

Oklahoma Senate Committee on Appropriations

2019-20 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:

David Ostrowe

Matthew Felty

James C. Orbison

Nevyle R. Cable

Jack Sherry

George R. Charlton, Jr.

Ralph E. "Ted" Blodgett

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.

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. SB1303: Allowed the use of debit cards for Lottery transactions thus allowing players to purchase Lottery tickets within the way they purchase the majority of other goods
2. HB3538: Allowed the Lottery to accept 2nd chance promotional entries via the web thus allowing players to more conveniently participate in OLC promotions
3. SB1134: Allow the OLC Security personnel to purchase Lottery tickets within the confines of a Security investigation thus creating stronger retailer compliance and consumer confidence
4. Launched an automated sales force system later to improve performance in the field as our sales team trains Lottery retailers on how to maximize sales.

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. The Lottery legislations calls for Administrative / Operational costs not to exceed 3% of sales. Currently those costs are tracking at 1.5% of sales for FY19.
2. We always look to promote from within our organization which provides excellent motivation for our employees and replacing positions at more entry levels is less of a training strain on our management team
3. We believe in a strict regiment of internal audits to ensure we are following all procedures and to identify any areas of opportunity to create additional operational efficiencies

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: All of our retailers cash tickets up to \$600; a small group has been authorized to cash up to \$5,000 and our validations group at the OLC HQ can cash all tickets including anything over \$5,000.

B. Our gaming vendor (Scientific Games) provides sales personnel to help guide and train our network of retailers to maximize sales. The OLC has a sales division that manages those individuals and provides strategic direction and training.

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.