

Agency Activity Inventory
by Agency
Appropriation Period: FY 2010-11

Agency: H66 - South Carolina Education Lottery Commission **Functional Group:** Higher Education & Cultural

817 Education Lottery Deposits

Lottery revenue transferred to the State and deposited in the Education Lottery Account at the State Treasurer's Office. The State appropriates these funds each year for various Education programs. S.C. Code Ann. §59-150-340.

Statewide Result Area: Improve the state's post-secondary education system and cultural resources

Strategy: Provide for greater access and affordability of our higher education system.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$261,132,148	\$0	\$0	\$0	\$0	\$261,132,148	0.00

Other Fund - Subfund No. & Title:

43B1 - Education Lottery

Budgetary Program No.: I.

Expected Results:

Since the inception of the Education Lottery, more than \$2.2 billion has been transferred for educational opportunities. Lottery dollars have provided academic enhancement for children in grades K - 5, including new and improved school buses.

Outcome Measures:

FY03 transfers ≈ \$221M (BEA estimate \$179M); FY04 transfers ≈ \$287M (BEA estimate \$261M); FY05 transfers ≈ \$280M (BEA estimate \$255M); FY06 transfers ≈ \$322M (BEA estimate \$290M); FY07 transfers ≈ \$274M (BEA estimate \$267M); FY08 transfers ≈ \$266M (BEA estimate \$252M); FY09 transfers ≈ \$262M (BEA estimate \$252M); FY10 ≈ \$271M (BEA estimate \$252M)

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818 Prizes

Prizes paid to South Carolina Education Lottery winners. S.C. Code Ann. §59-150-230.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient Other Governmental Services which are required by law and/or pertinent to the lives of citizens.

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Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$602,670,000	\$0	\$0	\$0	\$0	\$602,670,000	0.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: I.

Expected Results:

Customers purchase lottery products in anticipation of winning a prize. A player having a winning experience will play again and will tell others about his winning experience.

Outcome Measures:

A decrease in the amount of prizes would decrease the amount of net income generated by lottery sales. If the Commission did not have the ability to provide an adequate number of winning experiences for its player base, players would no longer have a reason to purchase lottery products. There is a direct relation between prizes paid and revenue generated. Total ticket sales in FY03 ≈ \$724M; FY04, ≈ \$950M; FY05 ≈ \$957M, FY06 ≈ \$1.148B; FY07 ≈ \$988M; FY08 ≈ \$992M; FY09 ≈ \$1.01B; FY10 ≈ \$1.08B

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819 Retailer Commissions

Amounts paid to licensed retail location owners for sales of lottery products. SC Code Ann. §59-150-150.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient Other Governmental Services which are required by law and/or pertinent to the lives of citizens.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$69,100,000	\$0	\$0	\$0	\$0	\$69,100,000	0.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: I.

Expected Results:

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Provides retailers with a reasonable incentive for providing a variety of lottery products to players, and generating revenue.

Outcome Measures:

Mandated at S.C. Code Ann. Section 59-150-150. (A): "...The commission also shall...provide for compensation to a lottery retailer in the form of commissions in an amount of not less than seven percent of gross proceeds..." Additionally, a decrease in retailer commissions would result in a decrease in the number of licensed retail locations, and loss of sales revenue and net income. Number of licensed retailers 6.30.04 = 3,383; 6.30.05 = 3,505; 6.30.06 = 3,551; 6.30.07 = 3,545; 6.30.08 = 3,631; 6.30.09 = 3,654; 6.30.10 = 3,700.

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820 Other Direct Game Costs

Instant game costs: Warehousing, shipping, and printing tickets. Instant ticket dispensers. Online game costs: Online paper costs, playslips, playstations and replacement parts. Production studio operations required to provide live online drawings. Security and credit checks pursuant to the licensing of retailers. Incentives to retailers for participation in the sale of a particular product or promotion, and selling bonuses paid to the sellers of winning tickets in amounts greater than \$10,000. S.C. Code Ann. §59-150-60.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient Other Governmental Services which are required by law and/or pertinent to the lives of citizens.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$19,277,448	\$0	\$0	\$0	\$0	\$19,277,448	0.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: I.

Expected Results:

Timely delivery and secure storage of instant tickets. The creation and printing of instant ticket games with appropriate combinations of theme, play style, and prize payout. Secure containers to provide instant tickets for sale. Provide secure, numbered terminal paper to be used in online terminals to generate tickets for sale. Provide bet or playslips needed to generate online ticket purchases. Provide display units for lottery products. Develop games of the highest quality and integrity which are fun, exciting, and appeal to consumers.

Outcome Measures:

The availability of instant tickets, online paper, playslips and ancillary supplies at the required locations is a precondition to sales. Secure and otherwise proper shipment and storage of instant tickets, online game ticket

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paper, and playslips is required to assure the integrity of the games, without which player confidence and participation would rapidly diminish. Live drawings are necessary to sustain player confidence in the integrity of online games. SLED retailer background checks completed: FY02 - 5,899; FY03 - 2,108; FY04 - 3,250; FY05 - 3,308; FY06 - 4,198; FY07 - 4,647; FY08 - 4,522; FY09 - 3,161; FY10 = 4,537.

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821 Advertising

Advertising products and services in various formats. SC Code Ann. §59-150-60 (18).

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient Other Governmental Services which are required by law and/or pertinent to the lives of citizens.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$8,900,000	\$0	\$0	\$0	\$0	\$8,900,000	0.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: I.

Expected Results:

Provides an array of media formats to implement an integrated plan that supports the sales of all product lines. Focus groups use the dynamics of group interaction to generate feedback on marketing related issues. The annual benchmark survey staff conducts surveys of customer attitude, behavior and awareness of lottery products and performance.

Outcome Measures:

Lottery products require advertising and promotional programs to generate awareness, and to provide education and information on how to play. Industry experience suggests a direct relationship between the amount of sales generated to the amount expended for advertising. The results of our focus groups and surveys indicate the public is very supportive of our efforts.

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822 Security

Provides for the safety of lottery personnel and maintains the integrity of lottery operations. Provides primary contact with players and retailers pursuant to the detection and prosecution of ticket theft and other law enforcement operations. Investigates and resolves technical problems with ticket validation. Coordinates and manages drawings. S.C. Code Ann. §§59-150-60; 59-150-90; 59-150-100; 59-150-130.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient Other Governmental Services which are required by law and/or pertinent to the lives of citizens.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$1,507,654	\$0	\$0	\$0	\$0	\$1,507,654	5.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: I.**Expected Results:**

A reduction in resources applied to the security area would result in a general loss of physical security; the ability to serve retailers and players affected by ticket theft, deter fraud and other harmful practices, and assure the proper operation of ticket validation systems; and administer online games by conducting drawings.

Outcome Measures:

Conducted 11,787 drawings for online games from inception through 6.30.10 (281 Carolina 5; 5,244 Pick 3; 4,898 Pick 4; 1,185 Palmetto Cash 5; 199 Mega Match 6). Number of investigations: FY02 - 188; FY03 - 482; FY04 - 481; FY05 - 640; FY06 - 738; FY07 - 717; FY08 - 467; FY09 - 707; FY10 - 706.

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823 Administration

Administration, internal audit, sales and marketing, information technology support, retailer licensing, legal services, internal operations, financial services, human resources, and research and development. S.C. Code Ann. §59-150-50 et seq.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Administration

FY 2010-11

Agency Activity Inventory by Agency

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Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$14,659,250	\$0	\$0	\$0	\$0	\$14,659,250	142.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: I.

Expected Results:

Our mission is to provide entertainment options to adults, with integrity, to support education in South Carolina. Our work is to provide games for our players, support for our retailers, and funds for education. In achieving our mission, we are directly helping to build a better future for the citizens of this State.

Outcome Measures:

Generated total revenue in the amount of more than \$1B and net income of about \$272M in FY10.

AGENCY TOTALS

South Carolina Education Lottery Commission

TOTAL AGENCY FUNDS	TOTAL GENERAL FUNDS	TOTAL FEDERAL FUNDS	TOTAL OTHER FUNDS
\$977,246,500	\$0	\$0	\$977,246,500
	TOTAL NON-RECURRING FUNDS	TOTAL PART III FUNDS	TOTAL FTEs
	\$0	\$0	147.00