

Oklahoma Senate Committee on Appropriations

2015-16 Performance Report

Oklahoma Lottery Commission

AGENCY MISSION STATEMENT:

The mission of the Oklahoma Lottery Commission is to maximize revenues for public education through the creation and marketing of fun and entertaining products consistent with the highest levels of service, integrity, responsible gambling principles and public accountability.

LEAD ADMINISTRATOR:

Rollo Redburn, Executive Director: 405-522-7711; rollo.redburn@lottery.ok.gov

GOVERNANCE:

The Oklahoma Lottery Commission is governed by a Board of Trustees. The Board consists of seven members appointed by the Governor to five-year terms with the advice and consent of the Senate.

Current members are:

Blake Virgin, Chairman ¹	James C. Orbison, Vice-Chairman ¹
George R. Charlton, Jr., Secretary ^{1,2}	R. Deane Wymer, Treasurer ²
Nevyle R. Cable ²	Charlotte Edwards ¹
David Ostrowe ²	

1) Appointed and/or reappointed by Governor Henry, confirmed by the Senate

2) Appointed and/or reappointed by Governor Fallin, confirmed by the Senate

Does the Board have any committees or subgroups? If so, please provide a detailed listing of the subgroups and their areas of focus.

- Audit & Finance Committee: meets quarterly before the full Board meeting to discuss monthly financials; audits; budgets. May have interim calls to discuss financial issues, contracts, etc.
- Government & Citizens Relations Committee: no regular meetings; members offer input on legislative relations and strategies to accomplish legislative agenda.

GOVERNANCE ACCOUNTABILITY:

No attendance policy.

MODERNIZATION EFFORTS:

Please provide a listing of all government modernization efforts undertaken by the agency in the last twelve months. Additionally, please provide any authorizing statutory changes that prompted the modernization efforts and whether those efforts have led to cost savings or additional cost burden.

1. Currently meeting with OMES to discuss voluntary consolidation of IT equipment into the data center. No indication of costs or savings as of yet. Intention would be for protection of equipment and data and to reduce operating costs.

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2. Upgrade of satellite communications to cellular where appropriate – no additional cost to Oklahoma.
3. Upgrade of automated sales force system later in 2015 to improve performance in the field and to reduce maintenance costs and costs of replacing equipment.
4. Upgrade of player activated terminals later in 2015 to newer models – no additional cost to Oklahoma.
5. Planned upgrade of lottery retailer terminals starting at the end of 2016 included in current gaming system contract.

What steps has the agency taken to cut costs and/or eliminate waste? Are there efforts that have been successful which you believe could serve as a model for other state agencies seeking to keep costs minimal?

1. We have been fairly successful at reducing the number of personnel. When vacancies occur, we review each position to see if the duties can be absorbed internally and have reduced personnel to 27 full-time positions, a reduction of 5 in the last three years and a reduction of 11 full-time positions in the last five years. This has resulted in savings of more than \$400,000.
2. Eliminated advertising agency contract and brought work in-house.
3. Refined audit requirements to be more focused and reduce contract costs.
4. Various administrative adjustments, such as: eliminated one printer/copier lease; reduced the number of cell phones; eliminated one vehicle; renegotiated office space lease for annual savings of \$35,000.

CORE MISSION:

What services are you required to provide which are outside of your core mission?

A: We provide \$750,000 per year for the treatment of gambling addiction problems; we serve as a debt collector of sorts for the Department of Human Services, Oklahoma Tax Commission and Employment Security Commission.

Are any services you provide duplicated or replicated by another agency?

A: No.

Are there services which are core to your mission which you are unable to perform because of requirements to perform non-core services elsewhere?

A: Any diversion of funds from our core mission will most likely result in reductions to prize payouts and further reduce the ability of the lottery to maximize profits for Oklahoma education beneficiaries.

PRIVATE ALTERNATIVES:

Are any of the services which are performed by the agency also performed in the private sector in Oklahoma?

A: Most of the services provided by the agency are outsourced now:

1. Ticket production and destruction (Scientific Games International);
2. Warehousing (Scientific Games International);

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3. Distribution (Scientific Games International / UPS);
4. Field sales force (Scientific Games International);
5. Field technical services (Scientific Games International);
6. Gaming system (Scientific Games International);
7. Game management system (Scientific Games International);
8. Sales force automation (Hudson Alley);
9. Financial audits (McGladrey, LLP);
10. Internal controls audits (HBC);
11. Prize validation and prize payment (1900 retail locations around the state);
12. Legal support (AG);
13. HR support (OMES);
14. Payroll (OMES);
15. Office lease (38th & Santa Fe Company);
16. Phone service (OMES);
17. Firewalls (OMES);
18. Routers (OMES);
19. Email services (OMES).

In other states?

A: There are a few relatively unsuccessful efforts to privatize management of a lottery in other states.

Has the agency been approached by any foundation, for-profit or not-for-profit corporation with efforts to privatize some of the functions of the agency?

A: No.

Last updated: 2/24/2015