

RICK SCOTT
Governor



TOM DELACENSERIE
Secretary

LONG RANGE PROGRAM PLAN

September 30, 2016

Cynthia Kelly, 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

Cindy Kynoch, Staff Director
Senate Committee on Appropriations
201 Capitol
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, the 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 the Department's mission, goals, objectives and measures for the Fiscal Year 2017-18 through Fiscal Year 2021-22. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://www.flalottery.com/openGovernment.do>.

Any questions concerning this submission can be directed to the Florida Lottery's Budget Manager, Travis Erven, at 487-7777, extension 2383.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Delacenserie", with a long horizontal line extending to the right.

Thomas R. Delacenserie
Secretary

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Enclosures

Florida Lottery

Long Range Program Plan

Fiscal Years 2017-18 through 2021-22

Thomas R. Delacenserie, Secretary
September 30, 2016



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.

Agency Goals

At the Florida Lottery, our mission is to maximize revenue for education because we understand that a good education is the key to success and today's students represent tomorrow's workforce. If Florida is to compete nationally for top companies that will provide the infrastructure necessary to create jobs and keep our state economically competitive on a national level, we must be able to offer a highly skilled workforce of problem solvers; creative thinkers, entrepreneurs and leaders – in other words, a workforce that is second to none.

The Florida Lottery's success over the past years is a result of its commitment to its effective business model which focuses on the development of new revenue streams, creating a win-win partnership with its retailers and vendors.

Lottery contributions have made a significant impact to education in Florida at every level, with more than \$1 billion in transfers annually to the Educational Enhancement Trust Fund.

The Lottery continues to aggressively pursue strategies to:

- Maximize 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's mission is to maximize revenues for the enhancement of public education in Florida. With this focus, the Florida Lottery has not only kept its promise as a committed partner to improving education for Florida's students, but has also operated as a distinguished and outstanding partner with Florida's businesses.

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, July 2016)

(Outcome: Annual Transfers to the EETF)

Baseline FY 1997-98	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
\$801.68 M	\$1.59 Billion	\$1.64 Billion	\$1.63 Billion	\$1.65 Billion	\$1.72 Billion

Performance Goals and Projection Table

(Based on Florida Lottery Internal Goals)

	FY 2015-16		FY 2016-17
	Goal	Actual	Goal
Annual Transfers to EETF	\$1.508 Billion	\$1.69 ¹ Billion	\$1.508 Billion
Sales	\$5.70 Billion	\$6.06 Billion	\$5.70 Billion
Product Distribution Network	15,500	15,196	15,500
Containing Executive and Administrative Costs to less than 5% of total agency costs	<5%	3.58%	<5%
Administration Positions less than 13% of total agency positions	<13%	12.7%	<13%

¹Unaudited



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 and Job Creation
3. Public Safety

Improving Education

The Florida Lottery supports the Governor's priorities with a focused approach ensuring its business operates 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 school 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.

As the Florida Lottery has grown into an industry leader, it remains a dependable contributor to education in Florida. More than a \$1 billion in each of the past 13 fiscal years has benefited Florida students and schools statewide, representing approximately six percent of the state's total education budget. While the Lottery was never intended to fully fund Florida's education system, Lottery contributions are far-reaching and crucial to ensuring the future success of students in Florida. Pre-kindergarten projects have directly affected the youngest Florida citizens, while thousands of K-12 students reap the benefits of Lottery dollars every school day. Thousands of bright minds have followed the beacon offered by Florida's Bright Futures Scholarship Program and other student financial aid to pursue opportunities in higher education at state universities and community colleges. These institutions of higher learning themselves have benefited from more than \$6.3 billion that help keep them running and affordable to Florida students.

Additionally, Lottery dollars have funded School Recognition and Merit Programs for improved schools, and have even helped build and renovate nearly 800 schools through the Classrooms First and Classrooms for Kids programs. In total, Florida's schools and students have received more than \$30 billion in Lottery profits, including more than \$4.85 billion to send more than 725,000 students to college on Bright Futures Scholarships funded by the Florida Lottery.

Economic Development and Job Creation

As a \$6 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.

For the fifth straight year, the Lottery set a new all-time sales record in FY 2016 with fiscal year sales reaching \$6.06 billion. Fiscal Year 2016 sales exceeded those of FY 2015 by more than \$479 million. The Lottery broke its all-time record in annual contributions to education by



transferring more than \$1.69 billion to EETF. The Agency reached an impressive milestone at the close of Fiscal Year 2015-16 as transfer to education by the Florida Lottery eclipsed \$30 billion since 1988.

The Florida Lottery's success was a result of the agency's continued efforts to expand and revise its roster of games. In FY 2016, Scratch-Off sales exceeded \$3 billion for the fourth consecutive year and broke all-time Scratch-Off sales records for the fifth consecutive year. Sales were driven by 33 new Scratch-Off games including our fourth \$25 game, \$10,000,000 FORTUNE; WEEK FOR LIFE, HOLIDAY GIFTS and FLAMINGO MULTIPLIER families of games; As well as GUY HARVEY, LOTERIA and WHEEL OF FORTUNE licensed property games. In April 2016, WHEEL OF FORTUNE set a record for the highest single week of sales by any \$5 game in the Lottery's history at \$7.16 million. Draw Game sales eclipsed \$2 billion for the first time in the Lottery's history, a milestone that contributed \$873 million in revenue to education. The Lottery also brought back the player favorite HOLIDAY MILLIONAIRE RAFFLE, which contributed more than \$11.5 million in added revenue.

To attract new players and build loyalty with current players, the Lottery offered promotions such as Fantasy 5 College Football promotion, Grouper Promotion and two EZmatch promotions for FANTASY 5 and LUCKY MONEY for Draw games. Scratch-Off games were supported with the Payday, Guy Harvey Heroes Adventure, Cash Multiplier and WHEEL OF FORTUNE Big Money second chance drawings. Several retailer incentives throughout the year also provided added support towards the awareness of both Scratch-Off and Draw Games

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 2016, the Lottery contracted with over 13,000 retailers located throughout the state. These retailers help grow the Lottery's business as well as their own, which in turn help stimulate Florida's economy. Annual retailer commissions, per store, increased from an average of \$14,322 in FY 2010 to \$23,073 in FY 2016, a 61% increase. Florida Lottery customers often make multiple trips to retail locations, increasing the likelihood of making additional purchases of staple inventory.

Sustainable growth is dependent upon 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. The Lottery has 1,500 Instant Ticket Vending Machines (ITVMs) and 500 Full Service Vending Machines (FSVMs) selling Scratch-Off and Draw games in locations throughout the state to enhance purchasing convenience. In FY 2015-16, the Lottery increased Scratch-off games in-store exposure by adding over 30,000 new product facings in ticket dispensers in retailer locations across the state. The department continues to research and advocate for other distribution options to enhance the existing network and provide additional opportunities for sales growth and retailer expansion.

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 2015-16, the Lottery awarded its Invitation to Negotiate (ITN) for the Terminal Gaming System that will become effective in FY 2016-17. The contract with the vendor will allow the Lottery to update its online terminals, gaming system technology and sales tools to better prepare for the future.

Public Safety

The Lottery is required by statute to have a Division of Security to promote and protect the integrity of, and the public's full faith and confidence in, Lottery games, Lottery retailers and the Florida Lottery itself. This division is responsible for maintaining the security and integrity of game drawings, employees, retailers, major service providers and Lottery facilities.

Background investigations are conducted on all Lottery regular and Other Personal Services (OPS)/Intern employees, Vendor employees, retailers, and major procurement vendors. This scrutiny helps ensure that personnel employed at the Lottery or involved in 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.

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 Draw 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 online game ticket security requirements have been implemented to accommodate and support the sale of POWERBALL® 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 Online 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.



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 and Silver Alert activations. When the Lottery receives an Amber or Silver 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 or missing adult, 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 or Silver Alert is in progress and provides a link to the FDLE MEPIC Website page. Amber Alert and Silver Alert notifications have played a role in successful resolution and recovery of the missing child and/or missing adult.

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

Governed by Chapter 24, Florida Statutes, the Florida Lottery was created in 1988 to be a self-supporting, trust-funded, 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 is strongly focused on achieving its goals because every Lottery ticket sold contributes to opportunities for success for Florida students. These include offering Florida



players the best lottery games in the industry, 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

- As a result of continued efforts to maximize sales to support the Agency's mission of maximizing revenue for EETF, total transfers to education by the Florida Lottery have exceeded \$30 billion since 1988.
- Since FY 2011-12, the Lottery has improved from being ranked 5th nationally on efficiency to become the 2nd most efficient Lottery nationwide, at just 2.8% of revenue generated. Becoming more efficient reduces administrative costs and enables the Lottery to increase transfers to education.
- In FY 2015, the Lottery ranked 2nd in the nation for total sales.
- In FY 2015, the Lottery ranked 2nd highest in the nation for government transfers to its beneficiary (the EETF).
- The Lottery's FLORIDA LOTTO™ game continues to be the strongest selling single-state lotto game in the nation.
- In FY 2015, the Lottery ranked 3rd in the nation and 5th in the world for total Scratch-Off sales.
- In FY 2015, the Lottery ranked 10th in worldwide lotteries for total sales and 19th for total per capita sales.
- In FY 2015, Florida set a new Lottery industry record for the highest all-time single week of Scratch-Off sales at \$95.6 million.
- In FY 2015, approximately 10% of national POWERBALL® sales came from Florida and Florida leads the nation in POWERBALL® sales.
- The Lottery's \$25 Scratch-Off game in 2015, \$10,000,000 Florida Cash, generated over \$290 million in sales in the 19 weeks that it was on sale during that fiscal year. The game was the top selling scratch-off in the U.S. lottery industry for average weekly sales over 12 weeks in FY 2015 and produced over \$20.8M in sales in a single week. \$10,000,000 Florida Cash also played a major role in contributing to the Florida Lottery's industry record-setting milestone of over \$95.5M in single week total scratch-off sales.
- The Lottery had the top performing \$2, \$5 and \$20 games compared to all other U.S. Lotteries over 12 week average sales in FY 2015. \$50,000 Gold Rush, \$500,000 Gold Rush



and \$600,000 Gold Rush, respectively, were each the top performing games their categories and contributed over \$616.5 million in Scratch-Off sales. These three games alone generated over \$114 million in transfers to the EETF.

- A new world-record \$1.58 billion Powerball jackpot set a new Florida Lottery sales record with \$230.7 million in a single week in January of 2016. The jackpot run contributed over \$114.6 million for education and created eighteen new Florida Millionaires.
- Scratch-Off sales have grown by over \$1.9 billion since FY 2010, resulting in more than \$345 million in additional transfers to education.
- FY 2016 was the 14th consecutive year the Florida Lottery transferred in excess of \$1 billion to the EETF.
- In FY 2016, for the 3rd year in a row, the Lottery achieved its fifth consecutive year of record sales and, for the first time, annual sales surpassed \$6 billion.
- In FY 2016, total sales of Florida Lottery Draw Games increased by more than \$250 million and eclipsed \$2 billion in sales for the first time in the agency's history. The milestone contributed more than \$100 million in added revenue to education.
- In FY 2016, total sales of Florida Lottery Scratch-Off games increased by more than 6%, accounting for more than \$43.5 million in additional transfers to education.
- In FY 2016, the Lottery's \$5, \$10 and \$25 price point Scratch-Off games contributed combined sales increases of more than 13%, or \$247 million, over the prior year. This equates to over \$45 million in additional transfers to education.
- In April 2016, the Lottery's recent \$5 game, WHEEL OF FORTUNE[®] set a record for the highest single week of sales by a \$5 game at \$7.16 million. In total, WHEEL OF FORTUNE will generate more than \$16.6 million in additional transfers to education.

Sources: LaFleur's 2015 and 2016 World Lottery Almanac



Current Lottery Operations

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. The district offices are located in Pensacola, Tallahassee, Jacksonville, Gainesville, Orlando, Tampa, West Palm Beach, Fort Myers and Miami. (Figure 1)



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 that Governor Scott has envisioned.

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

Strengths ⇨

- In FY 2016, the Florida Lottery again set an all-time record for total sales, surpassing \$6 billion. The largest share of sales growth came from Scratch-Off games which reached close to \$4 billion in sales. Draw Game sales broke an annual sales record by surpassing \$2 billion for the first time in the Agency's history.

- The Florida Lottery is ranked among the top lotteries in the world. According to the latest available comparable statistics (FY 2015), the Florida Lottery is ranked 2nd in total lottery sales in the U.S. and 10th among lotteries worldwide.
- According to the latest available comparable statistics (FY 2015), the Lottery is ranked 3rd in the domestic lottery industry for total Scratch-Off sales and 5th worldwide.
- National reputation and recognition as one of the most efficient lotteries with a 28 year reputation built on integrity and trust.
- The Lottery's contracted vendors for the gaming system, Scratch-Off ticket printing, and market research are industry leaders.
- 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 Draw games.
- Scratch-Off contract designed in a flexible manner to facilitate various approaches for increased sales.
- Scratch-Off sales have shown a substantial net sales gain for the 1,500 retailers having an Instant Ticket Vending Machine (ITVM) and 500 having Full-Service vending machines (FSVM), resulting in a higher return on investment than anticipated.
- The new terminal gaming contract will allow additional growth in terminals and many opportunities for new play styles, distribution options and promotions.
- Florida led the country in POWERBALL sales in FY 2015. Midday draws for CASH 3[™] and PLAY 4[™] offer players two chances daily to play and win. The 1-OFF play feature was added for both games in March 2015, contributing to increased sales of 7.04% for this category.
- The Lottery's \$25 Scratch-Off games, \$10,000,000 Fortune and \$10,000,000 Florida Cash contributed over \$703 million in FY 2016, an increase of more than 5.8% compared to the previous year.
- Multiple \$20+ Scratch-Off games continue to rank at the top in sales for all Scratch-Off games available.
- Unclaimed prizes 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.



- The Florida Lottery is recognized for industry best practices for vendor diversity initiatives and activities.

Weaknesses ⇨

- Florida ranks 10th in total per capita sales among U.S. lotteries and 19th among worldwide lotteries, indicating an opportunity for sales growth.
- Florida ranks 29 out of 45 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. Jackpot fatigue from players has become increasingly difficult to combat as players have shown less interest in participating at lower jackpot levels.

Opportunities ⇨

- The Lottery completed an Invitation to Negotiate (ITN) for the Terminal Gaming System in FY 2016 which will allow for an improved gaming system, terminal technology and better point of sale (POS) tools.
- Additional FSVMs allow the public to exercise purchasing options for the entire portfolio of products in a more convenient manner.
- The introduction of two new Draw games in FY 2017 and the rebranding of two longstanding player favorites will increase product exposure and provide added revenue to a very strong daily game category.
- Analysis of the Draw game portfolio indicates opportunity for increasing the product mix to include games that offer quicker satisfaction.
- Continue to exercise flexibility in setting prize payout percentages for Terminal games, thereby increasing Terminal sales and transfers to the EETF.
- 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.
- Offering 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 experiential 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.

Threats ⇨

- 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.



Strategies to Achieve Agency Goals

Continually Increase Transfers to the Educational Enhancement Trust Fund

1. Continue to review, revise and develop games that are exciting and desirable by the public.
2. Use available research to support game development and marketing efforts.
3. Continue to evaluate processes and procedures to identify cost savings due to efficiencies.
4. Continue to ensure public integrity and confidence by performing heightened levels of due diligence with regard to retailers, contractor performance, game development and process execution.

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

1. Laying the foundation for the next 25 years by continuing to launch products that appeal to its players and help increase sales.
2. Building new media opportunities.
3. Website redesign to attract new customers.
4. Maximize advertising appropriation with consolidated efforts, strategic placement and dynamic partnerships.
5. Strategic Point-of-Sale development and utilization.

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.
2. Strengthen relationships with corporate accounts.
3. Use new technology to make products more convenient to purchase.
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.

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, Florida Statutes.



List of 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 satisfaction and 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.

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.

Focus Group Research - Focus groups are used to obtain face-to-face feedback on new game launch and promotions ideas, etc. in order to meet the Lottery's customers' changing expectations and maximize the sales potential of every product.

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.

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.

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.

Sales and Revenue Forecasting - Forecast studies include projections of Lottery product sales to determine announced jackpots for each drawing; periodic 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.



Florida Lottery Long Range Program Plan

Fiscal Years 2017-18 through 2021-22

Thomas R. Delacenserie, Secretary
September 30, 2016



Performance Measures and Standards – LRPP Exhibit II

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 2015-16 (Words)	Approved Prior Year Standard FY 2015-16 (Numbers)	Prior Year Actual FY 2015-16 (Numbers)	Approved Standards for FY 2016-17 (Numbers)	Requested FY 2017-18 Standard (Numbers)
Transfers to the State Educational Enhancement Trust Fund	\$1.206 B	\$1.69 ¹ B	\$1.206 B	\$1.206 B
Total Revenue in dollars	\$3.918 B	\$6.07 B	\$3.918 B	\$3.918 B
Operating Expense* as a Percent of Total Revenue	9.52%	8.35%	9.52%	9.52%
Percent of Respondents who are aware of the Lottery's Contribution to Education	65%	62%	65%	65%
Provide Executive Direction and Support Services for all Lottery Operations as measured by Percent of Total Agency Budget	6.2%	3.58%	6.2%	6.2%

**Includes Payments to Gaming Vendors and Retailer Commissions*

¹Estimated and unaudited.



Florida Lottery Long Range Program Plan

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Performance Measure Assessment – LRPP Exhibit III

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Lottery

Program: Lottery Operations

Service/Budget Entity: Lottery Operations

Measure: Percent of Respondents who are aware of the Lottery's contribution to education

Action:

- Performance Assessment of Outcome Measure Revision of Measure
 Performance Assessment of Output Measure Deletion of Measure
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
65%	62%	-3%	-3%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation: The outcome of this performance measure depends on survey responses. The Florida Lottery continues to support its education message with a multi-media campaign including television, radio, website, print, outdoor and point-of-sale advertising, education-specific collateral materials, and participation in various education-related events.



Management Efforts to Address Differences/Problems (check all that apply):

- Training
- Personnel

- Technology
- Other (Identify)

Recommendations: The Lottery will continue to convey its education message through television, radio, web, print, and point-of-sale advertising in both English and Spanish; billboard ads in English; and public relations initiatives including press releases, letters to newspaper editors, and collateral development in both English and Spanish; and participation in various education-related events/initiatives throughout the state.

Office of Policy and Budget - June 2016



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September 30, 2016



Performance Measures Validity and Reliability –
LRPP Exhibit IV

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Lottery

Program: Lottery Operations

Service/Budget Entity: Lottery Operations

Measure: N/A

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

Office of Policy and Budget – June 2016



Florida Lottery Long Range Program Plan

Fiscal Years 2017-18 through 2021-22

Thomas R. Delacenserie, Secretary
September 30, 2016



Associated Activities Contributing to Performance
Measures – LRPP Exhibit V

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for FY 2015-16 (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



