

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 2007-08 fiscal year.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Lottery games have raised in excess of \$29 billion in revenues for education since the Lottery's inception in 1967. In 2007-08, approximately \$2.7 billion will be available for education. The Division's costs are supported entirely with Lottery revenues. The 2007-08 Executive Budget recommends \$123 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 Numbers, Win 4, Take 5 and other Lottery games. 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 2007-08, with ticket prices starting at \$1.

Quick Draw, first introduced in 1995, is an electronically drawn game with winning numbers drawn by a central computer every four minutes. Quick Draw is displayed at approximately 3,200 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

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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 2007-08 Executive Budget provides funds necessary to market and operate traditional Lottery games 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 eight VLT gaming facilities currently operational. The 2007-08 Executive Budget also provides the necessary funding for the video lottery program's continued operation and implementation.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2006-07	Appropriations Recommended 2007-08	Change	Reappropriations Recommended 2007-08
State Operations	156,235,000	123,357,300	(32,877,700)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	156,235,000	123,357,300	(32,877,700)	0

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

Full-Time Equivalent Positions (FTE)

Program	2006-07 Estimated FTEs 03/31/07	2007-08 Estimated FTEs 03/31/08	FTE Change
Administration of the Lottery Special Revenue Funds - Other	314	314	0
Administration of the Lottery Special Revenue Funds - Other	36	36	0
Total	350	350	0

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

Fund Type	Available 2006-07	Recommended 2007-08	Change
Special Revenue Funds - Other	156,235,000	123,357,300	(32,877,700)
Total	156,235,000	123,357,300	(32,877,700)

Adjustments:

Prior Year Deficiency			
Lottery, Division of the Special Revenue Funds - Other	20,000,000		
Recommended Deficiency			
Lottery, Division of the Special Revenue Funds - Other	(23,000,000)		
Appropriated 2006-07	153,235,000		

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

<u>Program</u>	<u>Available 2006-07</u>	<u>Recommended 2007-08</u>	<u>Change</u>
Administration of the Lottery			
Special Revenue Funds - Other	156,235,000	123,357,300	(32,877,700)
Total	<u>156,235,000</u>	<u>123,357,300</u>	<u>(32,877,700)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2007-08 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration of the Lottery	123,357,300	(32,877,700)	20,988,200	(4,071,800)
Total	<u>123,357,300</u>	<u>(32,877,700)</u>	<u>20,988,200</u>	<u>(4,071,800)</u>

<u>Program</u>	<u>Nonpersonal Service</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration of the Lottery	102,369,100	(805,900)	0	(28,000,000)
Administration of the Lottery	102,369,100	(805,900)	0	(28,000,000)
Total	<u>102,369,100</u>	<u>(805,900)</u>	<u>0</u>	<u>(28,000,000)</u>