

**PUBLIC OVERSIGHT HEARING  
ON THE  
OCFO BUDGET FOR FY 2012**

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

**The Honorable Jack Evans, Chairman**

**April 21, 2011 @ 10:00 a.m.  
John A. Wilson Building  
Council Chambers**



**Testimony of  
Buddy Roogow  
Executive Director  
D.C. Lottery & Charitable Games Control Board**

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

Good Morning Chairman Evans and Committee Members. I am Buddy Roogow, executive director of the D.C. Lottery and Charitable Games Control Board. Thank you for this opportunity to testify about the agency's Fiscal Year 2012 Proposed Budget. Today, I am accompanied by the D.C. Lottery's Chief Operating Officer Tracey Cohen and the Agency Fiscal Officer William Robinson.

Since its inception, the D.C. Lottery and Charitable Games Control Board (DCLB) has been fulfilling its mission to provide District residents with financial benefits by generating revenue to supplement the District's General Fund through the operation of a lottery and by regulating charitable gaming. The agency has transferred more than \$1.7 billion to the General Fund, and nonprofit organizations have raised more than \$113 million through charitable gaming.

Fiscal Year 2012 represents a new path for DCLB. The new Intralot gaming system is now installed allowing the agency to rebrand itself as the "New D.C. Lottery" as we continue to make significant contributions to the city that benefit all who live, work, and visit the Nation's Capitol.

### **FY 2012 Budget Request**

The D.C. Lottery's FY 2012 Proposed Budget is \$258 million, which is comprised of \$257.5 million in ticket sales and \$0.5 million in investments and other income. The agency's projected transfer to the General Fund is \$67.2 million.

This proposed revenue supports \$190.8 million in estimated operating expenses, which includes a payout of \$142.9 million in prizes and represents 55.5% of ticket sales.

## **Lottery Programs**

Our challenges still remain; i) we will always be burdened by the geography of being located between two jurisdictions that share our media market and increasingly attempt to compete for our player base; ii) we must continue to motivate D.C.'s daytime commuter population to purchase lottery products at agent locations within the city, and iii) the continuing inability to sell lottery tickets throughout the city, specifically the Federal Enclave.

These challenges are being addressed as follows:

Since the installation of our new gaming system, two new games have been launched, Race to Riches and FastPlay. Both are seeking to attract new player bases. Also, we are able to offer more second chance drawings/promotions with all of our games. Additionally, the new system has allowed the agency to deploy Win Stations, or player activated self-service terminals making it easier for our existing lottery retailers to manage selling lottery products and increase their profits, while attracting new retailers in high-traffic areas.

We are continuing to strengthen our interactions with players online. Through our social media efforts, DCLB is obtaining Facebook Fans and Twitter Followers. The agency's marketing and communications strategies are designed to inform the public about our games, promotions, and community involvement, prompting folks to support the D.C. Lottery by moving from the computer to purchasing tickets at a retail location, participating in a promotion for the chance to win prizes, or attending community events.

Also, with a plan to expand our retailer base and attract more players, particularly those in the emerging market, we want to continue to encourage commuters to play D.C. Lottery games. Therefore, the D.C. Lottery needs to be accessible to players

throughout the city. While we still cannot sell our products within the Federal Enclave, we have raised our agent base from 460 to 500 retailers since December 2010.

With the new gaming system and by implementing the strategies I've mentioned, DCLB anticipates that the flexibility to offer new and different games will continue to attract new players, and, just as importantly, new retailers. Unfortunately, the advent of cross-selling of PowerBall and Mega Millions has not accrued to the advantage of the DCLB. The loss of the District's unique franchise of selling PowerBall within the region has not been made up by our ability to sell Mega Millions. That being said we are beginning to see gains in Mega Millions sales.

The resurgence of our instant product has been a DCLB success story. Thus far in FY 2011 our instant sales are among the fastest growing in the country. Our new numbers games and monitor games will, hopefully, overcome the losses suffered by PowerBall.

In Fiscal Year 2012, DCLB will continue to issue charitable gaming licenses to nonprofit organizations that offer programs and services to assist and strengthen the community-at-large.

Mr. Chairman, before I close, I'd like to thank the D.C. Lottery's players, retailers, and staff for their continued commitment, dedication, and hard work to the agency. Also, thank you for the opportunity to present testimony on the D.C. Lottery and Charitable Games Control Board's Fiscal Year '12 Proposed Budget. I'm happy to answer any questions.