

**PUBLIC HEARING ON**  
**THE FISCAL YEAR 2008 BUDGET OF THE D.C.**  
**LOTTERY AND CHARITABLE GAMES CONTROL**  
**BOARD**

**Before the**  
**Committee on Finance and Revenue**  
**Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**April 4, 2007, 11:00am**  
**Council Chamber, John A. Wilson Building**



**Testimony of**  
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**Natwar M. Gandhi**  
**Chief Financial Officer**  
**Government of the District of Columbia**

Good morning Chairman Evans and members of the committee. I am Jeanette A. Michael, Executive Director of the D.C. Lottery and Charitable Games Control Board. I am pleased to have this opportunity to present testimony on the D.C. Lottery's fiscal year 2008 proposed budget. Today, I am accompanied by William Robinson, the Lottery's agency fiscal officer, and Associate General Counsel Ridgely Bennett.

In FY 2008, the D.C. Lottery will continue its mission to generate revenue to supplement the District's general fund through the operation of a lottery and by regulating charitable gaming. Since its inception, the Lottery has transferred more than \$1.4 billion to the general fund, which has helped sustain economic development within the city. Also, as the entity that regulates charitable gaming in the District, we assist non-profit organizations by licensing them to hold charitable gaming events. These organizations have raised millions of dollars to support charitable programs and services.

### **FY 2008 Budget Request**

The D.C. Lottery's FY 2008 proposed budget of \$266.7 million (\$265.2 million in sales and \$1.5 million in investment and other income) represents an increase of \$10.7 million over the FY 2007 approved budget of \$256.0 million (\$255.0 million in sales and \$1.0 million in investment and other income).

The proposed revenue level supports operating expenses such as: prizes, agent commissions, gaming contractual fees, administrative costs, and other direct charges totaling \$193.4 million. This represents a \$9.5 million increase over the

FY 2007 approved budget amount of \$183.9 million. The additional projected expenditures are needed to cover associated gaming costs in relation to sales increases and projected increases in fixed costs, as well as funding to upgrade the agency's technical infrastructure.

Based on estimated revenue and expenditures for FY 2008, the projected transfer to the general fund is \$73.3 million, a \$1.2 million increase over the FY 2007 approved budget transfer amount of \$72.1 million.

As stated in my FY 2006 oversight testimony, the D.C. Lottery has requested a modification to revise its FY 2007 approved budget amount to \$262.5 million (\$261.0 million in ticket sales and \$1.5 million in investments and other income). The modification is to reflect actual sales trends to-date and the resultant increase in the transfer to \$73.0 million.

### **Lottery Programs**

For FY 2008, the D.C. Lottery has an attainable sales goal of \$266.7 million, which would result in the agency surpassing its previous sales targets. To reach our sales goal, the D.C. Lottery will execute business plans that are strategically designed to move the agency forward in attaining its three core goals:

- Increasing the transfer to provide funding for District services;
- Creating an environment where employees are highly trained, motivated, and effective – a workforce that meets the needs of internal and external customers; and
- Providing better customer service.

We will continue to implement forward-thinking business strategies to attract new players and will foster stronger partnerships with our agents by generating market excitement and positive media coverage about the Lottery and its games.

Also in FY 2008, the Lottery will continue its role of licensing non-profit organizations to host charitable gaming events within the District, thereby raising money for charitable programs and services that undergird the social safety net of the city.

Mr. Chairman, I would like to express our gratitude to the D.C. Lottery's Advisory Council and employees for their enthusiasm, commitment, and dedication to the agency.

Thank you, Mr. Chairman, for this opportunity to present testimony on the D.C. Lottery and Charitable Games Control Board's FY 2008 proposed budget. I will be happy to answer any questions that you or the committee members have.