

PUBLIC HEARING ON
THE FISCAL YEAR 2007 BUDGET OF THE
OFFICE OF THE CHIEF FINANCIAL OFFICER

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

The Honorable Jack Evans, Chairman

April 5, 2006, 11:00 a.m.
John A. Wilson Building
Council Chamber



Testimony of
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Good afternoon, 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 Lottery's fiscal year 2007 proposed budget. Today, I am accompanied by William Robinson, the Lottery's agency fiscal officer, and Jeffrey Young, the chief operating officer.

In FY 2007, the D.C. Lottery will continue its mission of providing 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. We will also celebrate the agency's 25th anniversary in 2007. Since its inception, the Lottery has transferred more than \$1.3 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 2007 Budget Request

The D.C. Lottery's FY 2007 proposed budget of \$256 million represents a \$5 million increase over the FY 2006 approved budget of \$251 million. The proposed budget reflects marginal increases in ticket sales for our core games – DC Lucky Numbers™ and DC-4™ – offset by a projected decline in sales for the remainder of the agency's portfolio of games. The proposed revenue level of

\$256 million supports gaming expenditures such as prizes, agent commissions, and other direct charges and administrative services.

For fiscal year 2007, the transfer to General Fund target is \$72.1 million, or \$0.1 million greater than the FY 2006 approved budget transfer amount of \$72 million. While generating additional sales, expenditures are projected to increase almost at the same rate, primarily to cover related gaming costs, unfunded personal service costs, increased fixed costs, and upgrade of the agency's technical infrastructure.

Lottery Programs

For FY 2007, the D.C. Lottery has an attainable sales goal of \$256 million, which would result in the agency surpassing its previous sales targets. To reach record sales, the D.C. Lottery will execute business plans that are strategically designed to move the agency forward by continuously attaining its three core goals of:

- Increasing the transfer to provide funding for District services;
- Improving the ability of employees to be a highly trained, motivated, and effective workforce, and
- Providing better customer service.

To meet our sales and transfer targets, we are going to capitalize on the solid foundation that we have established in the current fiscal year. Right now, we are projected to reach our fiscal year 2006 sales goal of \$251 million and transfer target of \$72 million. We will continue to implement forward-thinking business strategies to attract new players and foster stronger partnerships with our agents by generating market excitement and positive media coverage about the Lottery and its games. Information highlighting all of the Lottery's games, news and events,

retailer information, and more is available on the agency's Web site at www.dclottery.com.

Also in FY 2007, the Lottery will continue its role of licensing non-profit organizations to host charitable gaming events within the District, 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 2007 proposed budget. I will be happy to answer any questions that you or the committee members have.