Marketing	\$0	\$4,200,000	\$0	\$4,200,000	10.53%
Total	\$0	\$8,200,000	\$0	\$8,200,000	9.51%

*Source of "Other" and % of "Other" total for each.

FY'20 Top Five Budget Adjustments

	\$ Amount
Increased Marketing Efforts	\$400,000
Administration and Operation	\$312,000
Represents potential staffing increases (perhaps 2-4 personnel in sales, marketing and security) as well as modest increases in supporting expenditures like vehicle lease and such.	
Total Increase above FY-19 Request	\$ 712,000

Does the agency have any costs associated with the Pathfinder retirement system and federal employees?

(If so, please describe the costs and provide an estimate for FY '20, FY '21, and FY '22.)

No

How would the agency be affected by receiving the same appropriation for FY '20 as was received in FY '19? (Flat/ 0% change)

How would the agency handle a 2% appropriation reduction in FY '20?

Is the agency seeking any fee increases for FY '20?

	\$ Amount
N/A	\$0

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?

Working out an arrangement with OMES to securely house agency data and backup servers in their data center.
Upgrading IT equipment as necessary.

Federal Funds

	FY 19 projected	FY 18	FY 17	FY 16	FY 15
Federal Funding I (Brief Description with CFDA number)	None	None	None	None	None

Federal Government Impact

1.) How much federal money received by the agency is tied to a mandate by the Federal Government?

N/A

2.) Are any of those funds inadequate to pay for the federal mandate?

N/A

3.) What would the consequences be of ending all of the federal funded programs for your agency?

N/A

4.) How will your agency be affected by federal budget cuts in the coming fiscal year?

N/A

5.) Has the agency requested any additional federal earmarks or increases?

No

Division and Program Descriptions

Lottery Operations Operation of a lottery including statewide communications; lottery gaming system; retailer network; sales force; marketing unit and all associated administrative functions. All profits transferred annually to the Oklahoma Education Lottery Trust Fund. Profits appropriated on an anticipatory and a cash-basis by the Legislature. See associated strategic plan.

FY'19 Budgeted FTE

	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
Oklahoma Lottery	9	0	32	2	26	4
Total	9	0	32	2	26	4

FTE History

	2019 Budgeted	2018	2017	2015	2010
Oklahoma Lottery	32	30	28	27	36
Total	32	30	28	27	36

Performance Measure Review

	FY 18	FY 17	FY 16*	FY 15	FY 14
Measure I Long-term sustained growth in Lottery-provided funding for Educ.	\$ 63,229,605	\$ 53,063,688	\$ 66,406,789	\$ 60,111,343	\$ 66,934,120
Measure II Continued excellence in customer service, security, integrity, responsible gambling principles and public accountability.					
Measure III CAFR – GFOA Certificate of Excellence award (COE).	Awarded to OLC	Awarded to OLC	Awarded to OLC	Awarded to OLC	Awarded to OLC
Measure IV Biennial penetration testing of lottery system security by external auditors.	yes		yes		
Measure V Growth in the sales of lottery tickets.	\$ 221,110,396	\$ 151,502,503	\$ 189,621,594	\$ 171,633,476	\$ 191,127,092

*sales and profits for FY'16 were much greater than expected due to unanticipated world record PowerBall jackpot and resulting sales and profit (approx. \$32million and \$11 million respectively).

Revolving Funds (200 Series Funds)

	FY'16-18 Avg. Revenues	FY'16-18 Avg. Expenditures	June '18 Balance
Revolving Fund I 200 Lottery Revolving Fund <i>Brief Description: consists of revenues to the Lottery; used to pay operating expenses, prizes, etc. ALL PROFITS calculated at the end of the FY go to the State (Oklahoma Education Lottery Trust Fund). Ending balance is not unobligated.</i>	\$187,523,053	\$187,615,915	\$25,202,753
Revolving Fund II 205 Fidelity Revolving Fund <i>Brief Description: consists of retailer contract license fees. Used to pay for financial and criminal investigation; audits; balance greater than \$500,000 plus budget goes to OELTF.</i>			\$233,734