

RICK SCOTT  
Governor



CYNTHIA F. O'CONNELL  
Secretary

LONG RANGE PROGRAM PLAN

September 30, 2013

Jerry L. McDaniel, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, Florida 32399-0001

JoAnne Leznoff, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, Florida 32399-1300

Mike Hansen, Staff Director  
Senate Budget Committee  
201 Capitol  
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Department of the Lottery is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2014-15 through Fiscal Year 2018-19. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://www.flalottery.com/openGovernment.do>. This submission has been approved by Cynthia F. O'Connell, Secretary of the Florida Lottery.

Any questions concerning this submission can be directed to the Florida Lottery's Budget Manager, Melisa Spivey at 487-7777, extension 2440.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ellyn Hutson".

Ellyn Hutson, CPA  
Chief Financial Officer

EH/djg

Enclosures

Florida Lottery  
Long Range Program Plan  
Fiscal Years 2014-15 through 2018-19



September 30, 2013  
Cynthia F. O'Connell  
Secretary

## Florida Lottery Mission Statement

To operate the state lottery as authorized by Section 15, Article X of the State Constitution so as to maximize revenues in a manner consonant with the dignity of the state and the welfare of its citizens.

## Maximize Education Revenues

### Agency Goals

Now in its 25<sup>th</sup> year of operation, the Florida Lottery is proud of our commitment to improve schools and support students, whether through merit scholarships, infrastructural renovations, or educator salaries. By annually investing over a billion local dollars into the educational system, we safeguard the community's greatest need and brightest hope: a more inspiring future for all.

Engaging a community in fun takes hard work. Twenty-five years ago we set out to develop products that were both aboveboard and awe-inducing. Today, we bring sunshine, optimism and a spark of fun into the lives of all who play our scratch and jackpot games. Our funding of education sponsors smiles throughout our state with programs that form the backbone of a thriving economy and enriched communities.

In the Florida Lottery's 25th year of operation, the department continues to recognize the need for constant commitment and perseverance to meet the challenges faced by mature organizations. The Florida Lottery continues to focus on the goal of increasing transfers to the Educational Enhancement Trust Fund (EETF) to support improvements to public education. With the objective of continuing to transfer at least \$1 billion annually to the EETF, the Florida Lottery's contributions have grown from \$694 million in its first full year of operation (FY 1988-89) to \$1.42 billion in FY 2012-13.

The Lottery will aggressively pursue strategies over the next few years to:

- Continually increase transfers to the Educational Enhancement Trust Fund;
- Refresh the corporate brand, open new markets and take advantage of evolving methods of marketing; and
- Allow Florida's players additional opportunities by providing new locations and more convenient purchasing technology while maintaining the integrity and security of the product and process.



## Agency Objectives

The Florida Lottery refuses to simply accept the notion that as a mature organization it must accept the fate of slower growth and lower sales. For 25 years, we have pushed ourselves to redefine excitement. That started with our first draw and set of Scratch-Off games, which have since grown to include hundreds of innovative and entertaining games that delight players of all backgrounds. All of us believe that we play a part in leading Florida forward, and we strive to show lotteries and citizens in states across the nation the true meaning of fun.

By implementing the items outlined in this long-range plan, the Lottery has surpassed its previous sales levels, and has achieved a new record of \$5 billion in annual sales.

As previously stated, the Lottery's primary objective is to transfer at least \$1 billion annually to the Educational Enhancement Trust Fund. To assist the Lottery in projecting the outcome of its future performance with regard to annual transfers to the EETF, and forecasting the operating requirements necessary to achieve its goals and objectives, a Performance Projection Table has been included to reflect the Lottery's annual performance targets.

## Agency Service Outcome and Performance Projection Table (Based on Revenue Estimating Conference)

(Outcome: Annual Transfers to the EETF)

Baseline FY 1997-98	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
\$801.68 M	\$1.42 Billion	\$1.44 Billion	\$1.46 Billion	\$1.49 Billion

The Lottery's financial impact to the state goes well beyond merely selling tickets and paying prizes. One result that provides positive dividends to the state's overall bottom-line includes significant savings to debt management. Due to the Lottery's stable revenue projections, the Division of Bond Finance in the fall of 2011 was able to refinance \$242 million in 2002 and 2003 Lottery Revenue bonds with the result of saving \$24 million dollars in reduced interest payments to the bond holders. Paying less interest on outstanding bond debt permits a larger percentage of Lottery revenue to go directly to education programs funded via EETF.

## Performance Goals and Projection Table (Based on Florida Lottery Internal Goals)

	FY 2012-13		FY 2013-14
	Goal	Actual	Goal
Annual Transfers to EETF	\$1.35 Billion	\$1.42 Billion	\$1.44 Billion
Sales	\$4.62 Billion	\$5.01 Billion	\$5.25 Billion
Product Distribution Network	15,500	13,261	15,500
Containing Executive and Administrative Costs to less than 5% of total agency costs	Standard 6.2%	4.7%	5%
Administration Positions less than 12% of total agency positions	12%	11.79%	12%



## Linkage to Governor's Priorities

Governor Rick Scott has identified several issues that are of priority to his administration:

1. Improving Education
2. Economic Development & Job Creation
3. Maintaining Affordable Cost of Living in Florida

### **Education is the Future of Florida**

The Florida Lottery supports the majority of these priorities with a focused approach ensuring it operates its business efficiently and effectively to contribute a growing amount to the education system that supports the future of Florida's economy. Education is the key to success for all Florida's students and thereby Florida's economy. From the first day of pre-kindergarten to the last day in one of Florida's world class universities, students' futures begin to take shape as they work to make their dreams come true. The Florida Lottery is proud to help make these dreams a reality.

Every lottery ticket sold contributes to improved opportunities for success for Florida students. As of June 30, 2013, Florida Lottery ticket sales have generated more than \$25 billion to education. Although Lottery contributions are not the majority of the funds required to fund the state's entire education system, the Florida Lottery's contributions can be seen in every facet of Florida's public education system. The Lottery has funded more than 1.8 million Bright Futures scholarships since the program's inception in 1997. Lottery funds also contribute to K-12 programs in Florida's 67 school districts; bonds for school construction and maintenance; state universities and community colleges, including workforce education programs; and other state student financial aid.

Not only is the Lottery committed to improving the education of the children of Florida, but two of its major vendors realize the importance of a quality education by sponsoring opportunities for learning experiences. The "After School Advantage Program" opens three new computer centers per year; currently there are twenty-seven centers providing computer access to at-risk children ages 5-18 in afterschool programs. Additionally, seven selected Bright Futures scholarship students are offered annual internships in areas such as marketing research, account management, copywriting, design, and media.

Florida Lottery employees also show their commitment to Florida students by mentoring through programs such as the Florida Mentoring Partnership. In FY 2012-13, Lottery employees assisted public school students as mentors and tutors by providing extra support needed to help these students have a successful school year.



## **Established Business Practices for Sustainable Growth**

As a \$5 billion-per-year business focused on maximizing profits, it is paramount that the Florida Lottery embraces proven business principles designed to ensure an enterprise with sustainable growth.

The Lottery set an all-time sales record in FY 2012-13 with fiscal year sales exceeding \$5 billion for the first time ever. Fiscal Year 2012-13 sales exceeded those of FY 2011-12 by more than \$563 million and all nine sales districts met or exceeded their annual sales goals. The Lottery broke its all-time record in annual contributions to education by transferring \$1.42 billion to EETF, which is especially impressive considering that the Florida Lottery is a mature lottery with more than 25 years of sales.

The Florida Lottery's success was a result of the agency's ambitious move to expand and revise its roster of games. During FY 2012-13, the Scratch-Off sales-breaking year was driven by 42 new Scratch-Off games including our first \$25 game, MILLIONAIRE; popular licensed property games such as THE PRICE IS RIGHT® and GUY HARVEY®; and the CASH and LUCKY FOR LIFE families of games. In celebration of Florida's 500<sup>th</sup> anniversary, the Lottery worked with Viva Florida in the launch of the FLORIDA TREASURE HUNT game.

Florida introduced its second multi-state big jackpot game, MEGA MILLIONS® in May 2013. To attract new players and build loyalty with current players, the Lottery offered promotions such as the Lotto Love promotion and the Fan-Tastic College Football promotion. The MEGA MILLIONS® product group is planning game enhancements in October 2013 to generate bigger jackpots.

The Lottery's product distribution model is solidly based on mutually beneficial relationships with various Florida businesses. The model for developing and maintaining these relationships is based on customer service rather than regulation. During FY 2012-13, the Lottery contracted with nearly 13,300 retailers, located throughout the state, which earned more than \$276 million in commissions and incentives by selling tickets and redeeming prizes. Approximately \$70 million of that amount was paid in commissions to minority retailers statewide.

Retailers use their commissions in a number of ways, including paying current personnel salaries, hiring additional personnel, improving retailer facilities, and advertising. Commission dollars are often used to grow businesses, attract customers and help stimulate Florida's economy. Florida Lottery customers often make multiple trips to retail locations, increasing the likelihood of making additional purchases of staple inventory.

The Lottery routinely reviews its administrative rules and policies to meet the requirements of a changing competitive environment, to ensure the integrity of the products and to bolster public confidence.



The Florida Lottery values the businesses that sell its products. Customer satisfaction surveys are continuously utilized to measure the Lottery's approval rating among retailers and ensure the relationship is performing at its maximum efficiency. The most recent retailer satisfaction study was delivered in August 2013 and showed that retailers had a 96% satisfactory rate with the Florida Lottery. The Lottery also uses periodic business reviews with the retailers to show the owners available business opportunities which could be used to enhance their own revenue stream from Lottery sales.

Sustainable growth is dependent on measurable increases in the distribution chain. The Florida Lottery is not only focused on increasing the number of members in the distribution chain, but also providing distribution options to businesses willing to enter the network. In recent years, the Lottery has deployed 1,500 Instant Ticket Vending Machines (ITVMs) in locations throughout the state to enhance purchasing convenience. Constant monitoring of sales generated by those locations ensures that the placement of the machines continues to be profitable for both the business owner and the Educational Enhancement Trust Fund. Five hundred (500) Full Service Vending Machines (FSVMs) selling Scratch-Off and terminal games were added to the distribution network in FY 2012-13 offering additional opportunities for sales growth and retailer expansion. The department continues to research and advocate for other distribution options to enhance the existing network.

In FY 2012-13, the Florida Lottery disbursed approximately \$3.35 billion to winners of lottery prizes. Approximately 75 percent of the prizes were paid by retailers. Retailers not only receive a bonus commission for cashing these prizes, but they also put cash in the hands of customers who are in their stores. What better place for customers to spend some or all of their prize payout than in the store where they already shop? This is yet another way that the Lottery helps increase retail sales and contributes to the local economy.

Competitive procurement, contract monitoring and process reengineering are routine techniques employed by the Lottery to ensure that operations are streamlined and business partners are performing as expected. These efforts help the Lottery focus its activities on areas most likely to support the sustainable growth initiatives. Resources are evaluated at every opportunity to determine the return on investment and/or available alternatives. The department utilizes best practices, contract renegotiations, performance monitoring and competitive procurement techniques in order to obtain the best values for product development and prizes. In FY 2013-14, the Lottery will begin its Invitation to Negotiate (ITN) process for the Terminal Gaming System that will become effective in January 2015. The contract with the successful vendor will allow the Lottery to update its online terminals, gaming system technology and sales tools to better prepare for the future.

In order to ensure the Lottery can function efficiently during times of disaster, the Lottery's Division of Security is responsible for maintaining and coordinating the Department's Continuity of Operations Plan (COOP) in close coordination with the Florida Division of Emergency Management. The department routinely conducts failover tests and COOP activation drills to ensure the department is prepared to respond during detrimental weather conditions or other types of disasters.





## **Integrity and Public Confidence**

The Lottery is required by statute to have a Division of Security to promote and protect the integrity of, and public confidence in, the department and Lottery games. This division is responsible for maintaining the security of the facilities, data, game drawings, and integrity of employees, retailers, and major service providers. We know that a lottery is only credible if it operates with complete transparency; without trust, our winning slips are simply a scrap of paper. That's why we practice with the utmost professionalism, providing good, clean fun that's always above-board. Clear in our principles and forthright in our focus on the public's best interest; we invite all Floridians to hold us accountable to the highest ethical standards. Our efforts serve to maintain the public's confidence and trust that Lottery games are operated in a fair and consistent way and that every ticket has an opportunity to win. Failing to do so and losing public confidence in the process would negatively impact sales. Lottery tickets lose their value if there is no confidence in the integrity of the product and the outcome of the drawings.

Background investigations are conducted on all department employees, retailers, and service providers for major procurements. This scrutiny helps ensure that personnel employed at the Lottery or involved in the Lottery business are of high moral character, which serves to protect the integrity of the Lottery operations.

Pursuant to Section 24.108, Florida Statutes, the Florida Lottery must, at least once every two years, engage an independent firm experienced in security procedures to conduct a comprehensive study and evaluation of all aspects of security in the operation of the Lottery. The Department will be engaged with the independent security firm to complete the next evaluation early in 2014 and its report will be presented to Lottery management and members of the Legislature. The 2012 evaluation states: "The overall security of the Florida Lottery is very good. The results of our organizational scan indicate a very strong security culture within the organization. Employees believe that management sets a strong tone on the importance of security and believe that security measures are consistently applied throughout the organization."

Scratch-Off ticket security is ensured by a high level of security at the vendor location during printing, packing and delivery of the tickets. Each new game is thoroughly tested and ticket security criteria scrutinized by the Lottery's Division of Security prior to the launch of the game. The Department employs an extensive system of internal controls and procedures to ensure the integrity of lottery drawings for Terminal games, including secure storage of draw machines and ball sets, a monitored storage vault with strict access procedures, and multiple recordings of every drawing by broadcast and Lottery Security staff. An independent verification of the results of each drawing is performed by an employee of the Division of Security and an accountant from an independent certified public accounting firm. A number of additional Terminal game ticket security requirements were implemented to accommodate and support the sale of POWERBALL<sup>®</sup> tickets in the state of Florida.



Internal controls are also in place for the frequent second-chance drawings offered by the Lottery which allow players to enter non-winning Scratch-Off tickets or Terminal game entry vouchers on the Lottery's website for promotion prizes and merchandise. These drawings are also overseen by the Division of Security and witnessed by an accountant from an independent certified public accounting firm.

Lottery Special Agents periodically conduct unannounced visits, in an undercover capacity, to Lottery retailers across the state as part of a Retailer Integrity Program. This program is designed to ensure Lottery retailers are properly validating claims and paying prizes to Lottery players thus maintaining and promoting public confidence in the Lottery's games.

### **Supporting Community and Public Safety**

With the help of Lottery Special Agents, Security Officers, and the state-wide sales system personnel, the Florida Lottery has joined other law enforcement agencies and media outlets in partnering with the Florida Department of Law Enforcement's (FDLE) Missing Endangered Persons Information Clearinghouse (MEPIC) by participating in Amber Alert activations. During FY 2012-13, the Florida Lottery was involved in nine Amber Alert activations. When the Lottery receives an Amber Alert notification from FDLE, the information is forwarded via terminal messaging to Lottery retailers in the requested areas providing key information regarding the missing child (sometimes with a photograph), the suspect and the suspect's vehicle, if known. Retailer employees and members of the public who are in the store are then able to view this information. The Lottery's website is also updated to indicate that an Amber Alert is in progress and provides a link to the FDLE MEPIC Website page. Amber Alert notifications have played a role in successful resolution and recovery of the missing child.

The Florida Lottery's Division of Security also acts in a support role to Emergency Support Function (ESF) 16 – Law Enforcement at the State Emergency Operations Center in response to disaster events. The sworn personnel within the Division of Security participate, with all state law enforcement, in the Florida Mutual Aid Plan that is put into action during and following disasters.

Lottery Special Agents provide valuable lead information to local law enforcement investigators when retailers report theft of lottery tickets. Often, multiple offenses are solved within their jurisdictions. Retailers benefit by getting the perpetrators of those crimes off the street; books of tickets, that can potentially be re-activated and sold to players, are sometimes recovered, too. The Special Agents also assist retailers by providing important transaction information to local law enforcement or loss prevention investigators when internal theft is suspected, and work directly with the State Attorney's Office to submit appropriate paperwork for the filing of criminal charges.

All of these illustrate the Florida Lottery's commitment to protecting citizens and visitors of our state.



## Trends and Conditions Statement

The Florida Lottery was created in 1988 to be a self-supporting, but trust-funded agency, revenue-producing department of state government. In authorizing the Florida Lottery to function as much as possible in the manner of an entrepreneurial business enterprise, the Florida Legislature recognized that the operation of a lottery is a unique activity of state government, and that the structures and procedures appropriate to the performance of other governmental functions are not necessarily appropriate to the successful operation of a state lottery.

The Lottery now offers a variety of Terminal games, Scratch-Off games, and promotions. These have generated more than \$73 billion in revenues, more than \$40 billion in prizes and more than \$25 billion in transfers to the Educational Enhancement Trust Fund. The Florida Lottery is a ticket for excitement as well as the future for Florida's students. With the patronage of Lottery players, the dedication of retailers and employees, a state-of-the-art gaming system, and the insight of Florida's Governor and Legislature, the future looks bright for the Florida Lottery, its players and beneficiaries.

Because every Lottery ticket sold contributes to endless opportunities for success for Florida students, the Florida Lottery is strongly focused on achieving the Agency's goals. These include continually increasing transfers to the Educational Enhancement Trust Fund, refreshing and expanding the Lottery's corporate image through new markets and electronic marketing, and providing new convenient purchasing technology while maintaining the integrity and security Floridians expect. Following is a list of accomplishments that reiterate the Lottery's commitment to these priorities.

### Accomplishments ⇒

- FY 2012-13 was the 11th consecutive year the Florida Lottery transferred in excess of \$1 billion to the Educational Enhancement Trust Fund (EETF).
- Florida ranked 2nd highest in the domestic lottery industry for government transfers to its beneficiary (the EETF) as a percentage of sales.
- In FY 2012-13, the Lottery exceeded \$5 billion in total ticket sales - a new state sales record.
- Florida POWERBALL® sales are number 1 nationally and are 70% higher than the next highest state.
- The Lottery boasts the strongest \$20 Scratch-Off ticket sales in the nation.
- In FY 2012-13, total ticket sales were the 2<sup>nd</sup> highest in the nation. <sup>1</sup>

<sup>1</sup> Information cited in September 2013 GTECH® Corporation Report.



- The Florida Lottery led the 10 largest-selling lotteries in the country in sales growth and growth in contributions to beneficiaries for Fiscal Year 2012-13.
- The Lottery offers one of the highest selling licensed-property Scratch-Off games in the nation.
- The Lottery's FLORIDA LOTTO™ game is the strongest single-state lotto game per capita in the nation.
- Gold Rush is the Lottery's best \$20 Scratch-off game for the past nine years and has contributed over \$3.37 billion in sales since its launch in 2004.
- The Lottery is ranked 13<sup>th</sup> in the domestic lottery industry in per capita sales.
- The Lottery is ranked 4<sup>th</sup> in the domestic lottery industry for total Scratch-Off sales.
- The Lottery is ranked 10<sup>th</sup> in worldwide lotteries for total Scratch-Off sales.

*LaFleur's 2013 World Lottery Almanac*



## Current Lottery Operations

During the recent economic downturn, the Lottery, like many other business, felt the effect of decreased spending by consumers. The fluctuation of gasoline prices and the resulting drop in available funds for discretionary spending in products like lottery tickets seem to be key factors for the decline along with other economic conditions. During FY 2012-13, the Florida Lottery once again realized growth from its continued efforts to engage the public and capitalize on economic recovery. The Lottery achieved total revenues exceeding \$5 billion, up twelve percent from \$4.46 billion in FY 2011-12. Transfers to the Educational Enhancement Trust Fund for FY 2012-13 were approximately \$1.42 billion (unaudited). Fiscal Year 2012-13 marks the eleventh consecutive year that transfers to the Educational Enhancement Trust Fund have exceeded \$1 billion.

The Florida Lottery headquarters is located in Tallahassee, with nine district offices located throughout the state that provide prize payment services to the public, as well as sales and marketing support, to a network of over 13,300 product distribution locations. The district offices are located in Pensacola, Tallahassee, Jacksonville, Gainesville, Orlando, Tampa, West Palm Beach, Fort Myers and Miami. (Figure 1)



During the last eleven years, the Florida Lottery has continued to add more retailers and distribution points to its network and games to its product line without increasing the level of staffing.

Table 1 represents a comparative statement of income and expenses for the last five fiscal years. As depicted, the data demonstrates decreased revenue for two fiscal years, while the economy was declining, and a steady increase for the next three fiscal years. Since FY 2008-09, total revenues reflect a significant increase in the last five years from \$3.96 billion to \$5.03 billion (26.9%). When viewed over a longer period, it is evident that the recent increases have now exceeded all previously obtained sales levels. The Lottery's contributions to public education during this particular five year period have increased from \$1.29 billion to approximately \$1.42 billion (10.28%). Noteworthy is the fact that the Lottery's operating costs, expressed as a percentage of revenue, are now at the lowest level in five years. In this document, operating costs include only those costs that are administratively tied to the operations of the Lottery, and do not include those costs that correlate to sales volume, such as payments of Terminal game and Scratch-Off ticket vendor fees, retailer commissions, or prizes.

**Table 1**

**Comparative Statement of Income and Expenses (Millions)**

	<b>FY 08-09</b>	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13*</b>
Total Revenues	\$3,960.20	\$3,914.11	\$4,019.83	\$4,461.22	\$5,025.44
Total EETF Transfers	\$1,287.86	\$1,246.80	\$1,191.82	\$1,321.60	\$1,420.27
Total Operating Costs**	\$71.20	\$71.50	\$71.40	\$72.91	\$74.62
Total FTE's	438	438	437	424	423
Operating Costs as a Percent of Total Revenue	1.80%	1.83%	1.78%	1.63%	1.49%
EETF Contribution per FTE	\$2.90	\$2.80	\$2.70	\$3.12	\$3.36

*\*Data for FY 2012-13 is unaudited.*

*\*\*Department operations only.*



Table 2 provides an illustration of sales by product for the five most recent fiscal years. As shown, Scratch-Off ticket sales have exceeded previous levels each year while Terminal products sales reflect an increase for the past two fiscal years.

Table 2

## Comparative Statement of Sales (Millions)

	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13*
Scratch-Off	\$2,064.1	\$2,078.1	\$2,225.7	\$2,567.0	\$3,028.5
LOTTO	\$650.6	\$445.9	\$411.4	\$419.0	\$352.4
Fantasy 5	\$287.3	\$282.0	\$282.8	\$290.7	\$281.5
Cash 3	\$320.2	\$304.0	\$313.3	\$314.7	\$324.5
Play 4	\$239.0	\$235.0	\$235.7	\$244.7	\$244.1
Mega Money	\$102.2	\$92.1	\$89.0	\$92.3	\$89.5
Raffle	\$41.3	\$29.3	\$12.6	---	\$12.9
Lucky Lines			\$45.4	\$17.7	\$8.6
Mega Millions					\$16.7
Power Ball	\$233.4	\$434.1	\$393.0	\$503.7	\$654.2
Total Terminal Games	\$1,873.9	\$1,822.4	\$1,783.0	\$1,882.9	\$1,984.47
Total Ticket Sales	\$3,938.0	\$3,900.5	\$4,008.7	\$4,449.9	\$5,013.0

\* Data for FY 2012-13 is unaudited.

For FY 2012-13, the Lottery exceeded both the sales and EETF transfer forecasts. Utilizing FSVMs and the additional \$4 million in recurring advertising appropriation, the REC has forecasted continued growth for FY 2013-14, with an increase in Scratch-Off (5.9%) and a slight decrease in Terminal (-3.3%) ticket sales for an overall ticket sales increase of 2.3%. The Lottery is constantly pursuing a comprehensive and aggressive strategy to out-perform the projections of the Revenue Estimating Conference (REC) with regards to sales and EETF revenue.

Though attainable, this comprehensive and aggressive strategy will not be easy. It should be noted that nothing outlined within this strategy should be construed as an expansion of lottery gaming. All of the game ideas outlined are considered "traditional" lottery games. The effort to expand the distribution base is designed to move Florida to a per capita level comparable to other successful states and make the approved products more conveniently accessible to the public. As a matter of policy, however, if the Governor and Legislature direct the Lottery to undertake additional initiatives beyond its current authority, our efforts will be directed to implement those initiatives in a responsive and responsible manner.



## Strategy for Sustainable Growth

In order for the Lottery to focus its activities on the critical elements needed to ensure that growing demands for revenue continue to be met, the management team evaluated the strengths, weaknesses, opportunities, and threats of the enterprise. This evaluation is the basis for the strategy that we believe will promote the sustainable growth the State of Florida requires for the World Class Education System which Governor Scott has envisioned.

Listed below are a few of the key findings uncovered during the evaluation process.

### Strengths ⇨

- In FY 2012-13, the Florida Lottery again set an all-time record for total sales, surpassing \$5 billion. The largest share of growth came from Scratch-Off game sales which surpassed \$3 billion in sales for the first time ever.
- According to the latest available, comparable statistics (FY 2012-13), Florida Lottery is ranked second in total lottery sales in the U.S. and thirteenth among lotteries worldwide.
- An extensive brand refresh and the 25<sup>th</sup> anniversary celebration offered an opportunity to revitalize Florida Lottery brand image and generate positive news stories.
- Florida launched its second multi-state jackpot game, MEGA MILLIONS<sup>®</sup>, in May 2013 offering new sales opportunities. MEGA MILLIONS<sup>®</sup> will be making game changes in October 2013 to generate bigger jackpots.
- The Lottery is ranked among the top 4 in the domestic lottery industry for total Scratch-Off sales, and tenth worldwide.
- National reputation and recognition as one of the most efficient lotteries with a 25 year reputation built on integrity and trust.
- Transparency, integrity and responsible business practices, including internal controls of games, prize payments and drawing activities.
- Variable payout authority for both the Scratch-Off and Terminal games.
- Scratch-Off contract designed in a flexible manner to facilitate various approaches for increased sales.
- Terminal gaming contract allows additional growth to 20,000 terminals and many opportunities for new play styles, distribution options and promotions.





- Scratch-Off sales have shown a substantial net sales gain for the 1,500 retailers having an Instant Ticket Vending Machine (ITVM), resulting in a higher return on investment than anticipated.
- The Lottery introduced 500 Full Service Vending Machines (FSVMs) in FY 2012-13 which are expected to generate an additional \$20 million for education in the first full year of implementation.
- Florida is the top seller of POWERBALL® of all 44 selling jurisdictions.
- Midday draws for CASH 3® and PLAY 4™ offer players two chances daily to play and win.
- Multiple \$20 Scratch-Off games continue to rank at the top in sales for all Scratch-Off games available. Florida's first \$25 ticket launched in FY 2012-13 and was very successful.
- Unclaimed funds are being used to enhance player satisfaction with internet-based second chance drawings and other promotional games.
- Full scale deployment of the Lottery's website as a marketing tool, which includes enhancements that have allowed more efficient player interaction, has proven successful.
- Potential and current Lottery retailers are effectively and efficiently educated on the federal and state accessibility requirements relating to the Americans with Disabilities Act (ADA), resulting in a 97% compliance rate.
- The Florida Lottery is recognized for industry best practices for vendor diversity initiatives and activities.
- A FY 2012-13 increase in advertising provided a new opportunity to increase sales through innovative promotions and advertising campaigns.

### Weaknesses ⇨

- Florida ranks 13<sup>th</sup> in total per capita sales among U.S. Lotteries, indicating an opportunity for sales growth.
- Florida ranks 18<sup>th</sup> out of 42 domestic lotteries in retailer-to-population ratio, suggesting the continuing need to emphasize retailer recruitment.
- Heavy reliance on the unpredictable jackpot rollovers of POWERBALL®, MEGA MILLIONS®, and the Lottery's flagship game, FLORIDA LOTTO®, to drive game sales.



- Limited ability to replace aging infrastructure to support basic Lottery operations without receiving specific legislative authority.
- Reduced Retailer Incentive funding impacts the ability to create new opportunities to reward top-selling retailers.

## Opportunities ⇒

- New N-Pack software, which was downloaded in September 2013, will allow the Lottery more opportunities to cross-sell products.
- The Lottery will be issuing an Invitation to Negotiate (ITN) for the Terminal Gaming System in FY 2013-14 which will allow for an improved gaming system, terminal technology and better point of sale (POS) tools beginning in January 2015.
- New FSVMs will allow the public to exercise purchasing options for the entire portfolio of products in a more convenient manner.
- Research, develop and launch new or modified Terminal games to replace under-performing games.
- Continue to exercise flexibility in setting prize payout percentages for Terminal games, thereby increasing Terminal sales and transfers to the Educational Enhancement Trust Fund.
- Ability to maintain a competitive advantage in the areas of distribution channel management, product development, product positioning, identifying new market opportunities, and expanded retailer network, particularly underrepresented minorities.
- Offer innovative cutting edge products to attract players into new play styles.
- Licensed-property Scratch-Off games with second chance drawings provide an opportunity for more players to win merchandise, cash and aspirational prizes.
- Ability to create new strategic alliances focused on increasing sales.
- Continuation of the partnership with Wal-Mart, the world's largest retailer, provides an opportunity to expand our distribution network.
- Upgrade department operations with advanced technology from vendors to allow more player flexibility and higher satisfaction.
- Patent authority allows the Lottery to apply for and hold patents on unique game ideas, processes, or play-styles that can assist the state in protecting its intellectual property and revenue stream.
- The Mobile Sales Tool approved for FY 2013-14 will create efficiencies for the Lottery's sales representatives, including paperless sales presentations, accessing sales-related data while in a retail establishment or traveling to an account, improving route management, lowering fuel usage/costs, and improving Scratch-

- Off sales by allowing sales representatives to monitor inventory levels and place re-orders without traveling to every retailer.
- The implementation of a Document Management Solution in FY 2013-14 will result in cost savings for the Lottery pertaining to paying winners and approving new retailers. By the nine district offices scanning claim documentation onto a shared electronic location, the need to photocopy, mail to Headquarters, and store hard copies is eliminated. The district offices will also scan new retailer applications and supporting documentation thus eliminating the same process.

### Threats ⇨

- Limited advertising funding which is required to successfully promote Lottery products.
- Policy constraints conflict with the legislative intent set forth in subsection 24.102(2)(b), Florida Statutes, limiting the ability of the Florida Lottery to operate "in the manner of an entrepreneurial business enterprise."
- Caution on the part of corporations during the gradual economic recovery slows the Lottery's ability to increase its retailer network to its full potential.
- Reduced discretionary spending by Florida consumers.
- Rising financing costs adversely impact jackpot levels and cash management options.
- Annual authorization to update aging infrastructure including technology, vehicles and physical security needs.
- Inability to reinvest achieved efficiencies to enhance future growth.
- Retail industry is moving to unified accounting systems and self-service check-outs, trends the Lottery is not currently capable of supporting, which could threaten access to major retail chains.

## **Continually Increase Transfers to the Educational Enhancement Trust Fund**

The goal is a simple one: *Increase Transfers to the Educational Enhancement Trust Fund*. The strategies required to achieve that goal are aggressive and will impact the entire organization, requiring concentrated efforts by the various functional units within the business.

1. Continue to review, revise and develop games that are exciting and desirable by the public.

While the Florida Lottery is a mature lottery by industry measure, the enterprise persists in searching for new ideas and approaches to continuously provide the desired products for the purchasing market. The present product line is under constant review and evaluation. In addition, new and existing external resources are assessed for new offerings or enhancement opportunities. Interaction with national and international resources is paramount to this ongoing effort.

2. Use available research to support game revisions or development.

The Lottery presently has access to research information from multiple sources. The collection of data represents the various viewpoints desired to ensure the Lottery is considering all stakeholders in its efforts. A research panel for both players and retailers is another tool that has been recently added to the Lottery's arsenal of data gathering opportunities. The department must stay diligent in utilization of market data when evaluating product line and distribution model changes.

3. Continue to evaluate processes and procedures to identify cost savings due to efficiencies.

The Lottery recognizes that in addition to sales growth, cost efficiencies are direct contributors to increasing profitability. In addition to obvious cost savings realized through procurement renegotiations, the various processes utilized by the Lottery offer opportunities for efficiency if modern technology and reengineering efforts are continuously applied. As a twenty-five year old business, the Lottery is continuing to look into acquiring newer equipment that reduces operating costs, has a smaller footprint and power consumption, provides increased capabilities and has an overall lower total cost of ownership.

Most recently both technology and reengineering efforts have allowed the Lottery to make significant improvements in customer service and resource utilization in the areas of reporting, prize payments, customer service front line activities, and communications. The Lottery's Intranet site was redesigned, providing employees



with information in a structure that was better organized and user friendly. With the unveiling of the Florida Lottery's new logo came a redesigned website. The new site incorporates our rebranding, improves usability and offers more robust features, such as a Twitter feed, while continuing to provide the players with the information they need in a more contemporary layout. Enhancements to the Lottery's iPhone application were successfully implemented providing players the ability to view top prizes remaining for Scratch-off games prior to making their purchase. The Lottery partnered with the University of West Florida in the Viva Florida 500 Second Chance Promotion. This promotion offered players an extended play opportunity using historical points of interest around the state of Florida, merging technology with education and fun. Enhancements to the Merchandise Inventory Control System (MICS) will bring efficiencies to the ordering of ticket dispensers and parts, making the procurement process less cumbersome and time consuming. With the acquisition of Full Service Vending Machines, the Lottery acquired a variety of data feeds that enabled us to provide better reporting solutions to account for sales and statistics surrounding the use of these devices. The Florida Legislature established e-mail as an enterprise information technology service in 2010, and now the Lottery is preparing to upgrade its email to Exchange 2010.

The Lottery has identified other areas within the agency that have processes that would benefit from modernization and reengineering such as a sales force mobility solution and a mobile version of the Lottery's website. Another collaborative effort the Lottery is involved with is the One-Stop Business Portal. This project creates a location for businesses to handle their Florida business responsibilities in one place. The benefit of this process is common data sharing between agencies. The Lottery will incorporate the data received from the Portal into a Retailer Recruiting System, allowing staff to follow up on potential retailer leads.

4. Continue to ensure public integrity and confidence by performing heightened levels of due diligence with regard to contractor performance, game development and process execution.

The Lottery is already known in the industry for the diligence used in various aspects of its operations to ensure the integrity of its products and processes. The foundation and requirement of a successful Lottery is that the public has confidence that the games and processes supporting the games are all fair and legitimate. Without public confidence in the integrity of the organization selling the ticket, the ticket is a meaningless piece of paper. The Lottery must continue to prove to the public and all other stakeholders that its games and operations are structured on the highest level of principles and ethical standards. Some of the opportunities the Lottery has used for monitoring and demonstrating those efforts include the Bi-Annual Security Audit, Live Draw Events, Law Enforcement Cooperation, Retailer Monitoring and various stakeholder communication efforts.



## **Refresh the Corporate Brand, Open New Markets and Take Advantage of Evolving Methods of Marketing**

### 1. Laying the foundation for the next 25 years.

2013 was a pivotal year for The Florida Lottery. Celebrating its 25<sup>th</sup> year of operation, the Florida Lottery incorporated a new brand – one that has proven to be wildly successful. The new brand has been incorporated throughout the nearly 13,300 retailers that sell Florida Lottery products. In-store POS materials, television and print advertising all incorporate the new brand. The start of the new brand in January 2013 helped continue the momentum the organization built throughout the fiscal year, which included record sales and transfers to the Education Enhancement Trust Fund.

### 2. Building new media opportunities.

The Florida Lottery has taken a significant step in communicating with its player-base through the use of social media. This allows two-way communication between the Lottery and players. Since our last report, we have built a significant following on both Twitter and Facebook. We currently have more than 5,000 Twitter followers, and 30,000 Facebook fans. We will continue to build our fan-base on both social media avenues, while looking for emerging platforms that prove to be popular with our player-base.

### 3. Website redesign.

The Florida Lottery successfully launched a redesigned website in January 2013 at the same time the new brand was launched. Averaging over three million unique visitors per month, the Lottery's stable and robust website is aligned to support Lottery's revenue growth in an efficient and cost effective manner. The new design is more user-friendly and has a more appealing design. Our long term goal remains to expand efforts to provide existing and prospective retailers with access to tools and services, including promotional information, forms, business aids, POS materials, and frequently asked questions. Through the Corporate Reporting portal, existing corporate retailers have secured access to a variety of Business Intelligence sales and inventory reports for a single store or rolled up to the chain level. The Lottery plans to continue to incorporate the website into its internet marketing campaigns by leveraging social media, providing mobile phone applications, and offering marketing and sales initiatives. Plans are expected to include web casting of all Lottery drawings, Terminal and Scratch-Off second-chance drawings, digital videos, commercials, E-coupons, E-mail, text alerts, simulated games, and Terminal prize redemptions.

4. Maximize advertising appropriation with consolidated efforts, strategic placement and dynamic partnerships.

The Lottery, as it does with all of its major expenditure items, constantly evaluates the impact and return on investment of all the advertising funds used to support the products. The Lottery's current advertising efforts are designed to not only inform and persuade the consumer public into purchasing available products, but also to generate increased purchases over time of the games through "Branding." The "Branding" effort concentrates on the repetition of an image or product name in an effort to associate certain qualities with the brand in the minds of consumers. The Lottery recognizes additional strides are necessary to ensure that all advertising efforts not only maximize the value of the placement, but also support the "Branding" effort.

The Lottery has successfully utilized many partners in the past to provide consumers with fresh and exciting game options and prize packages. Those successes have spurred the Lottery to focus efforts on continuing to explore dynamic new partnerships with diverse types of organizations that could expand upon the already successful efforts. The Lottery will continue to explore the profitability and marketability of strategically linking multiple business partners together for more dynamic product offerings and promotions.

5. Strategic POS development and utilization.

Point of sale (POS) materials are a tried and true form of consumer education and product awareness used by most successful consumer product providers. It is no surprise that it is a staple in the sales tools utilized by the Lottery. The most traditional forms are used daily statewide to assist retailers selling our products in our distribution network. The Lottery has discovered that while a standardized design approach is desirable from a provider perspective, it is not always the most effective approach from the retailer perspective. As the Lottery strives to grow the number of participants in the distribution network, it will extend to new types of businesses and trade styles in Florida. The Lottery must continue its efforts to assess and utilize the most effective forms of POS to capture the interest of consumers frequenting that type of location.

**Allow Florida's Players Additional Opportunities  
by Providing New Locations and More Convenient Purchasing  
Options, While Maintaining the Integrity and Security of the  
Product and Process.**

1. Aggressively grow retailer base.

The Lottery continues its aggressive goal for growing the retailer distribution network over the next five years. The goals are based on the desire to bring Florida to a per capita level comparable to other successful states while also making products more conveniently accessible to the public. The Lottery has focused on trade styles that currently do not sell Lottery products but might have the potential. These trade styles are larger corporate chains such as drug stores or big box stores with headquarters both in and outside of Florida. As an example, the Lottery successfully recruited Wal-Mart Neighborhood Market stores. Since October of 2011, over 50 Neighborhood Market Stores now sell Lottery products in Florida making Florida the only lottery in the U.S. to penetrate a Wal-Mart owned company. This relationship, which began as a pilot program, has now attained the same status with Wal-Mart as any other product line, including growth expectations. Neighborhood Market stores have been growing at a rate of about 12 new stores per year in Florida. The Lottery is using the successful recruitment of Neighborhood Market stores to recruit other trade styles currently not selling Lottery products.

In some cases, a condition for doing business in new trade styles is offering Lottery products to customers through a self-service model. The Lottery is currently testing a self-service model in a new Chain Drug trade style. CVS Drug Stores are currently selling Lottery products in three of their Florida stores, located in Pensacola, Orlando and West Palm Beach, and use a Full Service Vending Machine capable of offering both Scratch-Off and Terminal games. The current test began in July of 2013 and runs through December 2013. Once completed, the Lottery will need to evaluate sales and return on investment. If successful, more FSVMs will be needed to meet the large number of stores involved. CVS currently has over 700 stores in Florida.

Another challenge to recruiting new trade styles is the lottery industry's lack of scanned sales. Not being able to "scan" Lottery tickets through their registers means retailers don't have the same back office accounting they have with almost every other product in their store. The industry vendors are working on an "in lane" selling and accounting solution that the Lottery would like to be postured to test in existing retail locations if and when the solution becomes available. This would allow the Lottery to approach a number of "big box" retailers whose past objections have been based on sales technology.

2. Strengthen relationships with corporate accounts.

Our continued focus on corporate accounts involved expanding our focus to include the "Top 50" corporate accounts. Last year we focused primarily on our "Top 25"





corporate accounts. Corporate sales continue to outpace overall Lottery sales growth with last year's "Top 50" corporate accounts showing year to year sales growth of +16% compared to +12% for the Lottery as a whole. In order to increase that focus, the Corporate Sales Representatives' focus has also changed, including adding personnel from the Business Development team and re-organizing the corporate account structure. Results have included the highest grossing single year sales in the 25 year history of the Florida Lottery with sales topping \$5 billion in FY 2012-13. Year to date corporate sales through August 25, 2013 are up 13% over the same time last year.

3. Use new technology to make products more convenient to purchase.

In order to continue to operate as a successful business enterprise, the Lottery must ensure it has the tools and support necessary to continue, as well as improve, its external operations. As previously discussed, the barriers to entering new trade styles have continued to involve resource commitment requirements on the part of the retailer. A smaller footprint in the retailer environment is being demanded in order to sell products in a more convenient and less resource demanding manner.

As with most industries, utilization of modern and available technology is a key component of sustainable growth. The Lottery continues to search for the most efficient tools available to provide appropriate selling tools to an increasing variety of trade styles. The wider the variety of tools authorized for use, the wider the variety of trade styles that can be incorporated into the distribution network.

4. Use new technology to empower the sales force to assist existing retailers in maximizing their own revenue stream while at the same time helping to attract new retailers.

Customer satisfaction scores at the local retailer level are extremely encouraging and indicate the Lottery does a good job supporting its retailers. In order for that satisfaction in existing retail locations to continue to grow, the Lottery will implement a mobile sales tool. The technology the mobile sales tool brings is designed to help sales representatives increase Lottery sales and service to retailers by improving both inventory and route management efficiencies. Improving sales and foot traffic in existing locations will also help attract new retailers who see the success Lottery retailers enjoy and want the same experience. However, the Lottery must continue to explore options to empower the sales force to work more efficiently and effectively while in the field supporting the local retailer.

The task before this business is one of paramount importance. The Lottery must assist the state in its pursuit of future greatness by enhancing the state's commitment to education. In light of that challenge, the Lottery ambitiously accepts the challenges presented to advocate for and implement this plan that we believe will promote sustainable growth.



## List of Potential Policy Changes Affecting the Agency Budget Request or Governor's Recommended Budget

No policy changes that will affect the Lottery's budget request or governor's recommended budget are anticipated.

## List of Changes Which Would Require Legislative Action

The Lottery has no changes that will require legislative action relating to Chapter 24.

## List of All Task Forces, Studies, Etc. In Progress

The Florida Lottery conducts a comprehensive, ongoing marketing research program comprising several different types of studies. The purpose of these studies is to gain a better understanding of consumer behaviors and preferences, retailer sales performance and the financial impacts of game or program changes. This type of data helps improve the Lottery's ability to increase sales and transfer more money to the EETF.

FLORIDA LOTTO<sup>®</sup> Enhancement Research – The purpose of this research is to evaluate potential enhancements to FLORIDA LOTTO<sup>®</sup>. Specifically, this evaluation will attempt to determine if Lotto players have played MEGA MILLIONS<sup>®</sup> and how they perceive that brand. It will also assess the impact that MEGA MILLIONS<sup>®</sup> has had on participation in Florida POWERBALL<sup>®</sup> and FLORIDA LOTTO<sup>®</sup> products, and gauge interest in various promotions and other potential enhancements. Focus groups were conducted in August 2013 and a second round of quantitative research is planned to further analyze the sales potential of this product change.

Retailer Satisfaction Survey – Customer satisfaction surveys are conducted about every two years to measure the Lottery's approval rating among retailers and ensure the relationship is performing at its maximum efficiency. Our most recent retailer satisfaction study was delivered to the Sales staff in August 2013.

Game Revenue Forecasting and Prize Payout - This is an ongoing analysis of new games, particularly focusing on their possible impact on sales and return on investment. These analyses are conducted several times per year as new products are proposed.

Monthly Tracking Studies - Over 500 Florida general population adult residents are surveyed each month about the Lottery. Issues such as product play, Lottery integrity,



advertising and education are assessed. The results of these studies indicate the general population is positive about the Lottery and its contribution to education.

Geo-Based Information Analysis - The Florida Lottery uses MAPINFO and PRIMELOCATION to analyze sales and markets geographically. Examples include pilot testing the placement of terminals in areas shown as having considerable sales potential, analyzing district office locations in proximity to the customer base and assessing sales routes for efficiency purposes.

Sales Representatives' Routes Analysis - The Florida Lottery uses MAPINFO and PRIMELOCATION to "Load Balance" the routes of the sales force. This is done on an as-needed basis when a route is added or eliminated. This is also done to balance the number of retailers for each representative in order to service our retailers more efficiently.

Sales and Revenue Forecasting - Forecast studies include projections of Lottery product sales to determine announced jackpots for each drawing; twice-yearly official forecasts for the State's Revenue Estimating Conference; quarterly forecasts of Scratch-Off game sales and prize expenses; and estimating the sales and revenue impacts of proposed legislative changes to Florida Lottery authorizations, mandates and budget.

Internet-based Player Panel Research - Various internet-based studies are conducted with players from a recruited panel. Studies can vary from the review of proposed advertising, new games and public policy. Overall results are generally positive and helpful in making final decisions about these issues.

# Long Range Program Plan Fiscal Years 2014-15 through 2018-19

Performance Measures and Standards –  
LRPP Exhibit II



September 30, 2013  
Cynthia F. O'Connell, Secretary

## LRPP Exhibit II - Performance Measures and Standards

Department: Florida Lottery	Department No.: 36
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Program: Lottery Operations	Code: 36010000
Service/Budget Entity: Lottery Operations	Code: 36010000

**NOTE: Approved primary service outcomes must be listed first.**

Approved Performance Measures for FY 2012-13 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Transfers to the State Educational Enhancement Trust Fund	\$1.206 B	\$1.424 B	\$1.206 B	\$1.206 B
Total Revenue in dollars	\$3.918 B	\$5.025 B	\$3.918 B	\$3.918 B
Operating Expense* as a Percent of Total Revenue	9.52%	8.48%	9.52%	9.52%
Percent of Respondents who are aware of the Lottery's Contribution to Education	65%	67%	65%	65%
Provide Executive Direction and Support Services for all Lottery Operations as measured by Percent of Total Agency Budget	6.2%	4.7%	6.2%	6.2%

*\*Includes Payments to Gaming Vendors and Retailer Commissions*



# Long Range Program Plan Fiscal Years 2014-15 through 2018-19

Associated Activities Contributing to  
Performance Measures – LRPP Exhibit V



September 30, 2013  
Cynthia F. O'Connell, Secretary

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures		
Measure Number	Approved Performance Measures for FY 2013-14 (Words)	Associated Activities Title
1	Transfers to the state Educational Enhancement Trust Fund	Supervise and administer the operation of Lottery games
		Conduct market research and special studies
		Provide adequate and convenient availability of tickets to the public
		Advertise and promote Lottery games
		Conduct investigations of retailers, vendors and employees
		Pay prizes for winning tickets submitted to Lottery headquarters
		Keep the public informed of Lottery activities
		Compensate retailers in the form of incentives
2	Total revenue in dollars	Supervise and administer the operation of Lottery games
		Conduct market research and special studies
		Provide adequate and convenient availability of tickets to the public
		Advertise and promote Lottery games
		Conduct investigations of retailers, vendors and employees
		Pay prizes for winning tickets submitted to Lottery headquarters
		Keep the public informed of Lottery activities
		Compensate retailers in the form of incentives
3	Operating expense as percent of total revenue	Supervise and administer the operation of Lottery games
		Conduct market research and special studies
		Provide adequate and convenient availability of tickets to the public
		Advertise and promote Lottery games
		Conduct investigations of retailers, vendors and employees
		Pay prizes for winning tickets submitted to Lottery headquarters
		Keep the public informed of Lottery activities
		Compensate retailers in the form of incentives
4	Percent of respondents who are aware of the Lottery's contribution to education	Conduct market research and special studies
		Advertise and promote Lottery games
		Keep the public informed of Lottery activities
5	Executive direction and support services for all lottery operations as measured by percent of total agency budget	The Executive Direction and Administrative Support Activities contribute to this measure





## Glossary of Terms and Acronyms

**PRIMELOCATION** – A compendium of marketing data from leading market research firms

**FTE** – Full Time Equivalent

**EETF** – Educational Enhancement Trust Fund

**ITVM** – Instant Ticket Vending Machines, which sell Scratch-Off tickets

**FSVM** – Full Service Vending Machines, which sell both Scratch-Off and Terminal game tickets

**MAPINFO** – A comprehensive desktop mapping tool that enables the performance of complex geographic analysis

**Operating Cost** – Appropriations or expenditures that are not directly tied to sales

**POS** – Point of sale marketing materials to increase customer awareness

**REC** – Revenue Estimating Conference