

DIVISION OF THE LOTTERY

MISSION

In 1966, New Yorkers approved a constitutional amendment to authorize a State Lottery in support of education. The Division of the Lottery raises revenue through the sale and marketing of Lottery games.

ORGANIZATION AND STAFFING

The Division of the Lottery is an independent unit of the Department of Taxation and Finance, whose Commissioner appoints the Director of the Lottery. The Division maintains a central office in Schenectady, regional offices in Buffalo, Syracuse, New York City and Long Island, a satellite office in Fishkill to serve the Hudson Valley, and a claims center in Rochester. Marketing sales representatives are assigned to the regional offices around the State, and recruit and support point-of-sale retailers, which include convenience stores, newsstands, supermarkets, restaurants and bowling centers. The Division of the Lottery will have a workforce of 350 staff in the 2006-07 fiscal year.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Lottery games have raised in excess of \$28 billion in revenues for education since the Lottery's inception in 1967. In 2006-07, approximately \$2 billion will be available for education. The Division's costs are supported entirely with Lottery revenues. The 2006-07 Executive Budget recommends \$128 million to support Lottery operations. By law, no more than 15 percent of gross traditional Lottery sales and ten percent of Video Lottery net machine income may be used for administration. Historically, the Lottery Division's total administrative costs have been below the statutory limit.

PROGRAM HIGHLIGHTS

Lottery games sold on the Division's on-line computer system include: Mega Millions, Lotto, Pick 10, New York Numbers, Win 4 and Take Five. These games can be played from approximately 16,000 locations across the State and offer players the opportunity to match their "picks" to televised drawings that take place twice daily, daily, or twice weekly, depending on the game. Winning tickets up to \$600 can be validated and redeemed by customers at any location selling Lottery products.

The Lottery Division's Instant games have contributed significantly to the growth of Lottery revenues. The Division will market approximately 40 new Instant games during 2006-07, with ticket prices starting at \$1.

Quick Draw, first introduced in 1995, is an electronic version of Pick 10, with winning numbers drawn by computer every five minutes. Quick Draw is displayed at approximately 3,550 authorized establishments statewide, such as restaurants and bowling centers.

In 2001, legislation was enacted to broaden the Lottery gaming opportunities in New York State, authorizing New York's involvement in a multi-state Lottery game and permitting the installation of Video Lottery Terminals (VLTs) at horse racing facilities across the State. Pursuant to this legislation, the Division of the Lottery entered into an agreement with nine other states to create a new multi-state Lottery game, "Mega Millions". Currently, 12 states including New York participate. Mega Millions' first drawing occurred on May 17, 2002.

The 2006-07 Executive Budget provides funds necessary to market and operate Mega Millions for the coming fiscal year. In addition, Lottery has continued efforts to implement the VLT program at various horse racing facilities across the State with five VLT gaming facilities currently operational. The 2006-07 Executive Budget also provides the necessary funding for the video lottery program's continued operation and implementation.

LOTTERY

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	124,235,000	128,235,000	4,000,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	124,235,000	128,235,000	4,000,000	0

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Administration of the Lottery			
Special Revenue Funds - Other	314	314	0
Administration of the Lottery			
Special Revenue Funds - Other	27	36	9
Total	341	350	9

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2005-06	Recommended 2006-07	Change
Special Revenue Funds - Other	124,235,000	128,235,000	4,000,000
Total	124,235,000	128,235,000	4,000,000

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2005-06	Recommended 2006-07	Change
Administration of the Lottery			
Special Revenue Funds - Other	124,235,000	128,235,000	4,000,000
Total	124,235,000	128,235,000	4,000,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration of the Lottery	128,235,000	4,000,000	25,060,000	0
Total	128,235,000	4,000,000	25,060,000	0

Program	Nonpersonal Service	
	Amount	Change
Administration of the Lottery	103,175,000	4,000,000
Administration of the Lottery	103,175,000	4,000,000
Total	103,175,000	4,000,000