

**BUDGET HEARING**

**ON**

**FY 2010 BUDGET REQUEST OF THE OFFICE OF THE  
CHIEF FINANCIAL OFFICER (OCFO)**

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

**The Honorable Jack Evans, Chairman**

**April 8, 2009, 10:00 a.m.  
John A. Wilson Building, Chamber**



**Testimony of  
Jeffrey Young  
Interim Executive Director of the D.C. Lottery and 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 Jeffrey “Jay” Young, Interim Executive Director of the D.C. Lottery and Charitable Games Control Board. Thank you for this opportunity to testify on the agency’s Fiscal Year 2010 Proposed Budget. Today, I am accompanied by the D.C. Lottery’s Fiscal Officer William Robinson and Associate General Counsel Ridgely Bennett.

An essential mission of the D.C. Lottery and Charitable Games Control Board is 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. This mission will continue in Fiscal Year 2010.

Since its inception, the agency has transferred more than \$1.5 billion to the General Fund. That \$1.5 billion has been instrumental in helping the District provide essential services to its residents, including public education, security, and family services. Additionally, nonprofit organizations have raised \$109 million by holding charitable gaming activities in cooperation with the Lottery. By virtue of this funding, we believe that charitable organizations have been able to provide critical support for continued community development as well.

## **FY 2010 Budget Request**

The D.C. Lottery's FY 2010 Proposed Budget is \$250.0 million, which is comprised of \$248.8 million in sales and \$1.2 million in other income (including investments). Also, the projected transfer to the General Fund is anticipated to be \$65.8 million depending on business variables such as player prizes and required expenses.

This proposed revenue supports estimated operating expenses of \$184.2 million, including \$134.3 in prizes, which would represent 53.98% of ticket sales.

## **Lottery Programs**

The FY 2010 transfer goal of \$65.8 million is attainable. To achieve it, the D.C. Lottery will implement and execute business plans with marketing and sales strategies designed to build upon the agency's three core goals of:

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

Some of our key objectives include:

- Launching a new five-digit game;
- Analyzing the potential of providing Internet subscription services to our players;
- Evaluating the potential of adding Mega Millions to our game portfolio, and
- Improving operations and customer relations.

Fiscal Year 2010 has several challenges that the D.C. Lottery has to overcome in order to reach the transfer objective of \$65.8 million. These include:

- Dealing with an unstable financial and operating environment where consumers may spend less on lottery products;
- Overcoming the technology challenges and limitations of an obsolete gaming platform with operating maintenance challenges, and
- Finding ways to expand our player base through games and service delivery that include current modalities like wireless and Internet information sharing and distribution.

We continue to believe that we are utilizing the best management practices, research, and information to craft tangible solutions to these fiscal and operating

challenges. We are proactive and continue to make customer satisfaction a critical part of our operations. Ultimately, customer satisfaction will determine our long-term viability as a provider of public gaming.

In FY 2010, the D.C. Lottery will also continue to issue charitable gaming licenses to civic groups that offer programs and services to those who need the assistance that such organizations provide.

Mr. Chairman, before I close, I'd like to thank the D.C. Lottery's agents, advisory council, and staff for their commitment and dedication to the agency. Also, thank you for the opportunity to present testimony on the D.C. Lottery and Charitable Games Control Board's FY 2010 Proposed Budget. I'm happy to answer any questions.