

**PUBLIC OVERSIGHT HEARING ON
FISCAL YEAR 2015 PROPOSED BUDGET AND
FINANCIAL PLAN
FISCAL YEAR 2015 BUDGET SUPPORT ACT OF 2014**

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

THE HONORABLE JACK EVANS, CHAIRMAN

**MAY 7, 2014 10 A.M
COUNCIL CHAMBERS, JOHN A. WILSON BUILDING**



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

**Jeffery Dewitt
Chief Financial Officer
Government of the District of Columbia**

Good Morning, I am Buddy Roogow, Executive Director of the DC Lottery and Charitable Games Control Board. I am pleased to have this opportunity to present testimony on the DC Lottery's FY 2015 Budget. With me today is Craig Lindsey, Agency Fiscal Officer and Ridgely Bennett, Associate General Counsel for the DC Lottery.

First, some context: Since its inception, The DC Lottery has transferred over \$1.8 BILLION to the District's General Fund which supports essential city services including schools, infrastructure, and public safety; awarded \$3 BILLION in prizes to players; and helped District nonprofits raise \$125 MILLION in support—all through the sale of DC Lottery games at over 500 DC Lottery agent locations that operate as small businesses and national retailers, and the licensing of charitable gaming activities. We hope and expect to continue that record in FY 2015.

As you know and has been reported, our inventory of DC Scratch ticket games has been vastly depleted. With oversight from the CFO, our agency is working diligently to put new contracts in place that will reverse decreasing sales and enable the DC Lottery to provide our players with the games they enjoy and the District with revenue.

Despite this challenge, there have been successes.

- In FY'13, we launched The Official DC Lottery Store at Union Station, the District's first lottery-only store. It is operated in conjunction with Union Wine and Liquors, an established DC Lottery retailer located in Union Station—the iconic transportation hub that sees over 900,000 daily visitors. This location has experienced consistent and growing sales averaging in excess of \$47,000 per week which is achieved through daily onsite specials, product promotions, and events. Our store has received national attention as it has become a recognized stopping point for commuters, tourists, and local players.
- Our unique line of 'Only in DC' lottery games—Hot Lotto, DC 5, Tap-N-Play, and DC Fast Play—have shown significant appeal to players, demonstrated continued growth in sales (some with double-digit percentage increases), and have helped brand the DC Lottery as the lottery with the best odds of becoming an instant millionaire.

However, even with these successes there have been challenges. The District, long touted as a 'numbers town,' has seen a dramatic decline in our Family of Numbers Games (DC 3 and DC 4) sales. This is due largely to player attrition and increased competition from other more exciting and rewarding games. This experience has

sparked innovation, dared us to think outside of the box, and surfaced insights about player preferences that we hope to maximize. As a result in FY 2015, we plan to launch the “New DC Lottery.”

We plan to reintroduce the DC Lottery with the launch of two new national games, The Monopoly Millionaires Club and Lucky for Life. This will help us showcase the full line of DC Lottery games and a host of new and exciting scratch products.

We’ve learned that players have been more willing to try the newer games beyond numbers and scratchers—particularly DC Fast Play and DC Tap-N-Play which offer a variety of game styles and prizes under one franchise.

We’ve gained insight that players are readily moving toward the recently introduced self-service machines in lieu of waiting in line for the agent behind the terminal. These self-service machines or MPs allow players autonomy in their play. We hope to increase the number of MPs available across the District in the future.

As a matter of ‘tightening our belt,’ with the cooperation of the Department of General Services, the agency is consolidating—moving from occupying TWO office locations (at the Reeves Center and at the Anacostia Professional Building) to one, more efficient and cost effective site on Shannon Place, SE. This measure will result in a significant cost reduction for overhead and administrative costs.

As I stated, the DC Lottery is working very hard to recover sales, market influence, and consumer confidence and loyalty. While new contracts for instant tickets will address one issue, there are other threats on the not too distant horizon. The National Harbor complex has made no secret of its intent to introduce gaming activities which research shows will draw from the DC Lottery's core player base. The Maryland Live Casino is already having an impact on player preferences.

We remain diligent in our mandate to generate the optimal transfer to the DC General Fund. The agency is developing a work plan aimed at achieving the strongest and healthiest lottery possible. Additionally, we are working with the District's major sporting arenas to institute 50-50 raffles. Finally, with a full portfolio of products, these efforts will reposition the DC Lottery as a powerful competitor in the very aggressive gaming environment existing in this region.

Thank you for the opportunity to address you this morning. I hope that your questions have been met with satisfactory responses. If there is anything further requested or required, please let me know and I will work swiftly to fulfill any inquiry.