

# KANSAS LOTTERY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	<u>335,251,277</u>	<u>342,105,602</u>	<u>349,699,602</u>	<u>368,843,230</u>	<u>372,451,230</u>
TOTAL	\$ 335,251,277	\$ 342,105,602	\$ 349,699,602	\$ 368,843,230	\$ 372,451,230
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>GRAND TOTAL</b>	<b><u>\$ 335,251,277</u></b>	<b><u>\$ 342,105,602</u></b>	<b><u>\$ 349,699,602</u></b>	<b><u>\$ 368,843,230</u></b>	<b><u>\$ 372,451,230</u></b>
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	2.1	2.0	4.3	7.8	6.5
FTE Positions	74.9	76.0	76.0	76.0	76.0
Non-FTE Perm.Uncl.Pos.	<u>26.5</u>	<u>28.0</u>	<u>28.0</u>	<u>28.0</u>	<u>28.0</u>
TOTAL	<u>101.4</u>	<u>104.0</u>	<u>104.0</u>	<u>104.0</u>	<u>104.0</u>

## AGENCY OVERVIEW

Article 15, Section 3c of the *Kansas Constitution* authorizes a state-owned and operated lottery. The Legislature provided for the Kansas Lottery by statutory enactment that included a sunset date. The 2007 Legislature extended agency operations until July 1, 2022, at which time it will be abolished unless continued by an act of the Legislature. KSA 74-8710(a) allows, by rule and regulation, the establishment of the types of lottery games to be conducted, including but not limited to instant lottery, on-line, and traditional games. The Kansas Lottery has established multiple types of traditional games including, instant tickets, Powerball, Mega Millions, Kansas Cash, 2 by 2, Keno, Hot Lotto, Kansas Hold'Em, and Pick 3. The agency continues to engage in partnerships including, the Kansas City Chiefs, Sporting Kansas City, Kansas City Royals, Kansas Speedway, and the Kansas State Fair, for special instant games and second chance prize drawings.

The 2007 Legislature repealed a provision that prohibited games on video lottery machines and established the Expanded Lottery Act to provide for gaming at race tracks and casinos in limited jurisdictions where approved by local voters. The new law allows the Kansas Lottery to own and operate electronic gaming machines at designated locations. The Kansas Racing and Gaming Commission is given authority to regulate the gaming activities at race tracks and casinos.

The agency has seven budget programs that support its operations. These programs are: Administration, Information Technology, Sales, Security, Cost of Sales, Expanded Lottery Act, and Marketing. All are detailed in the final pages of the budget analysis.

## MAJOR ISSUES FROM PRIOR YEARS

- The **2001 Legislature** provided for the operation of the Kansas Lottery until July 1, 2008, and initiated a one-year modification of the statutory provision for State Gaming Revenue Fund transfers to be not less than \$4.5 million per month and not less than a grand total of at least \$59.0 million. This same modification has been approved in subsequent fiscal years. (There is a statutory minimum of 30.0 percent of lottery sales reserved for transfer to the State Gaming Revenues Fund, except for sales of pull-tabs which are set at 20.0 percent.)
- The **2003 Legislature** statutorily authorized special veterans benefit games to generate additional funding for certain programs.
- The **2007 Legislature** continued the operation of the Kansas Lottery until July 1, 2022 and enacted 2007 SB 66 which authorized expanded lottery activities at race tracks and casinos in certain areas after local voter approval.
- The **2008 Legislature** enacted 2008 HB 2923 which expanded the veterans' benefits games from six months to year round to generate additional revenue. The Legislature directed funding from the net profits of the games to benefit the Museum of the Kansas National Guard for the expansion of its facility to include a 35th Infantry Division Museum through FY 2010. In FY 2011, net profits transferred to the Museum were then redirected to the Veterans Enhanced Service Delivery program.
- The **2010 Legislature** increased the agency's salaries and wages shrinkage rate from 2.0 percent to 5.0 percent and deleted \$162,500 from the agency operating budget in FY 2009 and FY 2010.
- The **2013 Legislature** increased the statutory transfer from the State Gaming Revenues Fund by 4.0 percent, or \$2.4 million, for a transfer of \$75.7 million in FY 2014.
- The **2014 Legislature** enacted 2014 HB 2272 that reduced the privilege fee in the Southeast Gaming Zone from \$50.0 million to \$5.5 million. The bill also reduced investment fees in the Zone from \$225.0 million to \$50.0 million. The Legislature also deleted 5.0 FTE positions for FY 2015.
- The **2015 Legislature** enacted 2015 HB 2155 that amended the Kansas Lottery Act to allow the Kansas Lottery to advertise at amateur athletic and sporting events where the majority of participants are over the age of 18; to be a retailer and sell Lottery products; and prevent anyone under the age of 18 from being able to redeem a winning lottery ticket.

- The **2015 Legislature** included proviso language in 2015 SB 112 to transfer the unencumbered balance of the Expanded Lottery Act Revenues Fund to the State General Fund for FY 2016 and FY 2017.
- The **2015 Legislature** increased the Kansas Lottery's transfer to the State Gaming Revenues Fund by \$1.0 million for FY 2016.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2016 – Current Year.** The **agency** requests a revised estimate totaling \$342.1 million, all from special revenue funds, in FY 2016. This is a net increase of \$45,984, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is due largely to the agency's two supplemental requests for capital outlay expenditures, offset by reduced expenditures on salaries, wages, contractual services, and commodities. The revised estimate includes 76.0 FTE positions; an increase of 1.1 positions above the approved amount.

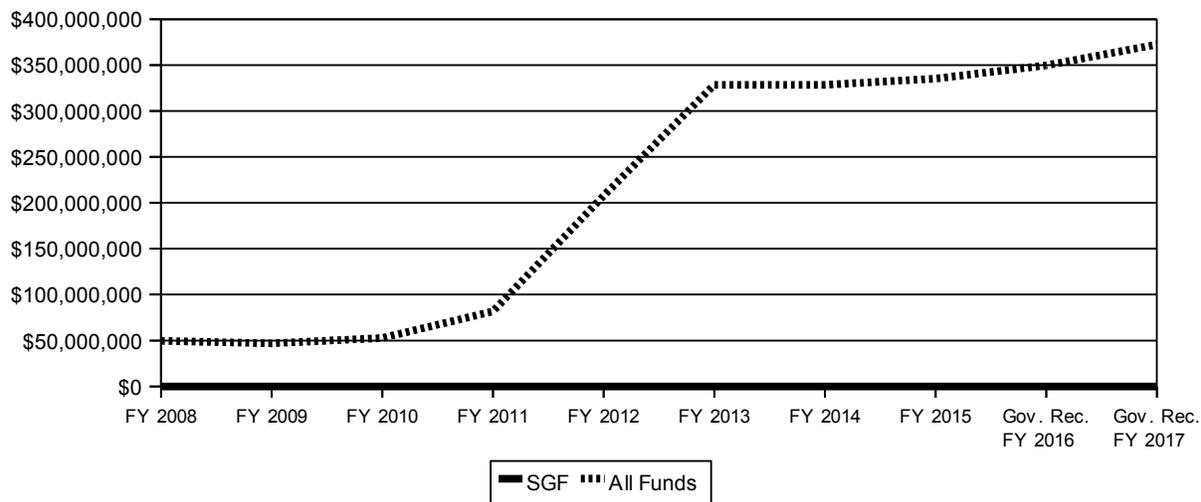
The **Governor** recommends \$349.7 million, all from special revenue funds, in FY 2016. This is an increase of \$7.6 million, or 2.2 percent, above the agency's FY 2016 revised estimate. The increase is due to higher payments to lottery gaming facility managers and aid to local units of government as a result of higher expanded gaming revenues from the state-owned casinos, specifically the casinos in the Northeast and Southcentral Gaming Zones.

**FY 2017 – Budget Year.** The **agency** requests a revised estimate totaling \$368.8 million, all from special revenue funds, for FY 2017. This is a net increase of \$384,054, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is due to higher expenditures on salaries, wages, and contractual services, offset by reduced commodities expenditures. The revised estimate includes 76.0 FTE positions; an increase of 1.1 positions above the approved amount.

The **Governor** recommends \$372.5 million, all from special revenue funds, for FY 2017. This is an increase of \$3.6 million, or 1.0 percent, above the agency's FY 2017 revised estimate. The increase is due to higher payments to lottery gaming facility managers and aid to local units of government as a result of higher expanded gaming revenues from the state-owned casinos, specifically the casinos in the Northeast and Southcentral Gaming Zones.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2008 – FY 2017



## OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 49,602,578	1.2 %	89.0
2009	0	--	46,917,281	(5.4)	89.0
2010	0	--	52,668,171	12.3	89.0
2011	0	--	81,650,571	55.0	99.0
2012	0	--	207,662,071	154.3	96.0
2013	0	--	328,536,485	58.2	90.0
2014	0	--	328,454,686	(0.0)	90.0
2015	0	--	335,251,277	2.1	74.9
2016 Gov. Rec.	0	--	349,699,602	4.3	76.0
2017 Gov. Rec.	0	--	372,451,230	6.5	76.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 322,848,652	650.9 %	(13.0)

## Summary of Operating Budget FY 2015 - FY 2017

Kansas Lottery

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
<b>By Program:</b>									
Administration	\$ 2,601,699	\$ 3,905,485	\$ 4,203,885	\$ 298,400	7.6 %	\$ 3,905,485	\$ 4,203,885	\$ 298,400	7.6 %
Information Technology	1,207,373	1,532,118	1,440,374	(91,744)	(6.0)	1,532,118	1,440,374	(91,744)	(6.0)
Sales	1,836,693	2,191,407	2,418,923	227,516	10.4	2,191,407	2,418,923	227,516	10.4
Security	543,950	595,552	605,462	9,910	1.7	595,552	605,462	9,910	1.7
Cost of Sales	43,563,628	52,192,282	54,261,856	2,069,574	4.0	52,192,282	54,261,856	2,069,574	4.0
Expanded Lottery Act	280,327,119	276,255,523	300,387,436	24,131,913	8.7	283,849,523	303,995,436	20,145,913	7.1
Marketing	5,170,815	5,433,235	5,525,294	92,059	1.7	5,433,235	5,525,294	92,059	1.7
<b>TOTAL</b>	<b>\$ 335,251,277</b>	<b>\$ 342,105,602</b>	<b>\$ 368,843,230</b>	<b>\$ 26,737,628</b>	<b>7.8 %</b>	<b>\$ 349,699,602</b>	<b>\$ 372,451,230</b>	<b>\$ 22,751,628</b>	<b>6.5 %</b>
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 5,829,798	\$ 7,282,855	\$ 7,819,939	\$ 537,084	7.4 %	\$ 7,282,855	\$ 7,819,939	\$ 537,084	7.4 %
Contractual Services	283,815,037	281,849,030	305,817,025	23,967,995	8.5	289,140,030	309,278,025	20,137,995	7.0
Commodities	506,787	712,560	731,520	18,960	2.7	712,560	731,520	18,960	2.7
Capital Outlay	367,870	447,875	238,465	(209,410)	(46.8)	447,875	238,465	(209,410)	(46.8)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 290,519,492	\$ 290,292,320	\$ 314,606,949	\$ 24,314,629	8.4 %	\$ 297,583,320	\$ 318,067,949	\$ 20,484,629	6.9 %
Aid to Local Units	10,932,311	10,758,000	11,694,000	936,000	8.7	11,061,000	11,841,000	780,000	7.1
Other Assistance	33,799,474	41,055,282	42,542,281	1,486,999	3.6	41,055,282	42,542,281	1,486,999	3.6
<b>TOTAL</b>	<b>\$ 335,251,277</b>	<b>\$ 342,105,602</b>	<b>\$ 368,843,230</b>	<b>\$ 26,737,628</b>	<b>7.8 %</b>	<b>\$ 349,699,602</b>	<b>\$ 372,451,230</b>	<b>\$ 22,751,628</b>	<b>6.5 %</b>
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Lottery Operating Fund	24,889,072	28,544,320	30,102,949	1,558,629	5.5	28,544,320	30,102,949	1,558,629	5.5
Expanded Lottery Receipts Fund	276,739,861	272,506,000	296,198,000	23,692,000	8.7	280,100,000	299,806,000	19,706,000	7.0
Lottery Prize Payment Fund	33,622,344	41,055,282	42,542,281	1,486,999	3.6	41,055,282	42,542,281	1,486,999	3.6
<b>TOTAL</b>	<b>\$ 335,251,277</b>	<b>\$ 342,105,602</b>	<b>\$ 368,843,230</b>	<b>\$ 26,737,628</b>	<b>7.8 %</b>	<b>\$ 349,699,602</b>	<b>\$ 372,451,230</b>	<b>\$ 22,751,628</b>	<b>6.5 %</b>

# BUDGET OVERVIEW

## A. FY 2016 – Current Year

### Adjustments to Approved Budget

The 2015 Legislature approved \$342,059,618, all from special revenue funds, for the Kansas Lottery in FY 2016. No adjustments have been made to to the approved amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	342,059,618	342,105,602	45,984	349,699,602	7,639,984
<b>TOTAL</b>	<b>\$ 342,059,618</b>	<b>\$ 342,105,602</b>	<b>\$ 45,984</b>	<b>\$ 349,699,602</b>	<b>\$ 7,639,984</b>
FTE Positions	74.9	76.0	1.1	76.0	1.1

The **agency** requests a revised estimate totaling \$342.1 million, all from special revenue funds, in FY 2016. This is a net increase of \$45,984, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is due to higher capital outlay expenditures, offset by reduced expenditures on salaries, wages, contractual services, and commodities. The revised estimate includes 76.0 FTE positions; an increase of 1.1 positions above the approved amount. Objects of expenditure are detailed below.

- Salaries and Wages.** Expenditures for salaries and wages total \$7.3 million, all from special revenue funds, in FY 2016. This is a net decrease of \$6,516, or less than 1.0 percent, below the approved amount. The decrease is largely attributable to reduced expenditures on pay to classified employees (\$214,085) and group health hospitalization (\$26,117). The largest decreases on pay to classified employees are in the Administration (\$175,066) and Information Technology (\$98,864) programs. The decrease is partially offset by higher expenditures on pay to unclassified employees (\$239,884) in all of the agency's programs, except the Expanded Lottery Act program that estimates reduced expenditures (\$83,969) for pay to unclassified employees. The largest increases in pay to unclassified employees occur in the Administration (\$136,513) and Information Technology (\$109,165) programs. Unlike the other programs, the Sales program estimates increased expenditures for pay to both classified (\$64,970) and unclassified employees (\$60,267).
- Contractual Services.** Expenditures for contractual services total \$281.8 million, all from special revenue funds, in FY 2016. This is a net decrease of \$101,375, or less than 1.0 percent, below the approved amount and is largely due to reduced expenditures on repairs and servicing (\$96,875) in the Information Technology program that shifted to capital outlay expenditures.

- **Commodities.** Expenditures for commodities total \$712,560, all from special revenue funds, in FY 2016. This is a net decrease of \$10,500, or 1.5 percent, below the approved amount and is primarily due to reduced expenditures on supplies and materials (\$10,100) and clothing (\$4,000) in the Administration program, offset by higher expenditures on scientific supplies and materials (\$3,600).
- **Capital Outlay.** Expenditures for capital outlay total \$447,875, all from special revenue funds, in FY 2016. This is a net increase of \$164,375, or 58.0 percent, above the approved amount. The net decrease is largely attributable to reduced expenditures on vehicles (\$113,500) in the Sales program, partially offset by increased expenditures on information processing equipment (\$140,000) and software (\$96,875) in the Information Technology program. The information processing equipment is for hardware for retailer terminal scanners and is one of the agency's two supplemental requests in FY 2016. The second request (\$42,500) is for the purchase of two vehicles for additional staff and travel needs related to the new casino in the Southeast Gaming Zone. Increased expenditures on software results from the agency beginning to pay installments on the license agreements for the sales force automation and retailer portal system.
- **Aid to Local Units.** Expenditures for aid to local units of government total \$10.8 million, all from special revenue funds, in FY 2016. This is unchanged from the approved amount. Expenditures in this category are to local governments housing the the state-owned casinos; local governments receive 3.0 percent of all expanded gaming revenue.
- **Other Assistance.** Expenditures for other assistance total \$41.1 million, all from special revenue funds, in FY 2016. This is unchanged from the amount approved by the 2015 Legislature. Expenditures in this category are entirely from the Lottery Prize Payment Fund that is used to instantly pay prize claims between \$600 and \$5,000 at the Lottery headquarters. Additional expenditures also include the payment of prize claims over \$5,000 via state checks. Approximately 33.0 percent of player prizes are paid from this fund.

The **Governor** recommends \$349.7 million, all from special revenue funds, in FY 2016. This is an increase of \$7.6 million, or 2.2 percent, above the agency's FY 2016 revised estimate. The increase is due to higher payments to lottery gaming facility managers and aid to local units of government as a result of higher expanded gaming revenues from the state-owned casinos, specifically the casinos in the Northeast and Southcentral Gaming Zones.

## **FY 2016 Transfers to the State**

- **State Gaming Revenues Fund Transfer.** Each year the Legislature establishes a minimum transfer from the proceeds of the sale of instant tickets, pull tabs, and draw games to the State Gaming Revenues Fund (SGRF), while maintaining an adequate cash balance to make expenditures for prize payments and operating costs. Pursuant to statute, of the first \$50.0 million deposited into the SGRF, the first \$80,000 is transferred to the Problem Gambling and Addictions Grant Fund; 85.0 of remaining funds is transferred to the Economic Development Initiatives Fund, 10.0 percent is transferred to Correctional Institutions Building Fund, and 5.0 percent is transferred to the Juvenile Detention Facilities. Any remaining

funds are then transferred to the State General Fund. The agency estimates sales totaling \$250.5 million and a transfer of \$76.2 million to the state in FY 2016. The SGRF will receive \$50.0 million and the State General Fund is expected to receive \$26.2 million, which is the same as the amount approved by the 2015 Legislature.

- **Expanded Lottery Act Revenues Fund Transfer.** The Expanded Lottery Act Revenues Fund (ELARF) receives 22.0 percent of all expanded gaming revenue. The Lottery estimates a transfer of \$84.4 million to the ELARF in FY 2016. This is unchanged from the amount approved by the 2015 Legislature. The transfer includes the \$5.5 million privilege fee from the Southeast Gaming Zone.

The **Governor** concurs with the agency's estimated transfer to the State Gaming Revenues Fund in FY 2016. The Governor, as a result of the October 2015 meeting of the gaming revenue estimating group comprised of representatives from the Lottery, Racing and Gaming Commission, Division of the Budget, and Legislative Research Department, recommends a transfer to the ELARF totaling \$86.7 million in FY 2016. This is an increase of \$2.3 million, or 2.7 percent, above the April 2015 estimate due to increased expanded gaming revenues in the Northeast and Southcentral gaming zones. The Governor's recommended transfer includes the \$5.5 million privilege fee.

### Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Hardware for Retailer Terminal	\$ 0	\$ 140,000	0.0	\$ 0	\$ 140,000	0.0
Passenger Cars	0	42,500	0.0	0	42,500	0.0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 182,500</b>	<b>0.0</b>	<b>\$ 0</b>	<b>\$ 182,500</b>	<b>0.0</b>

The **agency** requests \$182,500, all from special revenue funds, for two supplementals in FY 2016.

- **Hardware for Retailer Terminals.** The agency requests \$140,000, all from special revenue funds, for hardware for retailer terminal scanners, in FY 2016 for use in the Information Technology program. The agency notes that the hardware will improve daily ticket inventory procedures for Lottery retailers.
- **Passenger Cars.** The agency requests \$42,500, all from special revenue funds, for the purchase of vehicles in FY 2016 for use in the Expanded Lottery Act program. The vehicles include one replacement and one new vehicle. The new vehicle will be for additional staff and travel needs related to the new casino in the Southeast Gaming Zone. The vehicles were originally included in the agency's FY 2015 approved budget, but were not purchased during that fiscal year.

The **Governor** recommends the agency's supplemental requests totaling \$182,500, all from special revenue funds, in FY 2016.

## B. FY 2017 – Budget Year

### Adjustments to Approved Budget

The 2015 Legislature approved \$368,459,176, all from special revenues funds, for the Kansas Lottery for FY 2017. No subsequent adjustments were made to this amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	368,459,176	368,843,230	384,054	372,451,230	3,992,054
<b>TOTAL</b>	<b>\$ 368,459,176</b>	<b>\$ 368,843,230</b>	<b>\$ 384,054</b>	<b>\$ 372,451,230</b>	<b>\$ 3,992,054</b>
FTE Positions	74.9	76.0	1.1	76.0	1.1

The **agency** requests a revised estimate totaling \$368.8 million, all from special revenue funds, for FY 2017. This is a net increase of \$384,054, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is due to higher expenditures on salaries, wages, and contractual services, offset by reduced commodities expenditures. The revised estimate includes 76.0 FTE positions; an increase of 1.1 positions above the approved amount. Changes from the approved are detailed below.

- Salaries and Wages.** Expenditures for salaries and wages total \$7.8 million, all from special revenue funds, for FY 2017. This is a net increase of \$240,374, or 3.2 percent, above the approved amount. The increase is primarily due to higher expenditures on pay to unclassified employees (\$357,808) that occurs in all of the agency's programs; the largest of which occur in the Administration (\$133,083) and Information Technology (\$114,673) programs. The increase is partially offset by reduced expenditures on pay to classified employees (\$111,707) in six of the agency's programs; the largest of which are in the Administration (\$183,092) and the Information Technology (\$104,876) programs. While pay to classified employees is estimated to decrease in the majority of the agency's program, the Sales program is an exception. Pay to classified employees is estimated to increase by \$183,638.
- Contractual Services.** Expenditures for contractual services total \$305.8 million, all from special revenue funds, for FY 2017. This is an increase of \$177,305, or less than 1.0 percent, above the approved amount. The increase is primarily due to service fees paid to International Gaming Technology (IGT) for software that tracks casino revenues; it is anticipated to increase by \$261,680. The increase is partially offset by reduced expenditures on repairs and servicing (\$96,875) in the Information Technology program.
- Commodities.** Expenditures for commodities total \$731,520, all from special revenue funds, for FY 2017. This is a decrease of \$12,500, or 1.7 percent, below the approved amount. The net decrease is in the Administration program and is

due to reduced expenditures on other supplies and materials (\$8,500), clothing (\$4,000), and office supplies (\$2,000), offset by higher expenditures on professional scientific supplies (\$2,000).

- **Capital Outlay.** Expenditures for capital outlay total \$238,465, all from special revenue funds, for FY 2017. This is a decrease of \$21,125, or 8.1 percent, below the approved amount. The net decrease is largely attributable to less expenditures on vehicles (\$118,000) in the Sales program, partially offset by increased expenditures on software (\$96,875) in the Information Technology program. More specifically, the agency is beginning to pay installments on the license agreements for the sales force automation and retailer portal system.
- **Aid to Local Units.** Expenditures for aid to local units of government total \$11.7 million, all from special revenue funds, for FY 2017. This is unchanged from the approved amount. Expenditures in this category are to local governments housing the the state-owned casinos; local governments receive 3.0 percent of all expanded gaming revenue.
- **Other Assistance.** Expenditures for other assistance total \$42.5 million, all from special revenue funds, for FY 2017. This is unchanged from the amount approved by the 2015 Legislature. Expenditures in this category are entirely from the Lottery Prize Payment Fund that is used to instantly pay prize claims between \$600 and \$5,000 at the Lottery headquarters. Additional expenditures also include the payment of prize claims over \$5,000 via state checks. Approximately 33.0 percent of player prizes are paid from this fund.

The **Governor** recommends \$372.5 million, all from special revenue funds, for FY 2017. This is an increase of \$3.6 million, or 1.0 percent, above the agency's FY 2017 revised estimate. The increase is due to higher payments to lottery gaming facility managers and aid to local units of government as a result of higher expanded gaming revenues from the state-owned casinos, specifically the casinos in the Northeast and Southcentral Gaming Zones.

## **FY 2017 Transfers to the State**

- **State Gaming Revenues Fund Transfer.** Each year the Legislature establishes a minimum transfer from the proceeds of the sale of instant tickets, pull tabs, and draw games to the State Gaming Revenues Fund (SGRF), while maintaining an adequate cash balance to make expenditures for prize payments and operating costs. Pursuant to statute, of the first \$50.0 million deposited into the SGRF, the first \$80,000 is transferred to the Problem Gambling and Addictions Grant Fund; 85.0 of remaining funds is transferred to the Economic Development Initiatives Fund, 10.0 percent is transferred to Correctional Institutions Building Fund, and 5.0 percent is transferred to the Juvenile Detention Facilities. Any remaining funds are then transferred to the State General Fund. The agency estimates sales totaling \$257.5 million and a transfer of \$77.3 million to the state for FY 2017. The SGRF will receive \$50.0 million and the State General Fund is expected to receive \$27.3 million, which is the same as the amount approved by the 2015 Legislature.
- **Expanded Lottery Act Revenues Fund Transfer.** The Expanded Lottery Act Revenues Fund (ELARF) receives 22.0 percent of all expanded gaming revenue.

The Lottery estimates a transfer of \$85.8 million to the ELARF for FY 2017. This is unchanged from the amount approved by the 2015 Legislature. The transfer includes partial year operation of a gaming facility in the Southeast Gaming Zone.

The **Governor** concurs with the agency's estimated transfer to the State Gaming Revenues Fund for FY 2017. The Governor, as a result of the October 2015 meeting of the gaming revenue estimating group comprised of representatives from the Lottery, Racing and Gaming Commission, Division of the Budget, and Legislative Research Department, recommends a transfer to the ELARF totaling \$87.0 million for FY 2017. This is an increase of \$1.2 million, or 1.4 percent, above the April 2015 estimate due to increased expanded gaming revenues in the Northeast and Southcentral gaming zones.

### Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %
Lottery Operating Fund	8.2	8.1
Expanded Lottery Act Receipts Fund	80.3	80.5
Lottery Prize Payment Fund	11.5	11.4
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

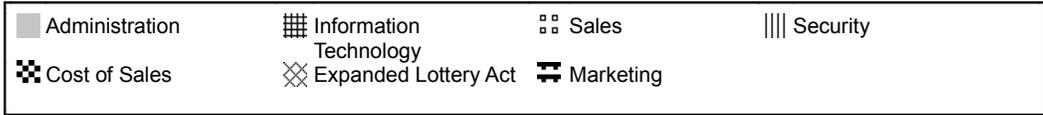
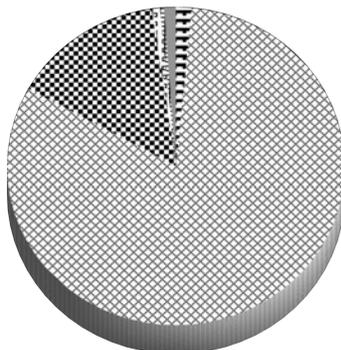
**Note:** Details may not add to totals due to rounding.

# PROGRAM DETAIL

## Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 4,203,885	1.1 %	\$ 0	-- %
Information Technology	1,440,374	0.4	0	--
Sales	2,418,923	0.6	0	--
Security	605,462	0.2	0	--
Cost of Sales	54,261,856	14.6	0	--
Expanded Lottery Act	303,995,436	81.6	0	--
Marketing	5,525,294	1.5	0	--
<b>TOTAL</b>	<b>\$ 372,451,230</b>	<b>100.0 %</b>	<b>\$ 0</b>	<b>-- %</b>

<b>FTE POSITIONS BY PROGRAM FY 2015 – FY 2017</b>					
<b>Program</b>	<b>Actual FY 2015</b>	<b>Agency Est. FY 2016</b>	<b>Gov. Rec. FY 2016</b>	<b>Agency Est. FY 2017</b>	<b>Gov. Rec. FY 2017</b>
Administration	28.65	30.75	30.75	30.75	30.75
Information Technology	6.75	6.75	6.75	6.75	6.75
Sales	25.00	25.00	25.00	25.00	25.00
Security	1.75	1.75	1.75	1.75	1.75
Cost of Sales	0.00	0.00	0.00	0.00	0.00
Expanded Lottery Act	4.25	4.25	4.25	4.25	4.25
Marketing	8.50	7.50	7.50	7.50	7.50
<b>TOTAL</b>	<b>74.90</b>	<b>76.00</b>	<b>76.00</b>	<b>76.00</b>	<b>76.00</b>

**A. Administration**

The Administration program is responsible for human resources, procurement, facility and vehicles, and policy information and distribution that supports the Lottery. The program also ensures that Lottery personnel are knowledgeable of the newest and most effective products, technologies, security operations, marketing, advertising strategies, and legal issues within the gaming and lottery industry. Additionally, the program provides service, information, and ticket shipments to current retailers.

**ADMINISTRATION  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 1,576,246	\$ 2,540,875	\$ 2,540,875	\$ 2,632,775	\$ 2,632,775
Contractual Services	992,169	1,268,760	1,268,760	1,498,760	1,498,760
Commodities	22,385	58,850	58,850	61,350	61,350
Capital Outlay	260	37,000	37,000	11,000	11,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 2,591,060</u>	<u>\$ 3,905,485</u>	<u>\$ 3,905,485</u>	<u>\$ 4,203,885</u>	<u>\$ 4,203,885</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	10,639	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 2,601,699</u></b>	<b><u>\$ 3,905,485</u></b>	<b><u>\$ 3,905,485</u></b>	<b><u>\$ 4,203,885</u></b>	<b><u>\$ 4,203,885</u></b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>2,601,699</u>	<u>3,905,485</u>	<u>3,905,485</u>	<u>4,203,885</u>	<u>4,203,885</u>
<b>TOTAL</b>	<b><u>\$ 2,601,699</u></b>	<b><u>\$ 3,905,485</u></b>	<b><u>\$ 3,905,485</u></b>	<b><u>\$ 4,203,885</u></b>	<b><u>\$ 4,203,885</u></b>
FTE Positions	28.7	30.8	30.8	30.8	30.8
Non-FTE Uncl. Perm. Pos.	<u>6.8</u>	<u>7.5</u>	<u>7.5</u>	<u>7.5</u>	<u>7.5</u>
<b>TOTAL</b>	<b><u>35.5</u></b>	<b><u>38.3</u></b>	<b><u>38.3</u></b>	<b><u>38.3</u></b>	<b><u>38.3</u></b>

The **agency** requests a revised estimate totaling \$4.2 million, all from special revenue funds, for the Administration program for FY 2017. This is an all funds decrease of \$59,137, or 1.4 percent, below the amount approved by the 2015 Legislature. The estimate includes 30.8 FTE positions, an increase of 2.1 positions above the approved amount. The decrease is due to expenditures on salaries and wages expenditures that are estimated to decrease \$59,137, or 2.2 percent, primarily due to less pay to classified employees (\$182,692) and group health hospitalization (\$7,063). The reductions are partially offset by increased expenditures on pay to classified employees (\$133,083).

The **Governor** concurs with the agency's FY 2017 revised estimate for the Administration program.

**B. Information Technology**

The Information Technology program provides technological infrastructure in support of all Lottery computer operations to ensure retailer and player satisfaction.

**INFORMATION TECHNOLOGY  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 606,274	\$ 654,513	\$ 654,513	\$ 677,829	\$ 677,829
Contractual Services	304,552	499,420	499,420	518,760	518,760
Commodities	32,989	38,310	38,310	40,820	40,820
Capital Outlay	263,558	339,875	339,875	202,965	202,965
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,207,373</u>	<u>\$ 1,532,118</u>	<u>\$ 1,532,118</u>	<u>\$ 1,440,374</u>	<u>\$ 1,440,374</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 1,207,373</u></b>	<b><u>\$ 1,532,118</u></b>	<b><u>\$ 1,532,118</u></b>	<b><u>\$ 1,440,374</u></b>	<b><u>\$ 1,440,374</u></b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>1,207,373</u>	<u>1,532,118</u>	<u>1,532,118</u>	<u>1,440,374</u>	<u>1,440,374</u>
<b>TOTAL</b>	<b><u>\$ 1,207,373</u></b>	<b><u>\$ 1,532,118</u></b>	<b><u>\$ 1,532,118</u></b>	<b><u>\$ 1,440,374</u></b>	<b><u>\$ 1,440,374</u></b>
FTE Positions	6.8	6.8	6.8	6.8	6.8
Non-FTE Uncl. Perm. Pos.	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
<b>TOTAL</b>	<b><u>8.8</u></b>	<b><u>8.8</u></b>	<b><u>8.8</u></b>	<b><u>8.8</u></b>	<b><u>8.8</u></b>

The **agency** requests \$1.4 million, all from special revenue funds, for the Information Technology program for FY 2017. This is an all funds increase of \$1,310, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The net increase is largely due to due to higher pay to unclassified employees (\$113,923) that is partially offset by reduced pay to classified employees (\$103,586) and group health hospitalization (\$10,911).

The **Governor** concurs with the agency's FY 2017 revised estimate for the Information Technology program.

**C. Sales**

The Sales program works to increase sales of all Lottery products through the training of sales staff on Lottery products, retailer recruitment and training, promoting player awareness of available Lottery products, and increasing corporate account involvement in Lottery advertising and promotions.

**SALES  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 1,420,513	\$ 1,704,107	\$ 1,704,107	\$ 1,893,323	\$ 1,893,323
Contractual Services	83,629	146,800	146,800	147,000	147,000
Commodities	228,512	340,500	340,500	378,600	378,600
Capital Outlay	104,039	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,836,693</u>	<u>\$ 2,191,407</u>	<u>\$ 2,191,407</u>	<u>\$ 2,418,923</u>	<u>\$ 2,418,923</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<u><b>\$ 1,836,693</b></u>	<u><b>\$ 2,191,407</b></u>	<u><b>\$ 2,191,407</b></u>	<u><b>\$ 2,418,923</b></u>	<u><b>\$ 2,418,923</b></u>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>1,836,693</u>	<u>2,191,407</u>	<u>2,191,407</u>	<u>2,418,923</u>	<u>2,418,923</u>
<b>TOTAL</b>	<u><b>\$ 1,836,693</b></u>	<u><b>\$ 2,191,407</b></u>	<u><b>\$ 2,191,407</b></u>	<u><b>\$ 2,418,923</b></u>	<u><b>\$ 2,418,923</b></u>
FTE Positions	25.0	25.0	25.0	25.0	25.0
Non-FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><b>25.0</b></u>	<u><b>25.0</b></u>	<u><b>25.0</b></u>	<u><b>25.0</b></u>	<u><b>25.0</b></u>

The **agency** requests \$2.4 million, all from special revenue funds, for the Sales program for FY 2017. This is an increase of \$126,361, or 5.5 percent, above the amount approved by the 2015 Legislature. The increase is due to higher expenditures on salaries and wages, offset by reduced capital outlay expenditures. More specifically, salaries and wages increased by \$244,361, or 14.8 percent, due to higher expenditures on pay to classified employees (\$183,638) and unclassified employees (\$54,024). Reduced expenditures on group health hospitalization (\$15,566) partially offset the increase. Capital outlay expenditures decrease \$118,000, or capital outlay decrease is entirely attributable to less expenditures on vehicles.

The **Governor** concurs with the agency's FY 2017 revised estimate for the Sales program.

**D. Security**

The Security program provides security to Lottery personnel and property; investigates and prosecutes criminal violations related to the Lottery; and preserves the integrity of the Lottery and all of its activities. To accomplish these goals, the program ensures that all Enforcement Agents receive training and remain knowledgeable of changing techniques, procedures, and statutes; conducts background investigation on all vendors and retailers, and visits Lottery retail locations to advise and inform retailers of proper security and product inventory practices.

**SECURITY  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 511,245	\$ 535,652	\$ 535,652	\$ 548,062	\$ 548,062
Contractual Services	21,917	24,800	24,800	24,800	24,800
Commodities	10,788	13,100	13,100	15,600	15,600
Capital Outlay	0	22,000	22,000	17,000	17,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 543,950</u>	<u>\$ 595,552</u>	<u>\$ 595,552</u>	<u>\$ 605,462</u>	<u>\$ 605,462</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 543,950</u></b>	<b><u>\$ 595,552</u></b>	<b><u>\$ 595,552</u></b>	<b><u>\$ 605,462</u></b>	<b><u>\$ 605,462</u></b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>543,950</u>	<u>595,552</u>	<u>595,552</u>	<u>605,462</u>	<u>605,462</u>
<b>TOTAL</b>	<b><u>\$ 543,950</u></b>	<b><u>\$ 595,552</u></b>	<b><u>\$ 595,552</u></b>	<b><u>\$ 605,462</u></b>	<b><u>\$ 605,462</u></b>
FTE Positions	1.8	1.8	1.8	1.8	1.8
Non-FTE Uncl. Perm. Pos.	<u>6.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
<b>TOTAL</b>	<b><u>7.8</u></b>	<b><u>6.8</u></b>	<b><u>6.8</u></b>	<b><u>6.8</u></b>	<b><u>6.8</u></b>

The **agency** requests \$605,462, all from special revenue funds, for the Security program for FY 2017. This is an increase of \$4,983, or less than 1.0 percent, from the approved amount. The net increase is primarily due to higher expenditures on pay to unclassified employees (\$6,815) and classified employees (\$2,726), partially offset by reduced expenditures on group health hospitalization (\$6,140).

The **Governor** concurs with the agency's FY 2017 revised estimate for the Security program.

**E. Cost of Sales**

The Cost of Sales program captures the contractual services and commodities expenditures necessary to operate a state Lottery. Other assistance expenditures within this program are prize claims between \$600 and \$5,000 that are paid instantly at the Lottery Headquarters from the Lottery Prize Payment Fund. Other Assistance expenditures also include the payment of prize claims over \$5,000 via state checks from the Lottery Prize Payment Fund. Approximately 33.0 percent of player prizes are paid from this fund; the remaining prizes are paid by Lottery retailers.

**COST OF SALES  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	9,721,323	11,082,000	11,082,000	11,659,575	11,659,575
Commodities	53,470	55,000	55,000	60,000	60,000
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 9,774,793</u>	<u>\$ 11,137,000</u>	<u>\$ 11,137,000</u>	<u>\$ 11,719,575</u>	<u>\$ 11,719,575</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	33,788,835	41,055,282	41,055,282	42,542,281	42,542,281
<b>TOTAL</b>	<b><u>\$ 43,563,628</u></b>	<b><u>\$ 52,192,282</u></b>	<b><u>\$ 52,192,282</u></b>	<b><u>\$ 54,261,856</u></b>	<b><u>\$ 54,261,856</u></b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	43,563,628	52,192,282	52,192,282	54,261,856	54,261,856
<b>TOTAL</b>	<b><u>\$ 43,563,628</u></b>	<b><u>\$ 52,192,282</u></b>	<b><u>\$ 52,192,282</u></b>	<b><u>\$ 54,261,856</u></b>	<b><u>\$ 54,261,856</u></b>
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>

The **agency** requests \$54.3 million, all from special revenue funds, for FY 2017, which is unchanged from the amount approved by the 2015 Legislature.

The **Governor** concurs with the agency's FY 2017 estimate for cost of sales.

***F. Expanded Lottery Act***

The 2007 Legislature enacted SB 66 which authorized expanded gaming activities, with the Kansas Lottery designated as the owner and operator of the expanded lottery games. The Expanded Lottery Act program ensures the integrity of electronic gaming devices, accurate reporting of net expanded gaming revenues, and compliance with management contracts as well as duties and responsibilities prescribed within the Kansas Expanded Lottery Act.

**EXPANDED LOTTERY ACT  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 1,226,196	\$ 1,323,173	\$ 1,323,173	\$ 1,525,556	\$ 1,525,556
Contractual Services	268,165,565	264,115,450	271,406,450	287,154,230	290,615,230
Commodities	3,034	13,900	13,900	11,150	11,150
Capital Outlay	13	45,000	45,000	2,500	2,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 269,394,808</u>	<u>\$ 265,497,523</u>	<u>\$ 272,788,523</u>	<u>\$ 288,693,436</u>	<u>\$ 292,154,436</u>
Aid to Local Units	10,932,311	10,758,000	11,061,000	11,694,000	11,841,000
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 280,327,119</u></b>	<b><u>\$ 276,255,523</u></b>	<b><u>\$ 283,849,523</u></b>	<b><u>\$ 300,387,436</u></b>	<b><u>\$ 303,995,436</u></b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>280,327,119</u>	<u>276,255,523</u>	<u>283,849,523</u>	<u>300,387,436</u>	<u>303,995,436</u>
<b>TOTAL</b>	<b><u>\$ 280,327,119</u></b>	<b><u>\$ 276,255,523</u></b>	<b><u>\$ 283,849,523</u></b>	<b><u>\$ 300,387,436</u></b>	<b><u>\$ 303,995,436</u></b>
FTE Positions	4.3	4.3	4.3	4.3	4.3
Non-FTE Uncl. Perm. Pos.	11.8	13.5	13.5	13.5	13.5
<b>TOTAL</b>	<b><u>16.1</u></b>	<b><u>17.8</u></b>	<b><u>17.8</u></b>	<b><u>17.8</u></b>	<b><u>17.8</u></b>

The **agency** requests a revised estimate totaling \$300.4 million, all from special revenue funds, for the Expanded Lottery Act program for FY 2017. This is an all funds increase of \$306,215, or less than 1.0 percent, above the amount approved by the 2015 Legislature. Salaries and wages expenditures increase by \$44,535, or 3.0 percent, primarily due to pay to unclassified employees (\$42,748) which is partially offset by reduced expenditures on group health hospitalization (\$4,644). Contractual services expenditures increase by \$261,680, or less than 1.0 percent, due to fees for IGT services that are linked to the amount of gaming revenues received.

The **Governor** recommends \$304.0 million, all from special revenue funds, for the Expanded Gaming program for FY 2017. This is an increase of \$3.6 million, or 1.2 percent, above the agency's revised estimate. The increase is due to higher payments to lottery gaming facility managers (\$3.5 million) and aid to local units of government (\$147,000) as a result of increased expanded gaming revenues from the state-owned casinos based on the October 2015 estimate.

### **G. Marketing**

The Marketing program works to promote the Kansas Lottery and its games in a responsible and effective manner. To achieve this, the program works to produce advertising media messages across a variety of platforms to maximize sales and returns to the state; produce a wide variety of scratch games; and, coordinate special events programs, fairs, and other community events.

**MARKETING  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 489,324	\$ 524,535	\$ 524,535	\$ 542,394	\$ 542,394
Contractual Services	4,525,882	4,711,800	4,711,800	4,813,900	4,813,900
Commodities	155,609	192,900	192,900	164,000	164,000
Capital Outlay	0	4,000	4,000	5,000	5,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 5,170,815</u>	<u>\$ 5,433,235</u>	<u>\$ 5,433,235</u>	<u>\$ 5,525,294</u>	<u>\$ 5,525,294</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<u><b>\$ 5,170,815</b></u>	<u><b>\$ 5,433,235</b></u>	<u><b>\$ 5,433,235</b></u>	<u><b>\$ 5,525,294</b></u>	<u><b>\$ 5,525,294</b></u>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>5,170,815</u>	<u>5,433,235</u>	<u>5,433,235</u>	<u>5,525,294</u>	<u>5,525,294</u>
<b>TOTAL</b>	<u><b>\$ 5,170,815</b></u>	<u><b>\$ 5,433,235</b></u>	<u><b>\$ 5,433,235</b></u>	<u><b>\$ 5,525,294</b></u>	<u><b>\$ 5,525,294</b></u>
FTE Positions	8.5	7.5	7.5	7.5	7.5
Non-FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><b>8.5</b></u>	<u><b>7.5</b></u>	<u><b>7.5</b></u>	<u><b>7.5</b></u>	<u><b>7.5</b></u>

The **agency** requests a revised estimate totaling \$5.5 million, all from special revenue funds, for the Marketing program for FY 2017. This is an increase of \$4,322, or less than 1.0 percent, above the approved amount. The net increase is largely due to higher expenditures on pay to unclassified employees (\$8,091) and group health hospitalization (\$4,870), primarily offset by reduced expenditures on pay to classified employees (\$10,103). The revised estimate includes 7.5 FTE positions, which is a decrease of 1.0 FTE position below the approved amount.

The **Governor** concurs with the agency's FY 2017 revised estimate for the Marketing program.

**PERFORMANCE MEASURES  
(IN MILLIONS)**

Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Receipts from the sale of lottery tickets	\$253.0	\$251.1	\$250.5	\$257.5
Receipts transferred to the State Gaming Fund	\$74.0	\$75.0	\$76.2	\$77.3
Prize payments	\$144.3	\$143.3	\$143.9	\$147.9
State-owned gaming facility revenue	\$353.4	\$367.9	\$368.7	\$394.7