Agency Activity Inventory
by Agency
Appropriation Period: FY 2004-05

Agency: H66 - South Carolina Education Lottery Commission **Functional Group:** Education

817 Education Lottery Account Deposits

Lottery revenue transferred to the State and deposited in the Education Lottery Account at the State Treasurer's Office. The State appropriates these funds each year for various Education programs. Mandated by SC Code Section 59-150-340.

	FY 2004-05				
Total	**General Funds**	**Federal Funds**	**FM**	**Other Funds**	**FTEs**
$276,527,766	$0	$0	No	$276,527,766	0.00

Expected Results:

Since the inception of the Education Lottery, more than $571 million has been transferred for educational opportunities. Lottery dollars have provided academic enhancement for children in grades K - 5, including new and improved school buses. More than 300,000 scholarships have been awarded with lottery funds. Every school district in SC received $100 for each student enrolled in K-5 for the 2003-2004 academic year.

Outcome Measures:

FY03 transfers

Agency: H66 - South Carolina Education Lottery Commission **Functional Group:** Education

818 Prizes

Prizes paid to South Carolina Education Lottery winners.

	FY 2004-05				
Total	**General Funds**	**Federal Funds**	**FM**	**Other Funds**	**FTEs**
$535,000,000	$0	$0	No	$535,000,000	0.00

Expected Results:

Customers purchase lottery products in anticipation of winning a prize. A player having a winning experience will play again and will tell others about his winning experience.

Outcome Measures:

A decrease in the amount of prizes would decrease the amount of net income generated by lottery sales. If the Commission did not have the ability to provide an adequate number of winning experiences for its player base, players would no longer have a reason to purchase lottery products. There is a direct relation between prizes paid and revenue generated. Total ticket sales in FY03 $724M; in FY04, $950M.

Agency Activity Inventory
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Agency: H66 - South Carolina Education Lottery Commission **Functional Group:** Education

819 Retailer Commissions

Amounts paid to licensed retail location owners for sales of lottery products. Mandated by SC Code Section 59-150-150.

FY 2004-05					
Total	**General Funds**	**Federal Funds**	**FM**	**Other Funds**	**FTEs**
$64,596,000	$0	$0	No	$64,596,000	0.00

Expected Results:

Provides retailers with a monetary benefit for providing a variety of lottery products to players, and generating revenue.

Outcome Measures:

The commission also shall...provide for compensation to a lottery retailer in the form of commissions in an amount of not less than seven percent of gross proceeds..." A decrease in retailer commissions would result in a decrease in the number of licensed retail locations, and loss of sales revenue and net income. Number of licensed retailers 7.1.04 = 3,383.

Agency: H66 - South Carolina Education Lottery Commission **Functional Group:** Education

820 Other Direct Game Costs

Instant game costs: Warehousing, shipping, and printing tickets. Instant ticket dispensers. Online game costs: Online paper costs, playslips, playstations and replacement parts. Production studio operations required to provide live online drawings. Security and credit checks pursuant to the licensing of retailers. Incentives to retailers for participation in the sale of a particular product or promotion, and selling bonuses paid to the sellers of winning tickets in amounts greater than $10,000.

FY 2004-05					
Total	**General Funds**	**Federal Funds**	**FM**	**Other Funds**	**FTEs**
$21,600,000	$0	$0	No	$21,600,000	0.00

Expected Results:

Timely delivery and secure storage of instant tickets. The creation and printing of instant ticket games with appropriate combinations of theme, play style, and prize payout. Secure containers to provide instant tickets for sale. Provide secure, numbered terminal paper to be used in online terminals to generate tickets for sale. Provide bet or playslips needed to generate online ticket purchases. Provide display units for lottery products. Develop games of the highest quality and integrity which are fun, exciting, and appeal to consumers.

Outcome Measures:

The availability of instant tickets, online paper, playslips and ancillary supplies at the required locations is a precondition to sales. Secure and otherwise proper shipment and storage of instant tickets, online game ticket paper, and playslips is required to assure the integrity of the games, without which player confidence and participation would rapidly diminish. Live drawings are necessary to sustain player confidence in the integrity

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of online games. SLED retailer background checks completed: FY02 - 5,899; FY03 - 2,108; FY04 - 3,250.

Agency: H66 - South Carolina Education Lottery Commission **Functional Group:** Education

821 Advertising

Advertising products and services in various formats. Mandated by SC Code Section 59-150-60 (18)

FY 2004-05					
Total	**General Funds**	**Federal Funds**	**FM**	**Other Funds**	**FTEs**
$7,700,000	$0	$0	No	$7,700,000	0.00

Expected Results:

Provides an array of media formats to implement an integrated plan that supports the sales of all product lines. Focus groups use the dynamics of group interaction to generate feedback on marketing related issues. The annual benchmark survey staff conducts surveys of customer attitude, behavior and awareness of lottery producers and performance.

Outcome Measures:

As with any consumer product, lottery products require advertising and promotional programs to generate awareness, and to provide education and information on how to play. Industry experience suggests a direct relationship between the amount of sales generated to the amount expended for advertising. The results of our focus groups and surveys indicate the public is very supportive of our efforts.

Agency: H66 - South Carolina Education Lottery Commission **Functional Group:** Education

822 Security

Provides for the safety of lottery personnel and maintains the integrity of lottery operations. Provides primary contact with players and retailers pursuant to the detection and prosecution of ticket theft and other law enforcement operations. Investigates and resolves technical problems with ticket validation. Coordinates and manages drawings.

FY 2004-05					
Total	**General Funds**	**Federal Funds**	**FM**	**Other Funds**	**FTEs**
$1,105,105	$0	$0	No	$1,105,105	6.00

Expected Results:

A reduction in resources applied to the security area would result in a general loss of physical security; the ability to serve retailers and players affected by ticket theft, deter fraud and other harmful practices, and assure the proper operation of ticket validation systems; and administer online games by conducting drawings.

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Outcome Measures:

Conducted 2,178 drawings for online games from inception through 6.30.04 (184 Carolina 5; 1,160 Pick 3; 834 Pick 4). Number of investigations: FY02 - 176; FY03 - 289; FY04 - 289.

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823 Administration

Executive control, internal audit, sales and marketing, information technology support, retailer licensing, legal services, internal operations, financial services, human resources, and research and development.

		FY 2004-05			
Total	**General Funds**	**Federal Funds**	**FM**	**Other Funds**	**FTEs**
$16,271,129	$0	$0	No	$16,271,129	131.00

Expected Results:

Our mission is to provide entertainment options to adults, with integrity, to support education in South Carolina. Our work is to provide games for our players, support for our retailers, and funds for education. In achieving our mission, we are directly helping to build a better future for the citizens of this State.

Outcome Measures:

Generate total revenue in the amount of $922.8M and net income of $276.5M in FY05.

AGENCY TOTALS

South Carolina Education Lottery Commission

TOTAL AGENCY FUNDS	TOTAL GENERAL FUNDS	TOTAL FEDERAL FUNDS	TOTAL OTHER FUNDS	TOTAL FTEs
$922,800,000	$0	$0	$922,800,000	137.00