

**E75D**  
**State Lottery Agency**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 09</b> <b><u>Actual</u></b>	<b>FY 10</b> <b><u>Working</u></b>	<b>FY 11</b> <b><u>Allowance</u></b>	<b>FY 10-11</b> <b><u>Change</u></b>	<b>% Change</b> <b><u>Prior Year</u></b>
General Fund	\$256	\$1,868	\$11,608	\$9,740	521.4%
Contingent & Back of Bill Reductions	0	0	-18	-18	
<b>Adjusted General Fund</b>	<b>\$256</b>	<b>\$1,868</b>	<b>\$11,589</b>	<b>\$9,721</b>	<b>520.4%</b>
Special Fund	59,968	53,623	118,849	65,226	121.6%
Contingent & Back of Bill Reductions	0	0	-406	-406	
<b>Adjusted Special Fund</b>	<b>\$59,968</b>	<b>\$53,623</b>	<b>\$118,443</b>	<b>\$64,820</b>	<b>120.9%</b>
<b>Adjusted Grand Total</b>	<b>\$60,224</b>	<b>\$55,490</b>	<b>\$130,032</b>	<b>\$74,542</b>	<b>134.3%</b>

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- The fiscal 2011 allowance includes \$11.6 million in general funds, the vast majority for procurement of a central operating system and video lottery terminal (VLT) machines. The VLT program also results in an increase in special funds of \$62.3 million. Most of these funds are revenues associated with VLTs to be distributed as prescribed by statute.
- The fiscal 2011 allowance for regular lottery operations increases by \$2.9 million in special funds largely due to maintenance for instant ticket machines and for instant ticket printing.

Note: Numbers may not sum to total due to rounding.

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***Personnel Data***

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	<b><u>FY 09 Actual</u></b>	<b><u>FY 10 Working</u></b>	<b><u>FY 11 Allowance</u></b>	<b><u>FY 10-11 Change</u></b>
Regular Positions	171.00	184.00	195.00	11.00
Contractual FTEs	<u>7.00</u>	<u>10.00</u>	<u>7.00</u>	<u>-3.00</u>
<b>Total Personnel</b>	<b>178.00</b>	<b>194.00</b>	<b>202.00</b>	<b>8.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	9.79	5.02%
Positions and Percentage Vacant as of 12/31/09	13.00	7.07%

- Full-time staffing for regular lottery operations remains constant; however, contractual staff falls by three full-time equivalents.
- Personnel increases by 11 full-time positions in order to fulfill the statutory requirement that the agency provide staff for monitoring VLT facilities.

## *Analysis in Brief*

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### **Major Trends**

***High Payouts Dampen Revenues in 2009; Rebound Expected in 2010:*** Despite an increase in total sales, revenues fell by 4.8% in fiscal 2009 as compared to fiscal 2008. A jump in prize winnings of 5.9% led to this revenue decline.

***Sales Expected to Increase Despite Limited Advertising Resources:*** Cost containment measures have reduced the agency's budget for advertising expenses. However, expectations for sales and revenues remain strong in fiscal 2010 and 2011.

### **Issues**

***Instant Tickets Continue as Most Popular Game:*** Despite a slight slowdown in sales in fiscal 2009, instant tickets continue to represent the largest game offered by the State Lottery Agency (SLA). Sales for instant tickets are expected to rebound in fiscal 2010, while a slowdown is again expected for Pick 3. **The Department of Legislative Services (DLS) recommends that the Lottery comment on its plans for promoting each type of game, especially in light of reduced resources for marketing.**

***Administration of Video Lottery Terminals:*** SLA has the responsibility of administering the VLT program, including accounting for and distributing VLT revenues; procuring and managing the program's central system; and regulation and licensing of operators. **DLS recommends that the Lottery brief the budget committees on its recent and ongoing activities to prepare the State for the opening of VLT facilities in fiscal 2011.**

### **Recommended Actions**

1. Add budget bill language to authorize the transfer of funds.

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**State Lottery Agency**

***Operating Budget Analysis***

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**Program Description**

Since 1973, the State Lottery Agency (SLA) has administered and operated lottery games to generate revenue for the State. The Lottery currently offers nine games: Pick 3, Pick 4, Keno, Keno Bonus, and Super Keno Bonus, Mega Millions, Bonus Match Five, Instant Games, Multi-Match (which replaced Lotto in February 2006), Race Trax and Race Trax Bonus.

All games, except Instant Games, are online, meaning players pick their numbers or use computer generated numbers, receive a ticket, and then wait for a drawing to see if they have won. With Instant Games, players scratch off a latex covering on a ticket play area to reveal preprinted combinations. Games are sold through lottery agents, which are private businesses that receive commissions and fees in exchange for selling the games to the public.

Proceeds from the games pay for prizes, agent earnings, and all operating expenses of the agency. In fiscal 2009, 60.3% of sales paid for prizes, 7.2% paid for agent commissions and redemption fees, 3.5% paid for agency operations, and the remaining 27.9% was credited as revenue to the State.

The State Lottery Commission has oversight responsibility for the agency. In 2008, the commission was expanded to nine members from five to address additional responsibilities stemming from the Video Lottery Terminal (VLT) legislation. The agency is responsible for the administration of the VLT program, including accounting for and distributing VLT revenues; managing the program's central system; and regulation and licensing of operators. The agency's six divisions include Administration, Finance, and Operations; Information Technology; Marketing; Sales; Public Affairs; and Executive. The Lottery also has a security unit.

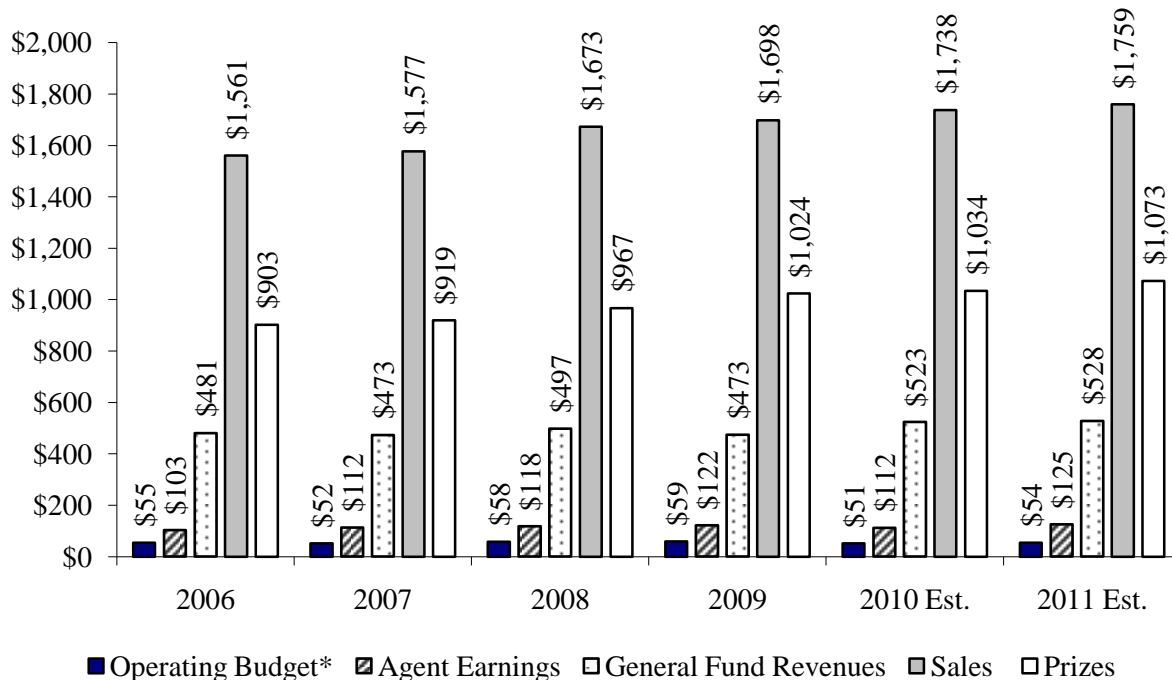
**Performance Analysis: Managing for Results**

**High Payouts Dampen Revenues in 2009; Rebound Expected in 2010**

Surpassing original projections, the Lottery recorded sales of \$1.7 billion in fiscal 2009, an increase of 1.5% from the previous year. However, revenues were lower in fiscal 2009 due to some abnormally high prize payouts over the course of the year. For example, over 1,400 players picked a winning 1-1-1-1 series in Pick 4 leading to a combined \$7 million payout. Several other popular Pick 3 and Pick 4 number series also hit in fiscal 2009, well beyond normal odds. See Issue 1 for a discussion of sales and revenue trends by game.

**Exhibit 1** shows the financial components of the lottery.

**Exhibit 1**  
**Lottery Sales and Expenditures**  
**Fiscal 2006-2011**  
**(\$ in Millions)**



\* Operating Budget does not include funds to operate the Video Lottery Terminal Program

Note: General fund revenues excludes disbursements to the Maryland Stadium Authority.

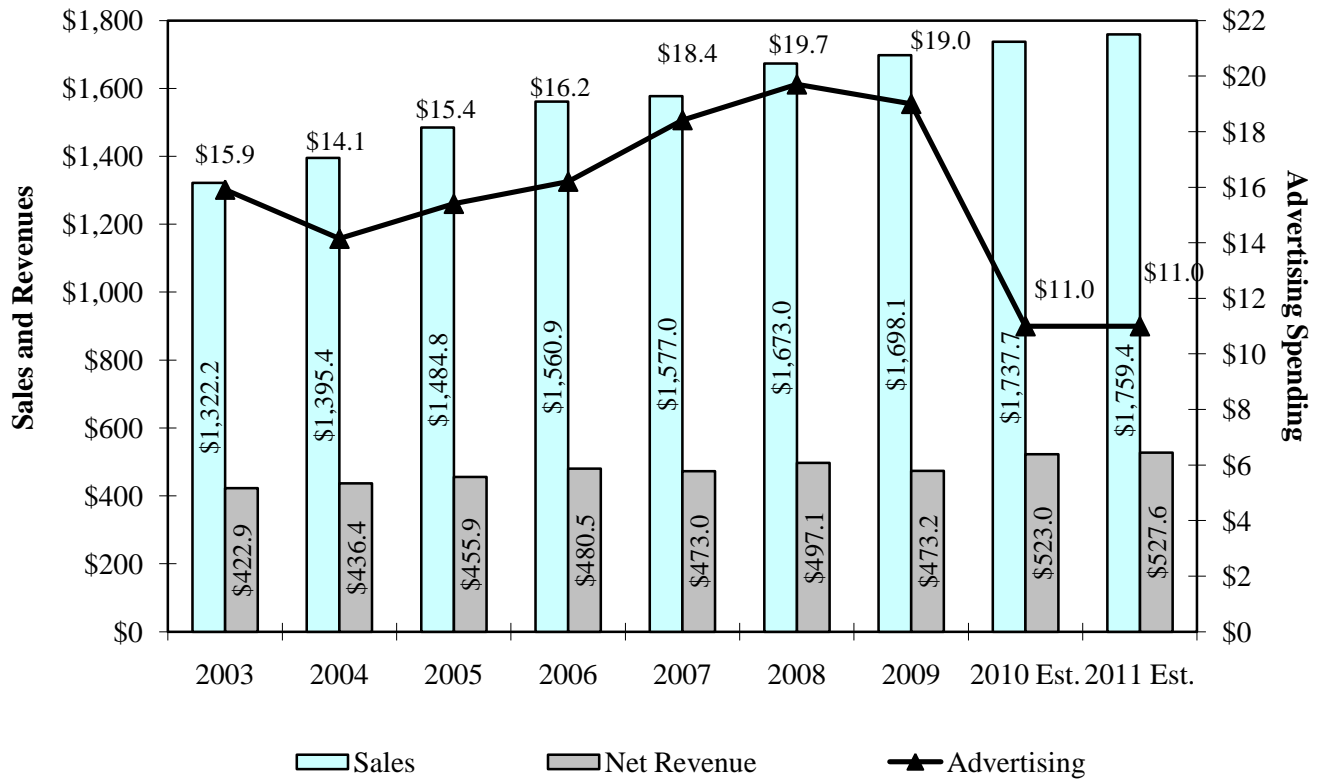
Source: Governor’s Budget Books, Fiscal 2007-2011; Maryland State Lottery

As shown in Exhibit 1, sales are expected to increase by about 2.3% in fiscal 2010. Revenues will rebound as prizes return to a more typical level. Additionally, agent earnings are expected to decline. The Budget Reconciliation and Financing Act of 2009 decreased agent sales commission from 5.5 to 5.0% in fiscal 2010 through 2012. Accordingly, the projections for agent earnings decline in fiscal 2010.

### Sales Expected to Increase Despite Limited Advertising Resources

**Exhibit 2** shows sales and revenues as compared to the agency’s total advertising expenditures. Advertising expenditures includes funds for radio, television, print, and other advertisements, as well as for promotional events and materials. The cost containment effort in fiscal 2010 resulted in a decline in budgeted advertising funds by \$6 million, from the original fiscal 2010 appropriation. The fiscal 2011 allowance reflects flat funding for advertising expenses. Despite this reduced spending level over two years, the projections for sales and revenues continue to climb.

**Exhibit 2**  
**Sales and Revenue Trends Compared to Advertising Spending**  
**Fiscal 2003-2011**  
**(\$ in Millions)**



Source: Governor’s Budget Books, Fiscal 2006-2011; Lottery Budget Fiscal 2005-2011

## **Fiscal 2010 Actions**

### **Impact of Cost Containment**

The original fiscal 2010 appropriation was reduced by almost \$6 million due to cost containment efforts. General funds decreased by about \$86,000 due to statewide reductions in health insurance, retiree contribution, and salary adjustments. Similarly, special funds decreased by over \$395,000 in salary adjustments. The majority of the special fund decline is due to a reduction in advertising spending.

## **Proposed Budget**

As shown in **Exhibit 3**, the fiscal 2011 allowance includes \$11.6 million in general funds; the vast majority for procurement of a central operating system and VLT machines. The VLT program also results in an increase in special funds of \$62.3 million. Most of these funds are revenues associated with VLTs to be distributed as prescribed by statute.

The fiscal 2011 allowance for regular lottery operations increases by \$2.9 million in special funds largely due to maintenance for instant ticket machines and for instant ticket printing.

### **Impact of Cost Containment**

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected actions relating to employee furloughs and health insurance.

**Exhibit 3**  
**Proposed Budget**  
**State Lottery Agency**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Total</u></b>
2010 Working Appropriation	\$1,868	\$53,623	\$55,490
2011 Allowance	<u>11,608</u>	<u>118,849</u>	<u>130,457</u>
Amount Change	\$9,740	\$65,226	\$74,966
Percent Change	521.4%	121.6%	135.1%
 Contingent Reductions	 -\$18	 -\$406	 -\$425
Adjusted Change	\$9,721	\$64,820	\$74,542
Adjusted Percent Change	520.4%	120.9%	134.3%

**Where It Goes:**

**Personnel Expenses**

New positions.....	\$566
Increase in salaries due to fiscal 2010 furlough.....	385
Employee retirement system.....	188
Employee and retiree health insurance.....	39
Other fringe benefit adjustments.....	31
Back of the bill reduction including fiscal 2011 furlough.....	-425
Workers' compensation premium assessment.....	-52
Turnover adjustments.....	-31

**Other Changes**

***Lottery Operations***

Maintenance for instant ticket vending machines.....	1,037
Increase in instant ticket printing based on expected sales.....	533
Increase in on-line gaming vendor fees based on expected sales.....	435
Increase in capital lease payment for new instant ticket vending machines.....	343
Decline in fuel and vehicle purchases.....	-138
Elimination of vacant contractual positions.....	-123
Decline in travel.....	-35

**Where It Goes:**

***VLT Program Operations***

Distribution of VLT revenue per statute .....	61,281
VLT machine leasing .....	8,047
Central systems operations.....	3,963
Purchase of vehicle for statewide security supervisor.....	21
Background investigation contract.....	-1,200
Other.....	-323
<b>Total</b>	<b>\$74,542</b>

VLT: video lottery terminal

Note: Numbers may not sum to total due to rounding.

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**Lottery Administration**

Absent VLT administration, the regular lottery allowance for fiscal 2011 increases by \$2.9 million. The core of the agency’s lottery administration budget is for contractual services. The contract for the printing of instant tickets is based on expected sales of those tickets. Because sales of instant tickets are expected to increase in fiscal 2011, the allowance provides for additional special funds of about \$533,000. Similarly, funds for the online gaming system contract increase in the fiscal 2011 allowance by about \$435,000 because of the expected increase in total online sales.

In fiscal 2010, the agency entered into a contract to procure over 900 new instant ticket vending machines using the Treasurer’s Master Lease Program. Reflecting the first full year of payments, the fiscal 2011 allowance increases by \$343,000 in special funds. The contract included a one year warranty provision for repairs and maintenance on the machines. The warranty expires during fiscal 2011; as such, the allowance includes an increase of over \$1 million for anticipated machine repairs.

**VLT Program Administration**

The fiscal 2011 allowance includes \$11.6 million in general funds and \$64.8 million in special funds for the VLT program. The legislation that created the regulatory framework of the VLT program specified that the lottery agency would be allowed to retain 2% of VLT revenues as special funds for the administration and regulation of the program. Additional special funds are generated through licensing fees of VLT operators and employees. The remainder of the costs to implement the first full year of the VLT program is funded with general funds.

Statute requires that the Lottery ensure that it has employees at any VLT facility during hours of operation in order to certify revenue from VLTs, receive complaints from the public, and monitor the operation and maintenance of machines and associated equipment and software. Accordingly, the

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allowance includes funds for the addition of 11 new employees for this purpose for a total cost of \$566,647. This is in anticipation of two facilities being operational in fiscal 2011.

The fiscal 2011 allowance also includes over \$4.1 million for the central system that will serve as an operational, monitoring, and accounting system. This amount is based on the contract awarded in January 2010 which includes provisions for a flat monthly fee. Also, the allowance includes over \$8.0 million for the leasing of the VLT machines to be used in the facilities. By the end of fiscal 2011, 2,100 machines are expected to be in operation. The allowance is based on an expected expenditure of 6.5% of the revenues associated with these machines.

Additionally, the fiscal 2011 allowance includes funds that reflect the allocation of VLT revenue as detailed in statute. It is, therefore, assumed that the lottery agency is responsible for the accounting and distribution of these funds excluding the proceeds for education.

Recent estimates assume approximately \$124 million in revenues from VLTs in fiscal 2011. The statutory allocation of the gross VLT revenues, after payouts to bettors and excluding education proceeds, is as follows:

- **Small, Minority, and Women-owned Business Investment Account:** 1.5% to a small, minority, and women-owned business investment account (**\$1.8 million**);
- **Local Impact Grants:** 5.5% to local governments where a video lottery facility is operating (**\$6.8 million**) (starting in fiscal 2012, 82.0% of grants will be distributed to local governments and 18.0% to Baltimore City and Prince George's County);
- **Horse Racing Industry:** 7.0% to a purse dedication account to enhance horse racing purses and funds for the horse breeding industry, not to exceed \$100.0 million annually; and 2.5% for an eight-year period to a Racetrack Facility Redevelopment Account, not to exceed \$40.0 million annually (**\$11.7 million**);
- **Licensee (Operator):** 33.0% to video lottery operation licensees (**\$40.9 million**).

It should be noted that to appropriate operator revenues in this manner is inconsistent with the current practice to pay sales commission to lottery agents. Revenue from regular lottery operations is net revenue. Lottery agent sales commissions are retained by the agents and are not reported as revenue. Conversely, the VLT program is assuming gross revenue and, therefore, an appropriation to pay the VLT venue operators is required in the Lottery's budget.

## Issues

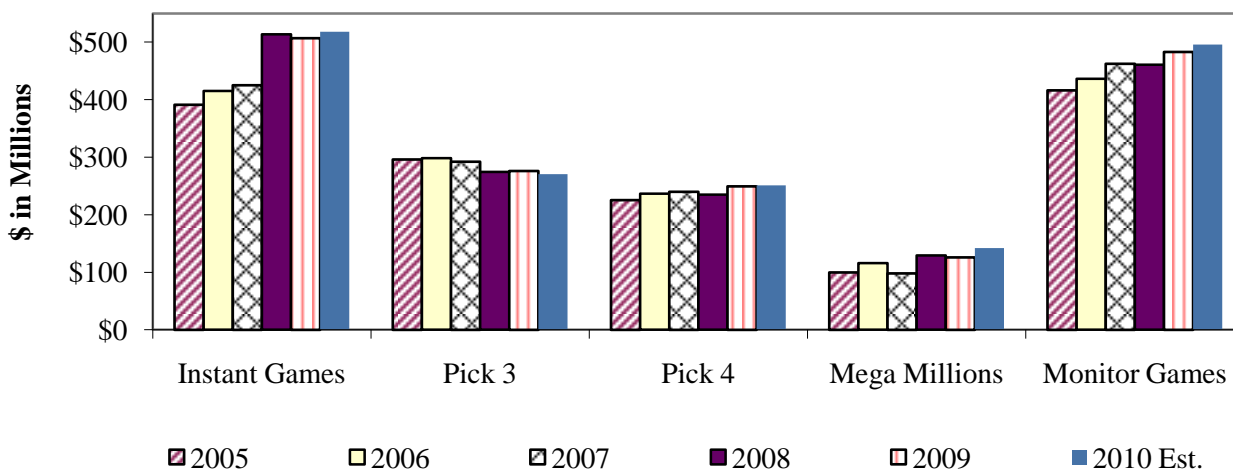
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### 1. Instant Tickets Continue as Most Popular Game

Despite concerns about the lagging economy’s impact on lottery sales, most games posted higher sales figures in fiscal 2009 than in fiscal 2008. **Exhibit 4** shows the total sales of the more popular games for fiscal 2005 through an estimate for fiscal 2010.

Exhibit 4 clearly shows the relative popularity of the games, with instant games and monitor games claiming most of the public’s gaming dollars. There was an uncharacteristic, albeit small (1.3%), decline in instant ticket games in fiscal 2009. However, a rebound is expected in fiscal 2010. Pick 3 continued on its downward trend, while Pick 4 is slowly picking up sales.

**Exhibit 4**  
**Sales – Selected Games**  
**Fiscal 2005-2010**



Source: State Lottery Agency

### Impact of Game Mix on General Fund Revenue

Instant ticket games and monitor games are the most popular games, in large part, due to higher payout rates than the agency’s other offerings. However, this popularity, and the decline in popularity of traditional numbers games, has an impact on general fund revenues.

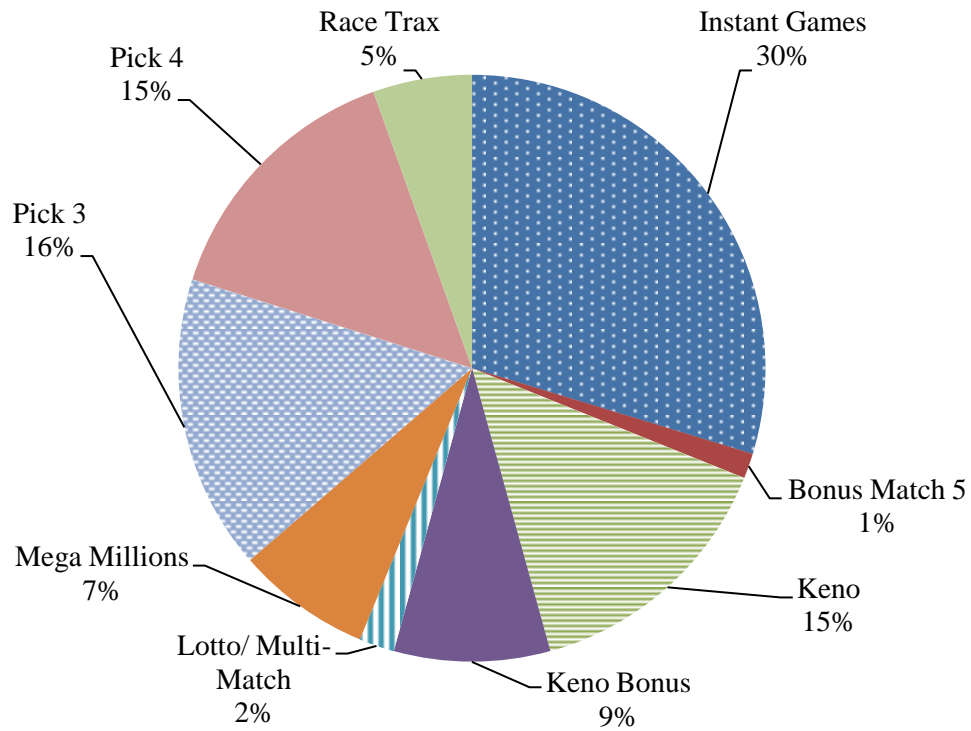
**Exhibit 5** shows sales and revenues for each game type in fiscal 2009. As shown, instant ticket sales make up 30% of total sales but only contribute 18% of total revenues. Conversely, Pick 3 games make up about 16% of sales while generating 21% of revenue.

The Department of Legislative Services (DLS) recommends that the Lottery comment on its plans for promoting each type of game, especially in light of reduced resources for marketing.

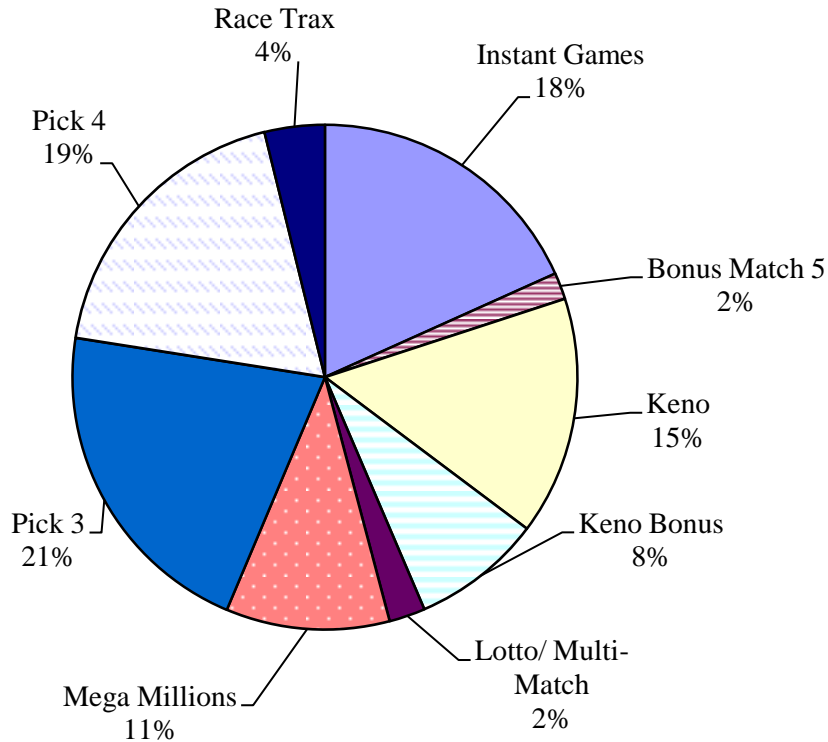
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**Exhibit 5  
Sales and Revenues  
Fiscal 2009**

**Sales**



**Revenues**



\* It should be noted that the Agency plans to introduce the multi-state game, Powerball, in fiscal 2010. Annual sales are expected to reach an estimated \$41 million.

Note: Not included are sales and revenues for Maryland Hold 'Em.

Source: State Lottery Agency

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## 2. Administration of Video Lottery Terminals

The lottery agency is tasked with the responsibility of administering the video lottery program for the State. This includes the regulation and licensing of operators, accounting for and distributing VLT revenues; managing the program's central system; and the purchase or lease of gaming machines.

### Background

During the 2007 special session, the General Assembly adopted two pieces of legislation pertaining to VLT gambling. Chapter 5 of the 2007 special session was a constitutional amendment

approved by the voters at the November 2008 general election that authorized the use of VLTs subject to certain restrictions. Chapter 4 of the 2007 special session established the operational and regulatory framework for the VLT program under SLA. It also created the Video Lottery Facility Location Commission to award facility licenses.

Pursuant to State law and the request for proposals (RFP) released in December 2008, proposals for video lottery operation licenses were due by February 2, 2009. The Location Commission's evaluation of proposals has consisted of market analyses, economic impact analyses, an analysis of each proposal's financial viability, site visits to proposed facility locations, public hearings, and a review of traffic impact studies by the State Highway Administration. To date, the Location Commission has awarded video lottery operation licenses for the Anne Arundel, Cecil, and Worcester counties' VLT locations and rejected the bids for the Baltimore City and Allegany County locations. The commission may rebid the Baltimore City and Allegany County locations sometime in 2010.

### **Role of State Lottery Agency**

As part of the agency's regulatory responsibilities, all those that own, operate, work for, or are in some way related to the operation of VLT facilities must be licensed and subject to background investigations. To date, the Lottery, through its contractor, has completed its investigation of approved facility owners and is currently vetting machine manufacturers. The agency plans to conduct the less comprehensive background investigations of facility employees in-house, without the use of an outside contractor.

The Lottery is responsible for the procurement and operation of the central monitor and control system. This system will communicate with each video lottery terminal and can retrieve information regarding the win and loss determination and can program, activate, and disable machines. In January, the Board of Public Works approved the contract with GTech for the system. The Lottery will continue to use the contract for the RFP consultant in order to provide assistance with testing the new system.

Similarly, the Lottery is responsible for the purchase or leasing of the VLT machines. Responses to the RFP for the machines were due in December. The Lottery expects to have a contract in place by February or March, 2010.

As mentioned earlier in this analysis, the statute requires that the Lottery ensure that it has employees at any VLT facility during hours of operation in order to certify revenue from VLTs, receive complaints from the public, and to monitor the operation and maintenance of machines and associated equipment and software. The fiscal 2011 allowance reflects the additional positions to staff two facilities.

Finally, the statute requires the distribution of VLT revenues in a prescribed manner as detailed above. However, the statute does not specify what entity should be responsible for this distribution or where the funds should be budgeted. The inclusion of these funds in the Lottery allowance, by default, requires the Lottery to ensure that funds are allocated in the proper amounts to

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the proper recipients. Certain of these distributions would require active monitoring and oversight to ensure the State's policy goals are met. Given that the Lottery has no experience in allocating grants, it is not clear if the Lottery is the appropriate entity to manage these funds. It is assumed that the Administration will take steps to ensure that the funds are disseminated to the recipients as intended by statute.

**DLS recommends that the Lottery brief the budget committees on its recent and ongoing activities to prepare the State for the opening of VLT facilities in fiscal 2011. The Lottery should also comment on its role in distributing the VLT revenues through its budget.**

**DLS also recommends that budget language be added to authorize the transfer of VLT revenues to the State agencies that would be most appropriate to distribute funds associated with the small, minority, and women-owned business investment account, horse racing purses, and racetrack redevelopment.**

## ***Recommended Actions***

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1. Add the following language to the special fund appropriation:

, provided that the Governor is authorized to transfer an amount of this appropriation sufficient to fulfill the funding requirements specified in State Government Article Section 9-1A-27 to Program D05E01 Board of Public Works for the purposes of a small, minority, and women-owned business investment account and to Program P00E01 Division of Racing within the Department of Labor, Licensing, and Regulation for the purposes of purse dedication and racetrack redevelopment.

**Explanation:** This language authorizes the Governor, as per the State Finance and Procurement Article Section 7-209(e), to transfer funds associated with Video Lottery Terminal revenue to the appropriate agencies. Chapter 4 of the 2007 special session requires a certain percentage of revenues be dedicated to a small, minority, and women-owned business account and purse dedication and a racetrack facility redevelopment account. The budget, as introduced, includes these funds within the allowance of the State Lottery Agency, which has no particular expertise in managing grants. This language would authorize the transfer of these funds to the Board of Public Works and to the Maryland Racing Commission.

***Current and Prior Year Budgets***

<b>Current and Prior Year Budgets</b>					
<b>State Lottery Agency</b>					
<b>(\$ in Thousands)</b>					
	<b><u>General</u></b>	<b><u>Special</u></b>	<b><u>Federal</u></b>	<b><u>Reimb.</u></b>	<b><u>Total</u></b>
<b>Fiscal 2009</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	
Legislative Appropriation	\$0	\$59,760	\$0	\$0	\$59,760
Deficiency Appropriation	669	1,700	0	0	2,369
Budget Amendments	0	206	0	0	206
Cost Containment	0	-904	0	0	-904
Reversions and Cancellations	-412	-794	0	0	-1,206
<b>Actual Expenditures</b>	<b>\$257</b>	<b>\$59,968</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,225</b>
<b>Fiscal 2010</b>					
Legislative Appropriation	\$1,954	\$59,518	\$0	\$0	\$61,472
Cost Containment	-86	-5,895	0	0	-5,981
Budget Amendments	0	0	0	0	0
<b>Working Appropriation</b>	<b>\$1,868</b>	<b>\$53,623</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,491</b>

Note: Numbers may not sum to total due to rounding.

## **Fiscal 2009**

The original fiscal 2009 appropriation was increased due to a fiscal 2009 deficiency appropriation of \$2,368,635. Of this amount, \$1.7 million is derived from the Vendor Reimbursement Account and the remainder is general funds. The Vendor Reimbursement Account includes special funds derived from charges that the Lottery is able to impose on VLT vendors for some of the costs associated with administering the program. These funds are to implement provisions of Chapter 4 of the 2007 special session establishing the regulatory framework for VLTs at five locations across the State.

Specifically, the deficiency included \$227,270 for the addition of nine new positions responsible for a variety of duties related to the initial stages of the VLT program:

- five positions responsible for the agency's new licensing duties;
- one assistant attorney general to assist with additional regulations that will be promulgated;
- two information technology specialists to create databases to track large amounts of data, including program costs and license renewal periods; and
- one accountant manager to create a new billing department for the agency.

An additional \$1.5 million of this deficiency funded outside investigative services to provide comprehensive financial background checks for VLT program applicants. Further consultant services were required to assist the agency with the preparation of the request for proposals for the central VLT monitor and control system that will be owned or leased by the lottery commission. The fee for this service is budgeted at \$200,000. The deficiency also included \$441,365 for equipment, travel, communications, and other related expenses.

The agency relinquished \$904,454 in special funds over three rounds of cost containment for fiscal 2009. Most of this amount is attributable to statewide reductions in health insurance and retiree contributions and other salary reductions. The remaining funds were due to adjustments to the agency's contracts that are based on lottery sales. Sales estimates were adjusted downward, allowing the agency to contribute \$374,276 to the cost containment effort.

Finally, special funds increased by \$206,384 due to the statewide cost-of-living adjustment. However, the agency reverted about \$412,000 in general funds and canceled about \$794,000 in special funds largely due to lower than expected costs under the VLT program.

**Fiscal 2010**

The original fiscal 2010 appropriation was reduced by almost \$6 million due to cost containment efforts. General funds decreased by about \$86,000 due to statewide reductions in health insurance, retiree contribution, and salary adjustments. Similarly, special funds decreased by over \$395,000 in salary adjustments. The majority of the special fund decline is due to a reduction in advertising spending.

**Object/Fund Difference Report  
State Lottery Agency**

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	171.00	184.00	195.00	11.00	6.0%
02 Contractual	7.00	10.00	7.00	-3.00	-30.0%
<b>Total Positions</b>	<b>178.00</b>	<b>194.00</b>	<b>202.00</b>	<b>8.00</b>	<b>4.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 12,738,584	\$ 13,545,511	\$ 14,670,077	\$ 1,124,566	8.3%
02 Technical and Spec. Fees	208,780	330,573	203,974	-126,599	-38.3%
03 Communication	321,380	411,405	403,459	-7,946	-1.9%
04 Travel	76,028	102,000	61,000	-41,000	-40.2%
06 Fuel and Utilities	165,294	229,959	170,294	-59,665	-25.9%
07 Motor Vehicles	248,857	339,221	266,855	-72,366	-21.3%
08 Contractual Services	44,619,830	38,094,864	50,709,653	12,614,789	33.1%
09 Supplies and Materials	150,323	181,000	181,000	0	0%
10 Equipment – Replacement	550,869	108,472	127,557	19,085	17.6%
11 Equipment – Additional	175,819	1,009,996	1,352,793	342,797	33.9%
12 Grants, Subsidies, and Contributions	0	0	61,281,000	61,281,000	N/A
13 Fixed Charges	966,933	1,037,475	1,019,016	-18,459	-1.8%
14 Land and Structures	1,350	100,000	10,000	-90,000	-90.0%
<b>Total Objects</b>	<b>\$ 60,224,047</b>	<b>\$ 55,490,476</b>	<b>\$ 130,456,678</b>	<b>\$ 74,966,202</b>	<b>135.1%</b>
<b>Funds</b>					
01 General Fund	\$ 256,280	\$ 1,867,955	\$ 11,607,755	\$ 9,739,800	521.4%
03 Special Fund	59,967,767	53,622,521	118,848,923	65,226,402	121.6%
<b>Total Funds</b>	<b>\$ 60,224,047</b>	<b>\$ 55,490,476</b>	<b>\$ 130,456,678</b>	<b>\$ 74,966,202</b>	<b>135.1%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

<u>Program/Unit</u>	<b>Fiscal Summary</b>		<b>FY11</b>	<b>Change</b>	<b>FY10 - FY11</b>
	<b>FY09</b>	<b>FY10</b>			
	<b><u>Actual</u></b>	<b><u>Wrk Approp</u></b>	<b><u>Allowance</u></b>		<b><u>% Change</u></b>
00 State Lottery Agency	\$ 60,224,047	\$ 55,490,476	\$ 130,456,678	\$ 74,966,202	135.1%
<b>Total Expenditures</b>	<b>\$ 60,224,047</b>	<b>\$ 55,490,476</b>	<b>\$ 130,456,678</b>	<b>\$ 74,966,202</b>	<b>135.1%</b>
General Fund	\$ 256,280	\$ 1,867,955	\$ 11,607,755	\$ 9,739,800	521.4%
Special Fund	59,967,767	53,622,521	118,848,923	65,226,402	121.6%
<b>Total Appropriations</b>	<b>\$ 60,224,047</b>	<b>\$ 55,490,476</b>	<b>\$ 130,456,678</b>	<b>\$ 74,966,202</b>	<b>135.1%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.