

# ***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 341 staff in the 2005-06 fiscal year.

## ***FISCAL BACKGROUND AND BUDGET HIGHLIGHTS***

Lottery games have raised in excess of \$26 billion in revenues for education since the Lottery's inception in 1967. In 2005-06, approximately \$2 billion will be available for education. The Division's costs are supported entirely with Lottery revenues. The 2005-06 Executive Budget recommends \$124 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 more than 40 new Instant games during 2005-06, 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 3,100 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, 11 states including New York participate. Mega Millions' first drawing occurred on May 17, 2002.

The 2005-06 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 four VLT gaming facilities currently operational. The 2005-06 Executive Budget also provides the necessary funding for the video lottery program's continued operation and implementation.

# LOTTERY

## ALL FUNDS APPROPRIATIONS (dollars)

| Category          | Available<br>2004-05 | Appropriations<br>Recommended<br>2005-06 | Change    | Reappropriations<br>Recommended<br>2005-06 |
|-------------------|----------------------|--|-----------|--|
| State Operations  | 124,400,800          | 124,235,000                              | (165,800) | 0  |
| Aid To Localities | 0                    | 0  | 0         | 0  |
| Capital Projects  | 0                    | 0  | 0         | 0  |
| Total             | 124,400,800          | 124,235,000                              | (165,800) | 0  |

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

### Full-Time Equivalent Positions (FTE)

| Program                       | 2004-05<br>Estimated FTEs<br>03/31/05 | 2005-06<br>Estimated FTEs<br>03/31/06 | FTE Change |
|-------------------------------|---------------------------------------|---------------------------------------|------------|
| Administration of the Lottery |                                       |                                       |            |
| Special Revenue Funds - Other | 337                                   | 341                                   | 4          |
| Total                         | 337                                   | 341                                   | 4          |

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

| Fund Type                     | Available<br>2004-05 | Recommended<br>2005-06 | Change    |
|-------------------------------|----------------------|------------------------|-----------|
| Special Revenue Funds - Other | 124,400,800          | 124,235,000            | (165,800) |
| Total                         | 124,400,800          | 124,235,000            | (165,800) |

Adjustments:

|                                      |             |
|--------------------------------------|-------------|
| Transfer(s) From<br>Special Pay Bill |             |
| Special Revenue Funds - Other        | (1,095,800) |
| Appropriated 2004-05                 | 123,305,000 |

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

| Program                       | Available<br>2004-05 | Recommended<br>2005-06 | Change    |
|-------------------------------|----------------------|------------------------|-----------|
| Administration of the Lottery |                      |                        |           |
| Special Revenue Funds - Other | 124,400,800          | 124,235,000            | (165,800) |
| Total                         | 124,400,800          | 124,235,000            | (165,800) |

## STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

| Program                       | Total       |           | Personal Service |           |
|-------------------------------|-------------|-----------|------------------|-----------|
|                               | Amount      | Change    | Amount           | Change    |
| Administration of the Lottery | 124,235,000 | (165,800) | 25,060,000       | 8,925,700 |
| Total                         | 124,235,000 | (165,800) | 25,060,000       | 8,925,700 |

  

| Program                       | Nonpersonal Service |             |
|-------------------------------|---------------------|-------------|
|                               | Amount              | Change      |
| Administration of the Lottery | 99,175,000          | (9,091,500) |
| Total                         | 99,175,000          | (9,091,500) |