

RICK SCOTT  
Governor



JIM POPPELL  
Secretary

## LONG RANGE PROGRAM PLAN

October 1, 2018

Cynthia Kelly, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, Florida 32399-0001

JoAnne Leznoff, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, Florida 32399-1300

Cindy Kynoch, Staff Director  
Senate Committee on Appropriations  
201 Capitol  
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, the Long Range Program Plan (LRPP) for the Department of the Lottery is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of the Department's mission, goals, objectives and measures for the Fiscal Year 2019-20 through Fiscal Year 2023-24. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://www.flalottery.com/openGovernment.do>.

Any questions concerning this submission can be directed to the Florida Lottery's Budget Director, Jay Howard at 487-7777, extension 2062.

Sincerely,

A handwritten signature in blue ink that reads "Jim Poppell".

Jim Poppell  
Secretary of the Lottery

JP/jh  
Enclosures

# **Florida Lottery**

## **Long Range Program Plan**

Fiscal Years 2019-20 through 2023-24

Jim Poppell, Secretary  
October 1, 2018



## Florida Lottery Mission Statement

To operate the state lottery as authorized by Section 15, Article X of the State Constitution so as to maximize revenues in a manner consonant with the dignity of the state and the welfare of its citizens.

### Agency Goals

Chapter 24, Florida Statutes, provides that the central goal of the Florida Lottery is to ensure the people of Florida benefit from significant financial contributions to Florida education, while enabling the people of Florida to play the best lottery games available. To accomplish this objective, the Florida Lottery focuses on integrity, maximizing contributions to education and maximizing the effectiveness of the Florida Lottery.

#### Integrity

It is essential to the Lottery's continued success that it serve with integrity in the execution of its statutory duties. Simply put, applying the approach of *doing the right thing every time* ensures continued confidence in the Lottery's games and its ability to remain a national leader among state lotteries.

#### Maximize Contributions to Enhance Education (EETF)

The Lottery's mandate is to maximize funding to the public education system at all levels. Since the Lottery's inception more than \$33 billion has been generated for education. For Fiscal Year (FY) 2017-18 alone contributions to education were approximately \$1.76 billion. The Florida Bright Futures Scholarship Program, supported by the Lottery's contributions, has helped more than 775,000 students pursue their academic goals for higher education.

The Lottery contributes monthly to the state's Educational Enhancement Trust Fund (EETF), which is appropriated annually by the Florida Legislature and distributed by the Florida Department of Education.



## **Maximizing the Effectiveness**

Proactively identifying opportunities to optimize Lottery operations in a manner that is consistent with Florida law and good business practices is critical to the Lottery's continued success. As a state agency mandated to function as much as possible as an entrepreneurial business enterprise, the fundamental importance of this principal cannot be overstated, and must resonate at every level within the organization.



## Agency Objectives

The Florida Lottery has not only kept its promise as a committed partner to enhancing education by maximizing contributions, but it has also operated as a distinguished and outstanding partner with Florida's businesses.



## Agency Service Outcome and Performance Projection Table (Based on Revenue Estimating Conference)

To assist the Lottery in projecting the outcome of future performance in terms of annual contributions to the EETF and forecasting the operating requirements necessary to achieve its goals and objectives, the following Performance Projection table has been included to reflect annual performance targets.

Outcome: Annual Contributions to the EETF

| Baseline<br>FY 1997-98 | FY 2019-20     | FY 2020-21     | FY 2021-22     | FY 2022-23    | FY 2023-24     |
|------------------------|----------------|----------------|----------------|---------------|----------------|
| \$801.68 M             | \$1.80 Billion | \$1.83 Billion | \$1.86 Billion | \$1.88Billion | \$1.93 Billion |



# Linkage to Governor's Priorities

Governor Rick Scott has identified several priorities of his administration:

1. Improving Education
2. Economic Development and Job Creation
3. Public Safety

## **Improving Education**

The Lottery supports the Governor's priorities with a focused approach, ensuring it operates efficiently and effectively to contribute a growing amount to Florida's education system in support of Florida's future success. Education is the key to success for all students and is essential to a thriving economy. From the first day of school to the last day in one of Florida's world class universities, students' futures begin to take shape as they work to make their dreams come true. The Florida Lottery is proud to be a part of making these dreams a reality.

More than \$1 billion in Lottery dollars have been contributed annually for each of the past 16 fiscal years to benefit Florida students and schools statewide. In FY 2018, the Lottery's contribution of \$1.6 billion represented over 6% of the total education budget. While the Lottery was never intended to fully fund Florida's education system, Lottery contributions are instrumental to ensuring the future success of Florida's students. These institutions of higher learning have benefited from \$8.5 billion that help keep them running and affordable to Florida students.

Additionally, Lottery dollars have funded School Recognition and Merit Programs for improved schools and have helped build and renovate schools through the Classrooms First and Classrooms for Kids programs.

## **Economic Development and Job Creation**

As a more than \$6.7 billion annual enterprise it's paramount that the Florida Lottery embraces proven business principles designed to ensure sustainable growth.

The Lottery's product distribution model is based solidly on mutually beneficial relationships with Florida businesses. The model for developing and maintaining these relationships is driven by customer service. During FY 2018, the Lottery contracted with over 13,000 retailers statewide. These retailers help grow the Lottery's business and their own, which in turn helps stimulate Florida's economy. Increased sales have resulted in an increase in annual retailer commissions of 25% more compared to FY 2013. Florida Lottery players often make multiple trips to retail locations, increasing the likelihood of additional purchases of staple inventory.



Lottery players also embrace and support a variety of retail store types, fostering the entrepreneurial spirit within the state.

Competitive procurement, contract drafting and monitoring, and process re-engineering are routine resources and techniques used by the Lottery to ensure operations are streamlined and business partners are performing as expected. These efforts help the Lottery focus its activities on areas most likely to support the agency goals identified herein. Resources are evaluated at every opportunity to determine the return on investment and/or available alternatives. The Lottery utilizes best practices, contract renegotiations, performance monitoring and competitive procurement techniques to obtain the best value for product development and prizes.

The Lottery has continued to improve upon its existing roster of top selling games and increased sales from an already strong product portfolio, while also adding new products to reach infrequent play segments of the 18+ population to earn incremental discretionary entertainment dollars. In FY 2018, Scratch-Off sales exceeded \$4 billion for the second consecutive year, accounting for more than \$408 million in additional Scratch-Off revenue compared to a year ago. The Lottery also achieved all-time Scratch-Off sales records for the seventh consecutive year with \$4.7 billion in sales and broke its own industry record set last year with \$123.84 million in Scratch-Off sales in a single week. Additionally, when compared to just two weeks of Scratch-Off sales above \$100 million in FY 2017, Florida had 10 weeks of Scratch-Off sales above \$100 million in FY 2018.

Sales were driven by industry best-in-class Scratch-Off games, comprised of 37 new Scratch-Off games that included the reintroduction of the Florida Lottery's \$30 price point with FLORIDA 100X THE CASH. Other top performing products in the Scratch-Off lineup included the WEEK FOR LIFE, HOLIDAY CASH, and FLORIDA X THE CASH families of games; as well as PACMAN<sup>®</sup>, SCRABBLE<sup>®</sup>, and THE PRICE IS RIGHT<sup>®</sup> licensed property games. In FY 2018, the Lottery had the best-selling \$30 and \$2 games in the country with the \$30 game, FLORIDA 100X THE CASH, taking honors as the top-selling game in the industry with a single week of sales that exceeded \$34.2 million

The Lottery's Draw game sales also realized gains of \$135.6 million over the previous fiscal year. Increased payouts with a fresh and diverse game mix through the reintroduction of instant win Draw games, branded as Fast Play was one contributing factor to a successful year. Four Fast Play games were offered at the \$1 and \$2 price points featuring unique themes and play styles. The EZmatch<sup>™</sup> instant win feature was also added to the Lottery's flagship FLORIDA LOTTO<sup>®</sup> game. The Lottery also worked toward increasing revenue from higher-profit generating Draw games through initiatives such as: improvements to the MEGA MILLIONS<sup>®</sup> game that included bigger starting jackpots and better odds to win \$1 million and larger lower-tier prizes,; and continued efforts to grow sales of the PICK Daily Games<sup>™</sup>, which expanded in FY 2017, to include PICK 2<sup>™</sup> and PICK 5<sup>™</sup>.





To attract new players, encourage trial play, promote Draw games, boost sales during non-jackpot periods and build loyalty with current players, the Lottery added a permanently available Lottery Draw game sampler, GROUPER<sup>®</sup>, and offered seven Draw game promotions such as GameDay Cash, POWERBALL<sup>®</sup> Power Cruise 2, and CASH4LIFE<sup>®</sup> Bonus Bucks. Scratch-Off games were supported with the Cash Supply and 30<sup>th</sup> Birthday Cash Spectacular second chance drawings. Several retailer promotions throughout the year also provided added support towards the awareness of both Scratch-Off and Draw Games.

## **Public Safety**

Florida Statute requires that the Lottery have a Division of Security to promote and protect the integrity of, and the public's full faith and confidence in, its games, retailers and Lottery operations. This Division maintains the security and integrity of game drawings, employees, retailers, major service providers and Lottery facilities.

Background investigations are conducted on all regular and Other Personal Services (OPS)/Intern employees, vendor employees, retailers, and major procurement vendors. This helps ensure that personnel employed by the Lottery or involved in Lottery business have been properly vetted to protect the integrity of Lottery operations.

Pursuant to Section 24.108, Florida Statutes, at least once every two years the Lottery engages an independent firm experienced in security procedures to conduct a comprehensive study and evaluation of all security operations within the Lottery.

Scratch-Off ticket security is ensured through a comprehensive examination of security features at the vendor location during printing, packing and delivery of Lottery tickets. Each new game is thoroughly tested, and the ticket security criteria scrutinized. Regular visits and inspections to vendor print locations is also conducted to ensure the security and integrity of all products. The Lottery employs an extensive system of internal controls and procedures to ensure the integrity of Draw games, including secure storage of ball machines and ball sets, a monitored storage vault with strict access procedures, and multiple recordings of every drawing by broadcast and Lottery security staff. An independent verification of the results of each drawing is performed by an employee of the Division of Security and an accountant from an independent certified public accounting firm. To accommodate and support the sale of POWERBALL<sup>®</sup> tickets, additional Draw game ticket security requirements have been implemented.

Internal controls are also in place for the frequent second-chance drawings, which allow players to enter non-winning Scratch-Off tickets or Draw game entry vouchers on the Lottery's website for promotional prizes and merchandise. Drawing security is also overseen by the Division of Security and witnessed by an accountant from an independent certified public accounting firm.



Lottery special agents proactively conduct unannounced visits, in an undercover capacity, to Lottery retailers across the state as part of the Retailer Integrity Program. This program is designed to ensure Lottery retailers are properly validating claims and paying prizes to players thus maintaining and promoting public confidence in the games. Lottery crimes, fraudulent or questionable claims and high-tier claims are also investigated to ensure security, honesty, accountability and integrity is maintained. Ticket examinations and investigations are also reviewed in the Lottery's state of the art forensic laboratory.

With the help of Lottery special agents, security officers, and the state-wide sales system personnel, the Florida Lottery has joined other law enforcement agencies and media outlets in partnering with the Florida Department of Law Enforcement's (FDLE) Missing Endangered Persons Information Clearinghouse (MEPIC) by participating in Amber Alert, Silver Alert, Blue Alert and Missing/Endangered Child activations. When the Lottery receives an alert notification from FDLE, the information is forwarded via terminal messaging to Lottery retailers in the requested areas providing key information regarding the missing child or missing adult, the suspect and the suspect's vehicle, if known, and all other relevant information. Retailer employees and members of the public who are in the store are then able to view this information directly from one of the displays within the retail location. The Lottery's website is also updated to indicate an alert is in progress and provides a link to the FDLE MEPIC Website page. Amber Alert, Silver Alert and Missing/Endangered Child notifications have played a role in successful resolution and recovery of the missing children and/or missing adults.

The Division of Security also acts in a support role to Emergency Support Function (ESF) 16 – Law Enforcement at the State Emergency Operations Center in response to disaster events. The sworn personnel within the Division of Security participate in the coordinated mitigation and recovery efforts, with all state law enforcement, of the Florida Mutual Aid Plan that is implemented during and following disasters. The Division of Security is also responsible for the coordination of the agency's Continuity of Operation Plan and in ensuring a constant readiness level for any potential threat to the sustainability of Lottery operations.

Lottery special agents provide valuable lead information to local law enforcement investigators when retailers report theft of Lottery tickets or other crimes involving tickets. Oftentimes, Lottery assistance leads to arrests for offenses such as burglary, armed robbery, fraud and murder within their jurisdictions.

Additionally, retailers benefit by having the perpetrators of those crimes removed from the street; and books of tickets (that can potentially be re-activated and sold to players) are sometimes recovered in the process. Special agents assist retailers by providing important transaction information to local law enforcement and work directly with the State Attorney's Office to submit appropriate paperwork for the filing of criminal charges. Also, special agents work closely with retail loss prevention investigators when internal theft is suspected to provide critical ticket and transaction information.



The Florida Lottery has an established Information Security Management unit, (ISM) that is tasked with minimizing risk and ensuring business continuity by pro-actively limiting the potential impact of security threats to data and information technology resources.

ISM performs several key functions:

- Protecting the Lottery's ability to function,
- Enabling the safe operation of applications implemented on the Lottery's IT systems,
- Safeguarding Lottery technology assets and ensuring the confidentiality, integrity and availability of information, data and IT services, and
- Coordinating information security with physical security.

ISM is responsible for security on numerous application accounts, all network accounts, creating access accounts on the Lottery's Honeywell Integrated Security System, and the Lottery's access control, alarm monitoring, video imaging and badging system. Also, Section 382.318, F.S., states that ISM shall develop and periodically update a comprehensive risk analysis and develop written internal policies and procedures to ensure the security of the data and information technology resources of the Florida Lottery.

ISM is also responsible for managing the Lottery's Computer Security Incident Response Team (CSIRT) and establishing an Information Security Awareness Program. The goal of the CSIRT is to mitigate, minimize and control any damage resulting from IT-related incidents, provide effective guidance for response and recovery activities and work to prevent future incidents from occurring.

Periodic internal vulnerability scans are performed on all Lottery owned devices connected to the network. A vulnerability scan detects and classifies system weaknesses in computers, networks and communications equipment. The results are then evaluated and presented to Information Resources management.

To further minimize risk to the data information technology services, a Security Information and Event Management (SIEM) and log management device collects and correlates log and event data from security devices such as firewalls, intrusion detection/prevention systems, domain controllers, anti-virus, anti-spam, anti-malware along with data from AIX servers.

All items identified above illustrate the Lottery's commitment to protecting citizens and visitors of the state.



## Trends and Conditions Statements

The Florida Lottery was created in 1988 to be a self-supporting, trust-funded, revenue-producing department of state government. In authorizing the Lottery to function as much as possible in the manner of an entrepreneurial business enterprise, the Florida Legislature recognized that the operation of a lottery is a unique activity of state government and statutorily mandated it to maximize revenue contributions to Florida education.

The following is a list of Lottery accomplishments:

### Accomplishments ⇨

- Continued efforts to maximize sales in support of generating more revenue for EETF. Total contributions to education have exceeded \$33 billion since 1988.
- In FY 2017, the Lottery maintained its rank of 2<sup>nd</sup> highest in the nation for government contributions to its beneficiary (EETF).
- While maintaining its rank of second in beneficiary contributions, the Lottery rose from third in the nation in FY 2016, to second in the nation in FY 2017, in terms of prizes paid to players. This means the Florida Lottery not only ranks among the best in the nation in generating funds for its beneficiary, but also that players enjoy the best games available with exceptional prize opportunities.
- The Lottery's \$25 Scratch-Off game in 2017, \$10,000,000 WORLD CLASS CASH, generated more than \$244 million in sales and more than \$45 million in contributions to education. The game was the top-selling Scratch-Off in the U.S. in FY 2017 and produced more than \$20.7 million in sales in a single week.
- The Lottery's flagship game, FLORIDA LOTTO<sup>®</sup> continues to be one of the strongest selling single-state lotto games in the nation, ranked second behind California in FY 2017.
- The Lottery also maintained its rank of second in the nation for both total Scratch-Off sales and POWERBALL<sup>®</sup> sales in FY 2017.
- In FY 2017, the Lottery maintained its rank of third in the nation for total sales.
- With only four full months of sales in the fiscal year, the Lottery rose to the rank of third in the nation in Bloc Lotto sales in FY 2017.
- In calendar year 2017, the Lottery maintained its rank of tenth among worldwide lotteries for total sales; up from and 18<sup>th</sup> in 2016, to 17<sup>th</sup> in total per capita sales.



- In calendar year 2017, the Lottery maintained its rank of fourth among worldwide lotteries for Scratch-Off sales and rose from eighth place in 2016, to sixth place in Scratch-Off per capita sales.
- FY 2018 was the 16<sup>th</sup> consecutive year the Florida Lottery contributed more than \$1 billion to the EETF.
- In FY 2018, the Lottery achieved its seventh consecutive year of record sales with annual sales surpassing \$6.7 billion.
- In FY 2018, the Lottery set a new record for the highest all-time single week of Scratch-Off sales at \$123.84 million. Additionally, Scratch-Off sales exceeded \$100 million ten weeks during the fiscal year when compared to just two weeks in FY 2017.
- Annual Scratch-Off sales more than doubled and have grown by \$2.70 billion since FY 2010, resulting in contributions to education increasing by approximately 124%.
- In FY 2018, total sales of Florida Lottery Scratch-Off games increased by 9.6% over FY 2017, accounting for approximately \$75 million in additional contributions to education.
- Additionally, in FY 2018, total sales of Lottery Draw games increased by 7% over FY 2017, accounting for more than \$51 million in additional contributions to education.
- In FY 2018, the Lottery had the top performing \$30 and \$2 games compared to all other U.S. lotteries in FY 2018. FLORIDA 100X THE CASH and FLORIDA 10X THE CASH were each the top performing games at their respective price points and contributed more than \$414 million in Scratch-Off sales. Additionally, these two games alone generated approximately \$77 million in contributions to the EETF.
- In FY 2018, the Lottery's \$10, \$20, \$25, and \$30 price point Scratch-Off games contributed combined sales increases of approximately 7%, or \$198 million, over the prior year. This equates to more than \$36 million in additional contributions to education.
- The Lottery reintroduced a \$30 Scratch-Off game in FY 2018, FLORIDA 100X THE CASH, which generated more than \$352 million in sales and more than \$65 million in contributions to education. The game had the highest single week of sales for any Scratch-Off in the U.S. for FY 2018, generating \$34.27 million in a single week and producing more than \$6 million in overall contributions to education. It was also listed by LaFleur's as the top-selling Scratch-Off game in the U.S. for FY 2018, when compared to all other Lottery jurisdictions.

*Sources: LaFleur's 2017 and 2018 World Lottery Almanac, LaFleur's Magazine Vol.24 No.6, and LaFleur's Magazine Vol. 25 No. 6.*



# Lottery Operations

In FY 2018, the Florida Lottery realized growth from its continued efforts to engage the public. The Lottery achieved \$6.7 billion in sales revenue, up 8.8% from \$6.16 billion in FY 2017, and 10.5% compared to FY 2016. Contributions to the EETF for FY 2018 were \$1.76 billion. FY 2018 marks the 16<sup>th</sup> consecutive year that contributions to the EETF have exceeded \$1 billion.

Florida Lottery Headquarters is located in Tallahassee and has nine District Offices located throughout Florida that provide prize payment services as well as sales and marketing support, for a network of more than 13,000 product distribution locations. The District Offices are located in Pensacola, Tallahassee, Jacksonville, Gainesville, Orlando, Tampa, Fort Myers, West Palm Beach and Miami. the state (Figure 1)



Table 1 below represents a comparative statement of income and expenses for the past five fiscal years. The data demonstrates a steady increase in revenue since FY 2014. Total revenue reflects a significant increase from \$5.38 billion to \$6.71 billion, or 24.82% in FY 2018. When viewed over a longer time period, it is evident that the recent increases have now exceeded all previous sales levels. The Lottery's contributions to public education during this period have increased from \$1.50 billion to approximately \$1.76 billion, or 17.53%). Noteworthy is the fact the Lottery's operating costs, expressed as a percentage of revenue, are trending down and EETF contributions per FTE increased slightly from the prior period. In this document, operating costs include only those costs that are administratively tied to the operations of the Lottery, and do not include those costs that correlate to sales volume, such as payments of Draw game and Scratch-Off ticket vendor fees, retailer commissions, or prizes.

**Table 1**

**Comparative Statement of Income and Expenses (Millions)**

|   | <b>FY 13-14</b> | <b>FY 14-15</b> | <b>FY 15-16</b> | <b>FY 16-17</b> | <b>FY 17-18*</b> |
|---|-----------------|-----------------|-----------------|-----------------|------------------|
| Total Revenue                                 | \$5,378.16      | \$5,588.44      | \$6,092.76      | \$6,167.85      | \$6,712.99       |
| Total EETF Contributions                      | \$1,495.41      | \$1,496.37      | \$1,692.55      | \$1,656.35      | \$1,757.57       |
| Total Operating Costs**                       | \$74.53         | \$75.70         | \$80.12         | \$80.80         | \$80.68          |
| Total FTE's                                   | 420.00          | 420.00          | 420.00          | 420.00          | 418.5            |
| Operating Costs as a Percent of Total Revenue | 1.39%           | 1.35%           | 1.32%           | 1.31%           | 1.20%            |
| EETF Contribution per FTE                     | \$3.56          | \$3.56          | \$4.03          | \$3.94          | \$4.20           |

*\*Data for FY 2017-18 is unaudited.*

*\*\*Department operations only.*



Table 2 illustrates sales by product for the five most recent fiscal years. As shown, Scratch-Off ticket sales continue to exceed the previous year with Draw game products decreasing slightly over the same period.

**Table 2**

|                           | <b>FY 13-14</b>   | <b>FY 14-15</b>   | <b>FY 15-16</b>   | <b>FY 16-17</b>   | <b>FY 17-18*</b>  |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Scratch-Off               | \$3,417.14        | \$3,724.00        | \$3,954.70        | \$4,243.60        | \$4,652.30        |
| Pick Family of Games™     | \$597.40          | \$639.46          | \$671.41          | \$672.96          | \$698.23          |
| LOTTO®                    | \$349.11          | \$300.96          | \$291.38          | \$253.04          | \$240.02          |
| Fantasy 5®                | \$288.24          | \$287.80          | \$296.31          | \$275.66          | \$264.42          |
| Lucky Money™              | \$79.48           | \$103.20          | \$84.88           | \$89.44           | \$74.19           |
| Powerball®                | \$469.29          | \$375.06          | \$602.00          | \$434.26          | \$474.03          |
| Mega Millions®            | \$167.57          | \$147.37          | \$149.95          | \$147.38          | \$220.62          |
| Raffle                    | \$0.00            | \$0.00            | \$11.72           | \$11.36           | \$0.00            |
| Cash4Life™                | \$0.00            | \$0.00            | \$0.00            | \$28.78           | \$59.22           |
| Fast Play™                |                   |                   |                   |                   | \$17.78           |
| Monopoly Millionaires™    | \$0.00            | \$5.48            | \$0.00            | \$0.00            | \$0.00            |
| Draw Game Sales           | \$1,951.09        | \$1,859.33        | \$2,107.65        | \$1,912.88        | \$2,048.51        |
| <b>Total Ticket Sales</b> | <b>\$5,368.23</b> | <b>\$5,583.33</b> | <b>\$6,062.35</b> | <b>\$6,156.48</b> | <b>\$6,700.81</b> |

\* Data for FY 2017-18 is unaudited.

In FY 2018 improvements to the MEGA MILLIONS® game (which included bigger starting jackpots, better odds to win \$1 million and larger lower-tier prizes and continued efforts to grow sales of the PICK Daily Games™) contributed to the increase in Draw game sales. Additionally, the reintroduction of instant-win Draw games, branded as Fast Play, also had a positive impact on Draw game sales.

The Lottery also continued to grow sales of its Scratch-Off games through innovative product implementation and marketing strategies. Industry leading best practices implemented by the Lottery continue to fuel incremental growth of Florida's instant game category, such as:





- Clear and defined product positioning with top prize amounts, number of play spots and number of wins on a ticket consistent across each price point.
- Prize structures designed for large order quantities to produce games with life-changing top prizes and parameters that deliver play action and variety.
- Placement of prize call-outs on all games that includes insightful prize information relevant to the consumer.
- Establishment of a well-rounded game mix that is dominated by “Money Theme” products but also includes a healthy mix of “Extended”, “Gaming” and “Numbers” themed games.
- Effective marketing of the product through proportionate advertising allocation.
- Six-week new game launch schedule that allows for three weeks of point-of-sale advertising in the market.
- Product placement initiatives focused on increased facings/footprint at the point-of-sale.
- Requirement for all retailers to achieve 100% new game activation within 72 hours of launch.

In FY 2018, the Lottery exceeded both its sales and EETF contribution forecasts adopted by the January 2018 Revenue Estimating Conference (REC) by 2.0% and 3.3%, respectively. The August 2018 REC forecasted a slight increase in growth for FY 2019, at a combined rate of 2.7%. The REC projected an increase in Scratch-Off of 4.7% and a decrease in Draw game ticket sales 2.6% for FY 2019.

The Lottery is constantly pursuing a comprehensive and aggressive strategy to out-perform REC projections in sales and education contributions. Though attainable, this comprehensive and aggressive strategy will require a thoughtful approach consistent with responsible play.



# Strategy for Sustainable Growth

Being mindful of both its obligations under Florida law and the goals identified above, the Lottery management team evaluated strengths, weaknesses, opportunities, and potential threats. This evaluation is the basis for a strategy the Lottery believes will promote efficiency and effectiveness and lead to the sustainable growth the State requires for the world class education system envisioned by Governor Scott.

Listed below are a few of the key findings identified during the evaluation process.

## Strengths ⇨

- Strong security protocols to protect the integrity of Florida Lottery games.
- Game-related decisions by an experienced design team based on extensive market knowledge and research.
- National reputation and recognition as one of the most efficient lotteries with a 30-year reputation built on integrity and trust.
- Transparency, integrity and responsible business practices, including internal controls of games, prize payments and drawing activities.
- Potential and current Lottery retailers are well educated on the federal and state accessibility requirements relating to the Americans with Disabilities Act (ADA), resulting in a 93.1% compliance rate as of June 30, 2018.
- Changing the PICK Daily Games™ evening drawing time in FY 2019, from 7:57 p.m. to 9:45 p.m. ET, created a longer sales window for the evening drawing, allows retailers to capitalize on later-evening foot traffic and incentivizes PICK game sales since tickets are still eligible for that evening's drawing.
- An employee base with extensive industry, product and Lottery operations experience.



## Weaknesses ⇒

- A significant number of Florida Lottery employees are eligible for retirement, potentially resulting in a reduction the organization's operational knowledge base. 32% of the workforce will be eligible to retire by 2020, according to recent calculations. Approximately 10% of the current FTE count began with the Lottery at start-up, which coincides with the number of years normally required for retirement based on years of service for that group.
- Florida ranks 25 out of 43 domestic lotteries in retailer-to-population ratio, suggesting the continuing opportunity to emphasize retailer recruitment.
- Reliance on the unpredictable jackpot rollovers of POWERBALL® and MEGA MILLIONS® to drive Draw game sales. Jackpot fatigue from players has become increasingly difficult to combat as players have shown less interest in participating at lower jackpot levels.

## Opportunities ⇒

- The Florida Lottery recognizes the importance of promoting Responsible Play and has developed a strategic initiative aimed at generating greater public awareness. In FY 2018, the Florida Lottery began the process of becoming accredited through the NASPL Responsible Gaming Certification Program, which will allow the Lottery to take a greater leadership position in the lottery industry to promote Responsible Play.
- Beginning in January of 2018, the Sales Division enhanced its focus toward recruiting new retailers to grow the Lottery's stagnate retailer population and also improve its minority business representation. Between January 1, 2018, and June 30, 2018, 486 new retailer applications were received - 175 were from minority-owned business.
- According to tracking study data, Lottery Scratch-Off and Draw games have a low perception of harmfulness with 77.5% of respondents agreeing that these forms of gambling are not harmful. When ranked among 17 different types of gambling, Scratch-Off and Draw games are considered the 3<sup>rd</sup> and 4<sup>th</sup> least harmful.
- Utilize the Lottery's website as a marketing tool to reinforce its commitment to integrity, increasing education contributions and playing responsibly, maximizing effectiveness, and creating more efficient player interactions related to Lottery games.
- Florida ranks 11<sup>th</sup> in total per capita sales among U.S. lotteries and 17<sup>th</sup> among worldwide lotteries, indicating an opportunity for sales growth.



- Introduce a new Draw game to replace the LUCKY MONEY™ jackpot game in FY 2019 to generate excitement with new and current players and increase sales.
- Capitalize on the popularity of Scratch-Off games, which have seen more than 106% growth since 2011, by continuing to improve upon product design and marketing strategies.
- Reevaluate the Lottery's bond floor to allow for more flexibility in setting prize payout percentages for Scratch-Off and Draw games, thereby increasing sales and contributions to education.
- Ability to maintain a competitive advantage in the areas of distribution channel management; product development; product positioning; new market opportunities; and an expanded retailer network, particularly underrepresented minority retailers.
- Offering innovative, cutting-edge products to attract players to new play styles.
- Licensed-property Scratch-Off and Fast Play games with second chance drawings provide an opportunity for more players to win merchandise, cash and experiential prizes.
- Ability to create new strategic alliances focused on increasing sales.
- Continuation of strategic partnerships provides an opportunity to expand the Lottery's distribution network.
- Patent authority allows the Lottery to apply for and hold patents on unique game ideas, processes, or play-styles that can assist the state in protecting its intellectual property and revenue stream.

## **Threats ⇒**

- The marketplace continues to evolve as a primarily cashless based transaction environment. As a cash-only business, Lottery transactions lack convenience and efficiency for consumers.
- The marketplace continues to evolve away from brick and mortar, causing the Lottery's traditional transaction environment to slowly erode.
- Not appropriately ensuring against operational disruptions in the event of a natural disaster. We received funding in the 2017-2018 Fiscal Year and we are in the process of enhancing the disaster and recovery systems.
- Unanticipated changes in market conditions.



- With the legalization of online sports betting, players have different options for spending discretionary income.
- As other states pass laws to approve a Lottery, this will increase competition for Lottery dollars.



# Florida Lottery Operations as it Relates to Goals

## Introduction

The Lottery is known industry-wide for its diligence toward operational integrity of its products and processes. The foundation of a successful lottery requires ensuring public confidence in the fair and legitimate processes supporting the games. The Lottery must continue to prove to the public and all stakeholders that its games and operations are structured with the highest level of principles and ethical standards. Some of the opportunities the Lottery has used for monitoring and demonstrating those efforts include the bi-annual security audit, Draw events, law enforcement cooperation, retailer monitoring efforts, compliance stings, and retailer education and outreach.

The strategies required to maximize contributions are aggressive and impact the entire organization. At the same time, the Florida Lottery does and will continue to reinforce the message of playing responsibly.

The Lottery is persistent in searching for ideas and approaches to continuously provide innovative and entertaining products; and the present product line is under constant review and evaluation to ensure this objective is achieved. In addition, new and existing national resources are assessed as possible offerings or enhancement opportunities.

Increasing contributions to education requires the use of available research to support game development and marketing efforts. The Lottery accesses research information from multiple internal and external sources to stay informed of changes in the market environment. The collection of data represents various viewpoints to ensure the Lottery is considering all stakeholders in its decision-making process. As such, the Lottery must stay diligent in utilization of market data when evaluating product line and distribution model changes. In addition, continuing to evaluate processes and procedures that will result in cost savings is also important to achieving this goal. The Lottery has identified several areas within the agency that have processes that would benefit from modernization and re-engineering, such as mobile Apps and mobile versions of the Lottery's website, retailer portals, infrastructure updates, and enhancements to sales force mobility.

In addition to sales growth, cost efficiencies are direct contributors to increasing profitability. In addition to obvious cost savings realized through procurement renegotiations, the various processes utilized by the Lottery may offer opportunities for efficiency if modern technology and reengineering efforts are appropriately applied. It is important to recognize the value opportunities inherent in upkeep associated with older equipment vs. replacement with new or newer equipment. It also warrants noting that newer equipment often has a smaller footprint and



power consumption, provides increased capabilities and has an overall lower total cost of ownership.

## **1. Information Technology**

Recently, effective use of existing technology and re-engineering efforts have allowed the Lottery to make significant improvements in data storage, resource utilization, and security.

The network firewalls located in Lottery Headquarters (HQ), District Offices, and the Orlando Data Center (ODC) have been replaced. These firewalls secure and encrypt all the data between Lottery offices and provide critical protection against any unwanted external access to our information, keeping the Lottery secure against threats to our systems. The Lottery replaced the existing firewalls with next generation firewalls which utilize up-to-date technology that provides advanced protection for the increasing capacity of the statewide network. These new firewalls provide the essential network security and reduce the potential for a significant loss of data and/or productivity resulting from unavailability of critical business functions.

The Lottery upgraded its document archival storage system for critical data scanned by Retailer Contracting, Claims Processing and Finance. The HQ system duplicates the scanned information immediately to the backup system in Orlando, which is essential for maintaining player Prize Payment information. The Lottery replaced the prior equipment with a solution that will provide the same functionality of the existing system but utilizes improved technology to provide a more robust and secure solution for timely archiving and encrypting of critical scanned data for the duration of its mandated retention periods. This system will be incorporated into the Lottery's planned implementation of an Enterprise Document Management System.

Lottery retailers undergo a thorough application process before receiving approval to sell lottery tickets. To accelerate the application process and improve secure handling and tracking of data, the Lottery is replacing the current manual paper-based processes with automated processes and digital documents using an Electronic Document Management System (EDMS). Accelerating the retailer application review process using an EDMS is expected to result in increased revenue generation by new retailers by enabling them to sell Lottery tickets earlier. In addition to improvements in the Retailer Contract business application process, Claims Processing, Procurement and Legal will also benefit from this system. The system will enable staff to complete daily tasks more efficiently and effectively, and access to critical information will be almost instantaneous, allowing decisions to be timelier and more accurate.

The Lottery is implementing a new gaming system that will launch no earlier than April 2019. It will include all new equipment and software, delivering new modern functionality to the Lottery's operations. The new functionality includes, new gaming servers, new gaming software, new retailer equipment, a new communications network, improved security, added anti-fraud measures, sales accounting, and mobile device support.



The Lottery's mission to sell tickets, process claims and pay prizes is dependent on the success of its critical business applications. The Lottery upgraded its critical back office servers, which increased reliability and speed by using next generation server technology. The new servers are superior in all categories of computing.

The Lottery is installing additional hardware and software to create full redundancy and availability of all Lottery processes and systems for Disaster Recovery capabilities at the ODC. Currently, the ODC can only run certain systems. In order to support the Lottery's business functions and provide the maximum amount of sales and contributions to the EETF it is imperative that all support systems and business critical data is maintained at the highest possible levels of availability, reliability and security. These additional servers will give the Lottery sufficient resources to run all mission-critical applications, including the website, should it become necessary to run its operations out of the ODC for an extended period. The Lottery's website is one of the primary communication tools with the public and averages 3.39 million unique visitors monthly, generating 13.7 million total visits, and 36.4 million pages viewed.

The Lottery is implementing an Enterprise/Web Content Management System (CMS) to improve processes for updating and managing the department's websites. The websites are an important method for meeting the statutory requirement outlined in 24.1215, F.S., to keep the public informed of Lottery activities, primarily contributions to education. Of the 13.7 million average monthly visits to the Department's website, 63.6% are made through a mobile smart device. The CMS will allow the development team to respond to market demand through the creation of pages that are responsive to the device being used, improving the user's experience regardless of their technology. The goal is to provide players with a site, consistent in look, that contains relevant and accurate information in the most secure and efficient manner. More user-friendly customer interfaces through a device-agnostic mobile website with links to social media sites will increase player interaction.

The phone systems used by the Lottery at all offices are being replaced with a single integrated phone system, utilizing current technology, providing enhanced features, improving employee productivity and collaboration. This avoids costly extended maintenance and service outages caused by outdated equipment. The telephone systems in HQ, ODC and District Offices are critical for Lottery staff to meet their daily business requirements. Maintenance and support costs increase and restore times extend because of limited parts availability, as repairs shift to a best effort time and materials basis.

The Lottery continues to experience a growth in sales and business data needs, resulting in greater data traffic volumes on its network links. To accommodate this need, the Lottery expanded the capacity of its backbone network data links to My Florida Network (MFN), the Lottery's Orlando Data Center and District Offices. The Lottery is now migrating over to the





new MFN-2 network offerings, which will provide additional bandwidth expansion opportunities.

## **2. Communications**

Developing strong relationships with the media and building new media opportunities is an important variable to track in maximizing the effectiveness of the overall enterprise. The Lottery has made significant gains in communicating with its player-base over the past several years through the use of social media, allowing two-way communication between the Lottery and its players. The Lottery has built a significant following on Twitter, Snapchat, Instagram and Facebook, with more than 24,000 Twitter followers (ranked 2<sup>nd</sup> nationwide), 3,800 Snapchat followers (ranked 1<sup>st</sup> nationwide), 41,000 Instagram followers (ranked 1<sup>st</sup> nationwide) and 284,000 Facebook fans (ranked 1<sup>st</sup> nationwide). Additionally, the Florida Lottery YouTube page, which allows players to view Florida Lottery drawings and commercials, has received more than 4.4 million views (ranked 1<sup>st</sup> nationwide). The Lottery will continue to build its fan-base on existing social media avenues, while looking for emerging platforms that prove to be popular with its player-base.

The Lottery's website is designed to provide the public with easily accessible information about the revenue growth, contributions to education, new game launches and promotions, and a variety of reports in an efficient and cost-effective manner. The Lottery's long-term goal is to expand these efforts to provide existing and prospective retailers with access to everyday tools and services they need, including promotional information, forms, business aids, POS materials and frequently asked questions. Through the Corporate Reporting portal, existing corporate retailers have secure access to a variety of Business Intelligence sales and Inventory Reports for a single store or rolled up to the chain level. The Lottery will continue to incorporate the website into its internet marketing campaigns by leveraging social media, providing mobile phone applications, and offering marketing and sales initiatives. Plans are expected to include: continued support of Draw and Scratch-Off game second chance promotions as well as social media promotions, additional reporting on Scratch-Off game information and ticket availability statewide and exploring design opportunities to keep the website representative the Lottery's goals and objectives.

## **3. Advertising**

The Lottery, as it does with all major expenditure items, constantly evaluates the impact and return on investment of all the advertising funds used to support its products. Currently, a major marketing objective is to ensure planning and executing a holistic approach that amplifies the Lottery's commitment to integrity in everything it does.



The Lottery brand has seen a 9% increase in trust among consumers in FY 2018. This positive impact is driven by a three-pronged approach focusing on the following core pillars:

1. Play – Bringing to life the moment (or lifetime) of entertainment Florida Lottery products offer. Leveraging communications that excite consumers to engage with the Lottery’s brand.
2. Responsible Gaming – The importance of educating consumers on what it means to play games in a responsible manner. This goes beyond advertising and will continue to be a foundational element that manifests through partnerships and education where the brand can connect directly with consumers to empower them with the tools they need to play in a manner most responsible for them.
3. Education – The Lottery has an opportunity through advertising to bring its story to life through real Florida Bright Futures Scholarship Program recipients. Further, focusing a portion of marketing efforts here will drive awareness of the Lottery’s efforts to support education and specifically its connection to The Florida Bright Futures Scholarship Program. Further helping to drive positive brand loyalty, advocacy and engagement.

According to LaFleur’s 2015, 2016, and 2017 World Lottery Almanac, for each respective year, the Lottery achieved exceptional net sales levels while operating within an advertising budget that was substantially less than most other state lotteries.

Strategic Point-of-Sale development and utilization are also part of the model that makes the Lottery effective. Point-of-Sale (POS) materials are a reliable form of consumer education and product awareness used by most successful consumer product providers. Appealing POS is a staple of the Lottery’s sales tools. The most traditional forms are used statewide on a daily basis to assist retailers selling products in the distribution network. The Lottery has discovered that while a standardized design approach is desirable from a provider perspective, it is not always the most effective approach from the retailer perspective.

The Lottery is continuously exploring new, more attention-grabbing types of POS materials and positioning. In addition, a more sustaining message “Play Here” POS is being utilized on an on-going basis. As the Lottery strives to grow the number of participants in the distribution network, it will extend to new types of businesses and trade styles. The Lottery is working closely with its corporate partners to provide specific POS pieces to meet their store’s needs. The Lottery has expanded its media efforts to support POS messages via Gas Station TV and in-store digital video (where available). The Lottery will continue to assess and utilize the most effective and innovative forms of POS to capture the attention of consumers.



## 4. Sales

The Lottery's corporate sales team continues to strengthen relationships resulting in sales growth with chain partners, outpacing state-wide sales growth again in FY 2018 with increases of 8.4% in draw games and 11.0% in scratch-off games. Total sales growth was 10.2% vs. the state overall at 8.8%, resulting in an incremental increase of \$339,137,685.50 in sales vs. the prior fiscal year. Expansion within Walmart Supercenters and Supercenter Liquor Box locations resulted in additional retail outlets among varied trade styles and an incremental \$7.5 million in sales during FY 2018. The Florida Lottery also continues to be a top-rated vendor by Publix Supermarkets, our largest customer, and has recently been approved for merchandising upgrades that will result in sales increases, as well as operational efficiencies for our customer. The team continues to execute customized retailer promotions to drive sales and increase revenue and has been successful in gaining targeted at-store advertising to support brand and agency goals, including an increased awareness in contributions to education and Bright Futures scholarships highlighted by our partnership with Circle K for their "Fueling Our Schools" program. The performance trend is expected to continue in FY 2019 with commencement of several projects impacting the Lottery's top 10 retail chain partners.

The Lottery must ensure it has the tools and support necessary to at the very least maintain (but ideally improve) its external operations. As previously stated, the barriers to entering new trade styles continue to involve resource commitment requirements on the part of the retailer. A smaller footprint in the retail environment is required to sell products in a more convenient, less resource-demanding manner and is more relevant to players of today and tomorrow.

As with most industries, utilization of modern and available technology is a key component of sustainable growth. The Lottery continues to search for the most efficient tools available to provide appropriate selling methods to an increasing variety of trade styles. Meeting this demand requires the ability to offer flexibility in selling methods to be better positioned for future growth.

While the Lottery seeks to increase ticket sales through improved technology in retail environments, today's Lottery players are also seeking an interactive experience. The Lottery website has become more robust, and player participation in web-based second chance drawings has steadily increased. The Lottery has increased the number of second chance promotions held throughout the year, with many having a social media tie-in, and with all promotions being web-based. The Lottery continues to explore new ways of using technology to improve the playability of second chance promotions and further increase player fun and engagement. These efforts will benefit players, retailers, the Lottery and contributions to education.

Customer satisfaction scores at the retail level are extremely encouraging and indicate the Lottery does a good job of supporting its retailers. In fact, the latest retailer customer satisfaction survey results were the highest scores ever received. For player satisfaction in existing retail locations to continue to grow, the Lottery implemented a Mobile Sales Tool (MST). The MST



was designed to: help increase sales and service to retailers by creating efficiencies for the Lottery's sales representatives including paperless sales presentations, accessing sales-related data while in a retail establishment or traveling to an account, improving route management, lowering fuel usage/costs, and improving Scratch-Off sales by allowing the sales force to monitor inventory levels and place re-orders without traveling to every retailer. Improving sales and foot traffic in existing locations will also help attract new retailers who see the success Lottery retailers enjoy and want the same experience. These efficiencies also allow sales representatives to allocate more time to visiting prospective retailers and reviewing store inventory levels to ensure they are appropriate for each location. This prevents lost sales and prevents excess inventory in stores. The Lottery continues to improve the capabilities available to its mobile sales staff through the MST and by moving additional back office capabilities to the mobile devices.

## **Conclusion**

It is clear from the summary provided above that the Florida Lottery is a viable, vibrant part of the infrastructure that supports education in Florida. The Lottery must continue to assist the state in its pursuit of future greatness by helping enhance its commitment to education.

The Lottery ambitiously accepts the challenges presented to advocate for and implement this plan. It looks forward to both pursuing and achieving sustainable growth while continuously reinforcing its commitment to do so in a principled manner.



## **List of Potential Policy Changes Affecting the Agency Budget Request or Governor’s Recommended Budget**

No policy changes that will affect the Lottery’s budget request or governor’s recommended budget are anticipated.

## **List of Changes Which Would Require Legislative Action**

The Lottery has no changes that will require legislative action relating to Chapter 24.

## **List of Task Forces, Studies, Etc., In Progress**

The Florida Lottery conducts a comprehensive, ongoing marketing research program comprising a variety of different types of studies. The purpose of these studies is to gain a better understanding of consumer behaviors and preferences, retailer satisfaction and sales performance, the financial impacts of game or operational changes and to gauge the influence of its marketing efforts. This allows the agency to identify areas for improvement in the product portfolio and promotional offerings to help maximize contributions to the EETF. Looking forward to FY 2019, the Florida Lottery will continue to place an emphasis on improving its market research initiatives to ensure it remains one of the top Lotteries in the nation.

Monthly Tracking Studies - Monthly Tracking Studies are conducted to assess opinions, interactions, and preferences among Florida’s 18+ general population including: product play, product awareness, advertising and education funding. A sample of 6,000 Florida residents per year is used and surveys are spread out evenly by week, month and quarter. The sample is also demographically aligned to Florida’s population in accordance with the U.S. Census Bureau’s decennial census and the American Community Survey population estimates for the state. By utilizing this type of ongoing research, the Florida Lottery can track shifts in its player demographic landscape as well as identify areas of opportunity and improvement for the Lottery’s product portfolio. An additional key benefit is the ability to add special modules on a quarterly basis that can capture initial player reactions to new products, services and policies. These studies also play a vital part in monitoring the public’s understanding of the Lottery’s mission, their perception of the Lottery as a whole and their awareness of the Lottery’s educational contributions and support of the Florida Bright Futures Scholarship Program.

Reminding players to Play Responsibly has become a refreshed focus for the Agency and research questions have been added to the Tracking Study to gauge awareness of the Lottery’s latest Play Responsibly advertising and marketing initiatives.



Internet-based Player Panel Research - In addition to Monthly Tracking Studies, the Lottery conducts internet-based studies with respondents that are recruited to the player panel, the Flamingo Forum. The questionnaire subjects for these studies can vary in content from possible new products and promotions, new services, advertising, or even more in-depth looks into player satisfaction among many other subjects. This panel community creates a symbiotic relationship by providing the Lottery with a readily available forum with which to concretely test new ideas while helping keep devoted players engaged and letting their voices be heard on a variety of different subjects. In FY 2018, the Lottery conducted a total of 12 player panels which is an increase of 50% over FY 2017. The Lottery continues to make Market Research a priority to identify opportunities for growth with the goal of maximizing revenue contributions to education.

Other Special Studies – The Lottery’s use of Special Studies, which include both qualitative and quantitative research, has increased substantially in recent years. In FY 2018, the Lottery worked with its Market Research Contractor to conduct two focus groups to explore new game concepts and services, a Retailer Satisfaction study that allows the sales staff to evaluate their service performance in relation to retailers, and a special study that served as an in-depth dive into new game concepts. The Lottery also began work on a special advertising study which aims to understand what types of advertising concepts resonate with Florida’s citizens the most.

Game Revenue Forecasting and Prize Payout - The Lottery provides ongoing analysis of new games, game changes and promotions throughout the year that focuses on possible impacts to sales and the return on investment. As the product portfolio continues to evolve, forecasting continues to be an integral part of product planning and allows product managers to make informed decisions when creating annual product plans.

Sales and Revenue Forecasting - Forecast studies include: projections of Lottery product sales to determine announced jackpots for each drawing which occur four times per week for the Lottery’s two Florida specific jackpot games; official forecasts for the State’s Revenue Estimating Conference occurring three times per year; quarterly forecasts of Scratch-Off game sales and prize expenses; and estimating the sales and revenue impacts of proposed legislative changes to Lottery authorizations, mandates and budget.

Brand Strategy Research – On an as-needed basis (minimum of every three years), the Lottery conducts consumer research to confirm that brand positioning is relevant, impactful, drives action and improves overall brand sentiment. This research can be conducted using both traditional (consumer focus groups) and non-traditional (creative workshop labs) methods, based on research vendor capabilities and specificity of learning goals.



# Florida Lottery

## Long Range Program Plan

Fiscal Years 2019-20 through 2023-24

Jim Poppell, Secretary  
October 1, 2018



Performance Measures and Standards – LRPP  
Exhibit II

## LRPP Exhibit II - Performance Measures and Standards

|                             |                    |
|-----------------------------|--------------------|
| Department: Florida Lottery | Department No.: 36 |
|-----------------------------|--------------------|

|   |               |
|---|---------------|
| Program: Lottery Operations               | Code: 3601000 |
| Service/Budget Entity: Lottery Operations | Code: 3601000 |

| Approved Performance Measures for<br>Fiscal Year 2018-2019  | Approved<br>Prior Year<br>Standard<br>FY 2017-18 | Prior Year<br>Actual FY<br>2017-18* | Approved<br>Standards for<br>FY 2018-19 | Requested<br>FY 2019-20<br>Standard |
|---|--|-------------------------------------|---|-------------------------------------|
| Transfers to the State Educational Enhancement Trust Fund   | \$1.206B   | \$1.76B                             | \$1.801B                                | \$1.801B                            |
| Total Revenue in Dollars  | \$3.918B   | \$6.71B                             | \$6.891B                                | \$6.891B                            |
| Operating Expense** as a Percent of Total Revenue   | 9.52%  | 8.19%                               | 9.52%                                   | 9.52%                               |
| Percent of Respondents Who are Aware of the Lottery's Contribution to Education                                   | 65%  | 61%                                 | 65%                                     | 65%                                 |
| Executive Direction and Support Services for all Lottery Operations as Measured by Percent of Total Agency Budget | 6.20%  | 3.46%                               | 6.20%                                   | 6.20%                               |

\* All amounts included for Fiscal Year 2017-18 are unaudited

\*\*Includes payments to Gaming Vendors and Retailer Commissions



# Florida Lottery

## Long Range Program Plan

Fiscal Years 2019-20 through 2023-24

Jim Poppell, Secretary  
October 1, 2018



Assessment of Performance for Approved  
Measures – LRPP Exhibit III

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Lottery  
**Program:** Lottery Operations  
**Service/Budget Entity:** Lottery Operations  
**Measure:** Percent of Respondents Who are Aware of the Lottery's Contribution to Education

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

| Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|-------------------|----------------------------|-------------------------|-----------------------|
| 65%               | 61%                        | -4%                     | -4%                   |

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** Though the Lottery supported its education message with a multi-media campaign, including print, website, education-specific collateral materials and participation in various education-related events during the fiscal year; the performance measure result depends on responses from both players and non-players to open-ended survey questions. It is possible that external factors outside of the Lottery's control, such as media attention on non-Lottery education issues and other topics affecting the State, may have contributed to a lower awareness among Floridians.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** The Lottery will continue to convey its education message with a multi-media campaign, including television, radio, website, print, outdoor and point-of-sale advertising, education-specific collateral materials, public relations initiatives, increased social media presence and participation in various education-related events/programs throughout the State to heighten awareness of the Lottery's contributions to education.

# Florida Lottery

## Long Range Program Plan

Fiscal Years 2019-20 through 2023-24

Jim Poppell, Secretary  
October 1, 2018



Performance Measure Validity and Reliability –  
LRPP Exhibit IV

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department: Florida Lottery**  
**Program: Lottery Operations**  
**Service/Budget Entity: Lottery Operations**  
**Measure: N/A**

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

# Florida Lottery

## Long Range Program Plan

Fiscal Years 2019-20 through 2023-24

Jim Poppell, Secretary  
October 1, 2018



Associated Activities Contributing to Performance  
Measures – LRPP Exhibit V

| <b>LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures</b> |   |  |
|---|---|--|
| <b>Measure Number</b>   | <b>Approved Performance Measures for FY 2018-19</b>   | <b>Associated Activities Title</b>   |
| 1   | Transfers to the State Educational Enhancement Trust Fund   | Supervise and administer the operation of Lottery games<br>Conduct market research and special studies<br>Provide adequate and convenient availability of tickets to the public<br>Advertise and promote Lottery games<br>Conduct investigations of retailers, vendors and employees<br>Pay prizes for winning tickets submitted to Lottery headquarters<br>Keep the public informed of Lottery activities<br>Compensate retailers in the form of incentives |
| 2   | Total Revenue in Dollars  | Supervise and administer the operation of Lottery games<br>Conduct market research and special studies<br>Provide adequate and convenient availability of tickets to the public<br>Advertise and promote Lottery games<br>Conduct investigations of retailers, vendors and employees<br>Pay prizes for winning tickets submitted to Lottery headquarters<br>Keep the public informed of Lottery activities<br>Compensate retailers in the form of incentives |
| 3   | Operating Expense as Percent of Total Revenue   | Supervise and administer the operation of Lottery games<br>Conduct market research and special studies<br>Provide adequate and convenient availability of tickets to the public<br>Advertise and promote Lottery games<br>Conduct investigations of retailers, vendors and employees<br>Pay prizes for winning tickets submitted to Lottery headquarters<br>Keep the public informed of Lottery activities<br>Compensate retailers in the form of incentives |
| 4   | Percent of Respondents Who are Aware of Lottery's Contribution to Education   | Conduct market research and special studies<br>Advertise and promote Lottery games<br>Keep the public informed of Lottery activities   |
| 5   | Executive Direction and Support Services for all Lottery Operations as Measured by Percent of Total Department Budget | The Executive Direction and Administrative Support activities contribute to this measure   |



## Glossary of Terms and Acronyms

**ADA** - Americans with Disabilities Act

**CSIRT** - Computer Security Incident Response Team

**EDMS** - Electronic Document Management System

**EETF** – Educational Enhancement Trust Fund

**ESF** – Emergency Support Function

**FDLE** – Florida Department of Law Enforcement

**FTE** – Full Time Equivalent

**MEPIC** - Missing Endangered Persons Information Clearinghouse

**MFN** - My Florida Network

**MST** – Mobile Sales Tool

**Operating Cost** – Appropriations or expenditures that are not directly tied to sales

**OPS** – Other Personal Services

**POS** – Name given to marketing and advertising materials that are placed in optimal retail sales areas.

**REC** – Revenue Estimating Conference - The Office of Economic and Demographic Research (EDR) is a research arm of the Legislature providing official information with respect to anticipated state and local government revenues for the state planning and budgeting system

**SCRATCH-OFF TICKET** – A Lottery game in which the player scratches off an opaque latex coating to determine immediately if a cash prize or free ticket is won. Scratch-Off top prizes can reach the multi-million dollar level. Scratch-Off tickets are also known in the industry as instant tickets.

**SECOND CHANCE DRAWING** – A promotion offered which allows players to win additional moneys by entering non-winning Scratch-Off tickets or promotional tickets on the Lottery’s website resulting in randomly selected winners drawn in a secure, audited computerized drawing held at Lottery headquarters.

**SIEM** – Security Information and Event Management

**TERMINAL GAME (DRAW GAME)** – Any game in which the player’s number selection is entered into a gaming terminal and immediately recorded at the Lottery Headquarters computer site. POWERBALL, MEGA MILLIONS, FLORIDA LOTTO, CASH4LIFE, LUCKY MONEY, FANTASY 5, PICK 5, PICK 4, PICK 3 and PICK 2 are the Lottery’s ten Terminal games.

