

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.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$120 million All Funds (\$120 million Other Funds)** for the Division of the Lottery. This is a decrease of **\$3 million** in All Funds (\$3 million Other Funds) from the 2007-08 budget, reflecting anticipated savings in non personal services expenditures associated with the Administration of the Lottery Program.

The Executive Budget recommends a staffing level of **361 FTE's** for the Division of the Lottery, which is unchanged from 2007-08.

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 2008-09, 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 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.

LOTTERY

The 2008-09 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 2008-09 Executive Budget also provides the necessary funding for the video lottery program's continued operation and implementation.

ALL FUNDS APPROPRIATIONS (dollars)

| Category | Available 2007-08 | Appropriations Recommended 2008-09 | Change | Reappropriations Recommended 2008-09 |
|-------------------|----------------------|--|--------------|--|
| State Operations | 132,357,300 | 120,314,100 | (12,043,200) | 0 |
| Aid To Localities | 0 | 0 | 0 | 0 |
| Capital Projects | 0 | 0 | 0 | 0 |
| Total | 132,357,300 | 120,314,100 | (12,043,200) | 0 |

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

Full-Time Equivalent Positions (FTE)

| Program | 2007-08 Estimated FTEs 03/31/08 | 2008-09 Estimated FTEs 03/31/09 | FTE Change |
|---------------------------------------|---------------------------------------|---------------------------------------|------------|
| Administration of the Lottery Program | | | |
| Special Revenue Funds - Other | 314 | 314 | 0 |
| Administration of the VLT Program | | | |
| Special Revenue Funds - Other | 47 | 47 | 0 |
| Total | 361 | 361 | 0 |

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

| Fund Type | Available 2007-08 | Recommended 2008-09 | Change |
|-------------------------------|----------------------|------------------------|--------------|
| Special Revenue Funds - Other | 132,357,300 | 120,314,100 | (12,043,200) |
| Total | 132,357,300 | 120,314,100 | (12,043,200) |

Adjustments:

| | |
|-------------------------------|-------------|
| Prior Year Deficiency | |
| Lottery, Division of the | |
| Special Revenue Funds - Other | 18,000,000 |
| Appropriated 2007-08 | 150,357,300 |

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

| Program | Available 2007-08 | Recommended 2008-09 | Change |
|---------------------------------------|----------------------|------------------------|--------------|
| Administration of the Lottery Program | | | |
| Special Revenue Funds - Other | 116,012,300 | 103,992,800 | (12,019,500) |
| Administration of the VLT Program | | | |
| Special Revenue Funds - Other | 16,345,000 | 16,321,300 | (23,700) |
| Total | 132,357,300 | 120,314,100 | (12,043,200) |

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2008-09 RECOMMENDED
(dollars)**

| Program | Total | | Personal Service | |
|---------------------------------------|--------------------|---------------------|-------------------------|------------------|
| | Amount | Change | Amount | Change |
| Administration of the Lottery Program | 103,992,800 | (12,019,500) | 17,661,800 | (304,400) |
| Administration of the VLT Program | 16,321,300 | (23,700) | 2,958,500 | (63,500) |
| Total | <u>120,314,100</u> | <u>(12,043,200)</u> | <u>20,620,300</u> | <u>(367,900)</u> |

| Program | Nonpersonal Service | | Maintenance Undistributed | |
|---------------------------------------|----------------------------|--------------------|----------------------------------|--------------------|
| | Amount | Change | Amount | Change |
| Administration of the Lottery Program | 86,331,000 | (2,715,100) | 0 | (9,000,000) |
| Administration of the VLT Program | 13,362,800 | 39,800 | 0 | 0 |
| Total | <u>99,693,800</u> | <u>(2,675,300)</u> | <u>0</u> | <u>(9,000,000)</u> |