lotto facts

July 1, 2004 through June 30, 2005

south carolina education lottery 2005 performance measures

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South Carolina Education Lottery™

who we are

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Who We Are

The South Carolina Education Lottery (SCEL), headquartered in Columbia, South Carolina, was created by the South Carolina General Assembly in 2001 as an instrumentality of the State and a public commission, engaged in entrepreneurial pursuits. The commission is governed by a nine-member board and has a staff of approximately 140 employees. SCEL has eight departments: Executive; Internal Operations; Internal Audit; Information Technology; Sales & Marketing; Security; Legal Services; and Finance.

In addition to its headquarters, SCEL has three Regional Offices (Columbia, Charleston, and Greenville), combined they have a sales staff of approximately 36 employees, who service lottery retailers throughout their respective territories, as well as validate winning tickets for lottery players. Regional sales employees provide delivery of point-of-sale materials, advise retailers on marketing techniques, assist with retail licensure, and perform other duties as directed by senior management. In the spring of 2006, another regional office will be established in Ft. Mill which will mainly serve as a claims and prize redemption center for SCEL's customers in that area of the market.

SCEL operates its games through a network of over 3,000 retailers.

commission & management

Commission Members

John C.B. Smith, Jr., Chairman
Columbia, SC

Tim Madden, Vice Chairman
Greenville, SC

Ashley Landess, Secretary
Columbia, SC

James Bailey, Jr., Treasurer
Charleston, SC

T. Moffatt Burriss
Columbia, SC

Edward Keith, M.D.
Sumter, SC

A. Marvin Quattlebaum, Jr.
Greenville, SC

Lisa Stevens
Greenville, SC

B. Boykin Rose
Charleston, SC

Administration

Executive Director
Ernie Passailaigue

Chief Operating Officer
Anthony S. Cooper

Public Affairs Manager
Laura Collins

Internal Auditor
Bethany A. Parler

Director of Sales and Marketing
Patricia Koop

Deputy Director of Sales
Ann Scott

Deputy Director of Marketing
David Barden

Key Accounts Manager
Weusi Berry

Senior Products Manager
Steve Beck

Online Product Manager
Kevin McCarthy

Product Relations Manager
Tara Robertson

Advertising Manager
Susan King

Telephone Sales Manager
Sharon Shealey

Columbia Regional Sales Manager
Ryan Small

Charleston Regional Sales Manager
Jack Meetze

Greenville Regional Sales Manager
Stewart Ellison

Director of Finance
Dale M. Rhodes, C.P.A

Controller
Uvette Pope-Rogers, C.P.A

Treasurer
Melvin Gladney

Director of Legal Services
William Hogan Brown

Deputy Director of Legal Services
Carl Stent

Director of Security
Thomas Marsh

Deputy Director of Security
Leroy Bailey

Director of Internal Operations
Ernestine Middleton

Director of Human Resources
Mary Margaret Hopkins

Small and Minority Business Manager
Cynthia Bellamy

Director of Information Technology
Leslie Vang

Deputy Director Information Technology - Infrastructure
Del Collins

Deputy Director Information Technology - Gaming
Johnny Genwright

Why does South Carolina have a lottery?

In 2000, the citizens of South Carolina voted to amend the Constitution permitting a state-run lottery. As a result of this action, the General Assembly established the South Carolina Education Lottery (SCEL) to enhance the educational opportunities for the people of the Palmetto State.

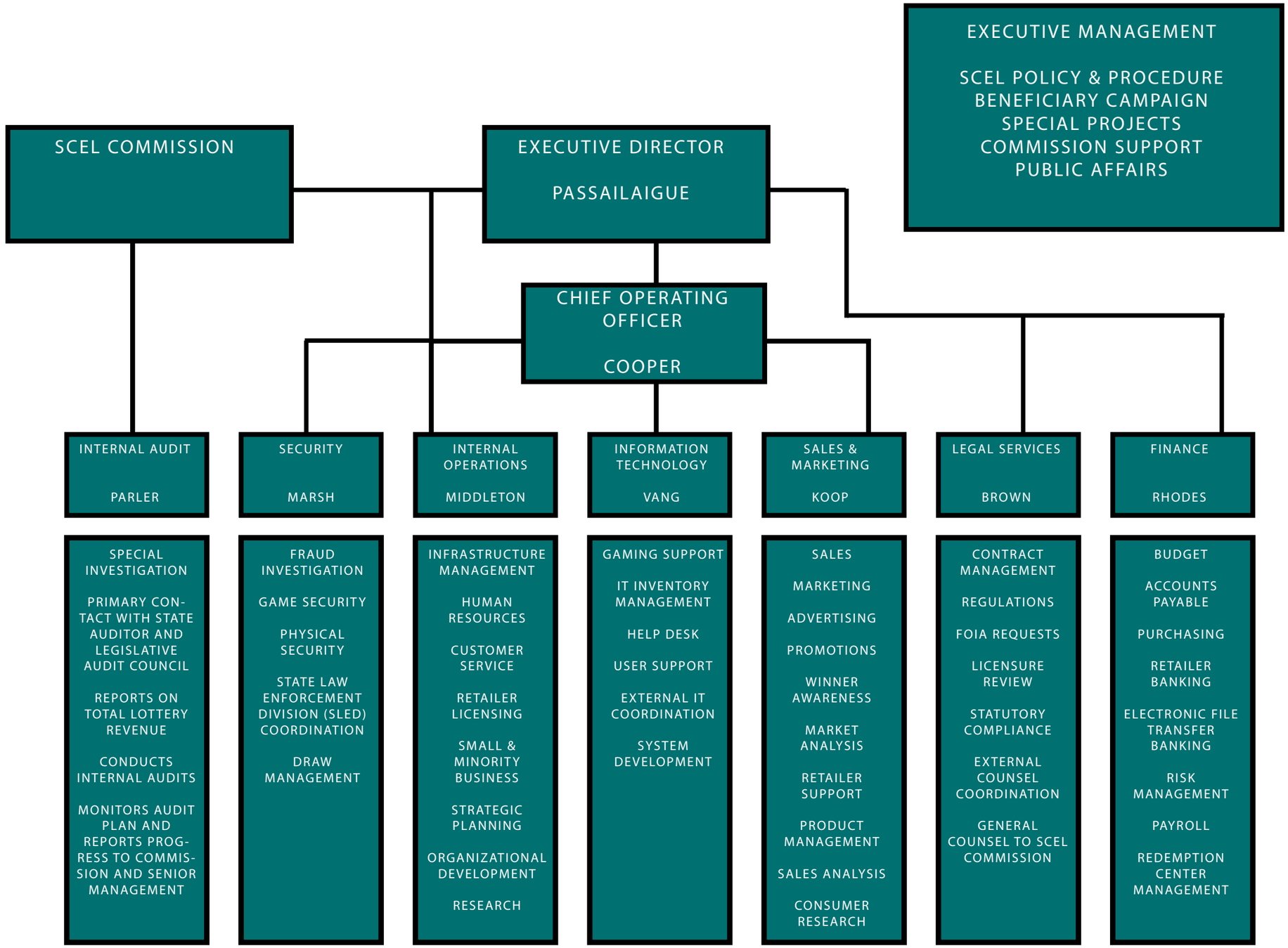
Who decides which programs are funded?

Each year the Legislature, in concert with the Governor, decides which education programs will be funded by lottery dollars.

How many dollars have been appropriated to date?

Since the start of the Lottery in January of 2002, the Legislature has appropriated more than $1.15 billion through fiscal year 2005-06.

organizational chart



mission, vision & values

Our Mission

The South Carolina Education Lottery's mission is to provide entertainment options to adults, with integrity, to support education in South Carolina.

To fulfill our mission, SCEL holds true to the vision and values ingrained in the culture as guideposts to success.

The work of the Education Lottery is providing games for players, support for the retailers, and funds for the Legislature to appropriate for education. Security and oversight are built into the process at every step to ensure ongoing integrity.

Our Vision

A vision describes an organization's ultimate destination. SCEL's vision is to operate the South Carolina Education Lottery in a "world-class" manner – literally. Every aspect of our operation will function at a high level of excellence. We intend to maintain our integrity through openness, honesty, and hard work. We will also vigorously support responsible gaming through our marketing strategies and funding of treatment programs.

We will control our expenses so as to give the General Assembly as much money as possible to allocate toward education in South Carolina. We will not compromise our integrity.

Achieving this level of performance requires a loyal and well-trained workforce with high ethical standards. We intend to be known for employing bright and creative employees, providing them with a supportive work environment, and empowering them to achieve their best.

Our Values

Values represent the desired behavior and beliefs of an organization. They are the yardstick against which all major decisions are measured. SCEL's values include:

- Integrity – we will maintain public trust through our high ethical standards.
- Education – the purpose of the Education Lottery is to support educational funding in South Carolina.
- Play Responsibly – we strongly support the concept of playing responsibly.
- Fair treatment – we will treat all stakeholders fairly, employees, retailers, players, the public, and vendors.
- Quality products – we will be known for offering the finest possible products through a program of innovation, creativity, and continuous improvement.
- Fiscal responsibility – we will manage our resources so as to maximize the dollars going to support education in South Carolina.
- Non-political – we will operate the Education Lottery as a business, and we are dedicated to being both non-partisan and non-political in all our operations.

scel profile

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In the May 2005 issue of *La Fleur's* Magazine, SCEL made the top 25 in three rankings. *La Fleur's* is a publication for the global lottery industry. The magazine researches and reports on the two hundred plus legal state operated lotteries around the world. The rankings reported in the May 2005 issue are for sales during the 2004 calendar year.

Worldwide Lotteries Ranked by Top 25 Calendar 2004 Instant & Pulltab PC Sales

Rank	Lottery	Country	Year	Pop. (M)	Instant/Pulltab Sales (US$M)	Instant/Pulltab PC Sales
1	Massachusetts Lottery	United States	2004	6.4	3,112.1	$485
2	Georgia Lottery Corp.	United States	2004	8.8	1,583.5	$179
3	Connecticut Lottery	United States	2004	3.5	579.5	$165
4	New York Lottery	United States	2004	19.3	2,982.3	$155
5	South Carolina Education Lottery	United States	2004	4.2	550.8	$131
6	New Hampshire Lottery	United States	2004	1.3	158.1	$122
7	New Jersey Lottery	United States	2004	8.7	1,024.2	$118
8	Maine Lottery	United States	2004	1.3	150.8	$114
9	Vermont Lottery	United States	2004	0.6	69.6	$112
10	Texas Lottery	United States	2004	22.5	2,491.0	$111
11	Loterie Romande	Switzerland	2004	1.8	194.6	$108
12	Tennessee Education Lottery Corp.	United States	2004	5.9	628.8	$107
13	Ohio Lottery	United States	2004	11.5	1,200.6	$105
14	Atlantic Lottery Corp.	Canada	2004	2.3	237.0	$101
15	Florida Lottery	United States	2004	17.4	1,654.2	$95
16	Kentucky Lottery Corp.	United States	2004	4.1	389.0	$94
17	Pennsylvania Lottery	Canada	2004	12.4	1,160.4	$94
18	Cyprus Government Lottery	Cyprus				
19	Virginia Lottery					
20	Missouri Lottery					
21	La Française des Jeux					
22						

Worldwide Lotteries Ranked by Top 25 Calendar 2004 Instant & Pulltab Sales

Rank	Lottery	Country	Year	Pop. (M)	Instant/Pulltab Sales (US$M)	Instant/Pulltab PC Sales
1	La Française des Jeux	France	2004	60.7	4,688.7	$77
2	Massachusetts Lottery	United States	2004	6.4	3,112.1	$485
3	New York Lottery	United States	2004	19.3	2,982.3	$155
4	Texas Lottery	United States	2004	22.5	2,491.0	$111
5	Florida Lottery	United States	2004	17.4	1,654.2	$95
6	Georgia Lottery Corp.	United States	2004	8.8	1,583.5	$179
7	California Lottery	United States	2004	35.9	1,502.9	$42
8	U.K. National Lottery	U.K.	2004	60.4	1,370.2	$23
9	Ohio Lottery	United States	2004	11.5	1,200.6	$105
10	Pennsylvania Lottery	United States	2004	12.4	1,160.4	$94
11	New Jersey Lottery	United States	2004	8.7	1,024.2	$118
12	Mizuho Bank Ltd., Lottery Division	Japan	FY04	127.4	919.2	$7
13	Illinois Lottery	United States	2004	12.7	838.4	$66
14	Michigan Lottery	United States	2004	10.1	714.7	$71
15	Virginia Lottery	United States	2004	7.5	699.8	$88
16	Tennessee Education Lottery Corp.	United States	2004	5.9	628.8	$107
17	AB Svenska Spel	Sweden	2004	9.0	620.6	$69
18	Connecticut Lottery	United States	2004	3.5	578.5	$165
19	Lottomatica S.p.A	Italy	2004	58.1	560.6	$10
20	South Carolina Education Lottery	United States	2004	4.2	550.8	$131
21	Ontario Lottery & Gaming Corp. (OLGC)	Canada	2004	12.4	497.2	$39
22	Missouri Lottery	United States	2004	5.8	471.3	$82
23	Loto-Québec	Canada	2004	7.5	467.6	$62
24	Indiana Lottery	United States	2004	6.2	461.7	$74
25	Kentucky Lottery Corp.	United States	2004	4.1	389.0	$94

Worldwide Lotteries Ranked by Top 25 Calendar 2004 Total PC Sales (excludes VLT revenue)

Rank	Lottery	Country	Year	Pop. (M)	Total Sales (US$M)	Total PC Sales
1	Massachusetts Lottery	United States	2004	6.4	4,446.1	$696
2	Singapore Pools	Singapore	2004	4.4	3,005.0	$679
3	D.C. Lottery	United States	2004	0.6	238.4	$430
4	OPAP	Greece	2004	10.7	4,296.4	$403
5	Norsk Tipping AS	Norway	2004	4.6	1,588.2	$346
6	Veikkaus Oy	Finland	2004	5.2	1,719.7	$329
7	New York Lottery	United States	2004	19.3	6,101.3	$317
8	Georgia Lottery Corp.	United States	2004	8.8	2,706.3	$307
9	Loterías y Apuestas del Estado (LAE)	Spain	2004	40.3	12,311.9	$305
10	Gibraltar Government Lottery	Gibraltar	2004	0.0	8.5	$304
11	Lottomatica S.p.A	Italy	2004	58.1	16,842.6	$290
12	Cyprus Government Lottery	Cyprus	2004	0.8	211.2	$271
13	Loterie Romande	Switzerland	2004	1.8	486.2	$269
14	Connecticut Lottery	United States	2004	3.5	916.8	$262
15	Maryland Lottery	United States	2004	5.6	1,454.0	$262
16	Austrian Lotteries	Austria	2004	8.2	2,121.6	$259
17	New Jersey Lottery	United States	2004	8.7	2,250.1	$259
18	Danske Tipstjeneste AS	Denmark	2004	5.4	1,372.9	$253
19	Rhode Island Lottery	United States	2004	1.08	246.6	$228
20	South Carolina Education Lottery	United States	2004	4.2	934.1	$223
21	Atlantic Lottery Corp.	Canada	2004	2.3	486.4	$208
22	Loto-Québec	Canada	2004	7.5	1,532.1	$206
23	Pennsylvania Lottery	United States	2004	12.4	2,531.7	$204
24	AB Svenska Spel	Sweden	2004	9.0	1,827.0	$203
25	Michigan Lottery	United States	2004	10.1	2,025.2	$200

lottery scholarship distribution by county

COUNTY A-G	K-12	Scholarships	Libraries	TOTAL
Abbeville	871,439	2,455,439	88,481	3,415,359
Aiken	5,143,077	15,695,221	259,635	21,097,933
Allendale	2,942,632	4,512,729	66,487	7,521,848
Anderson	5,651,266	14,928,773	293,735	20,873,774
Bamberg	2,430,547	5,154,262	74,497	7,659,306
Barnwell	2,038,245	2,719,851	84,526	4,842,622
Beaufort	4,756,767	7,919,149	227,848	12,903,764
Berkeley	5,632,530	13,822,996	259,780	19,715,306
Calhoun	1,379,943	4,177,352	72,331	5,629,626
Charleston	16,592,948	27,929,483	505,835	45,028,266
Cherokee	2,687,826	10,413,157	127,260	13,228,243
Chester	1,866,799	3,143,002	100,100	5,109,901
Chesterfield	1,747,203	4,225,226	112,894	6,085,323
Clarendon	2,919,784	3,462,521	97,797	6,480,102
Colleton	2,716,592	3,521,327	106,270	6,344,189
Darlington	4,895,298	6,191,448	149,109	11,235,855
Dillon	3,420,693	3,969,428	95,179	7,485,300
Dorchester	6,837,361	12,776,014	191,783	19,805,158
Edgefield	882,179	4,655,266	86,169	5,623,614
Fairfield	2,717,780	2,062,590	84,491	4,864,861
Florence	7,519,380	13,756,212	234,942	21,510,534
Georgetown	2,305,130	8,762,809	132,054	11,199,993
Greenville	12,104,058	40,189,354	608,257	52,901,669
Greenwood	2,486,941	16,712,430	147,457	19,346,828

COUNTY H-Z	K-12	Scholarships	Libraries	TOTAL
Hampton	2,307,033	3,381,418	81,450	5,769,901
Horry	5,854,171	15,565,121	339,159	21,758,451
Jasper	2,900,357	4,311,759	80,409	7,292,525
Kershaw	2,220,413	5,423,539	127,422	7,771,374
Lancaster	2,660,991	6,483,790	140,222	9,285,003
Laurens	2,334,557	6,610,632	152,304	9,097,493
Lee	2,146,100	2,445,738	79,587	4,671,425
Lexington	12,194,739	27,058,976	367,667	39,621,382
Marion	3,380,646	2,701,970	102,156	6,184,772
Marlboro	2,477,622	2,696,282	92,379	5,266,283
McCormick	398,871	7,530,767	64,644	7,994,282
Newberry	2,000,521	4,098,207	103,100	6,201,828
Oconee	2,067,780	7,115,137	147,375	9,330,292
Orangeburg	8,552,087	9,385,650	184,679	18,122,416
Pickens	2,644,379	12,711,939	212,877	15,569,195
Richland	13,415,500	32,024,696	521,582	45,961,778
Saluda	875,825	9,150,938	78,207	10,104,970
Spartanburg	10,555,914	25,766,263	423,221	36,745,398
Sumter	4,518,093	16,171,407	203,891	20,893,391
Union	1,910,698	4,939,233	93,942	6,943,873
Williamsburg	2,114,863	3,470,483	104,731	5,690,077
York	5,877,272	18,458,890	292,079	24,628,241

***Fall 2002 – Fall 2004 data are distributed by county based on the enrollment information supplied by the public and private institutions. Enrollment data are provided by the Commission on Higher Education as of March 8, 2005.**

SCEL FIRSTS

FIRST POWERBALL® JACKPOT WINNERS: Monica and Anthony Wilson on May 7, 2003, won $88.7 million.

FIRST SCRATCH TICKETS: On January 7, 2002, radio contest winners from each of South Carolina's regions are the first to play the South Carolina Education Lottery's instant ticket games.

FIRST RETAILER LICENSE: Barnhill Grocery, Inc. #1 in Clarendon County.

FIRST UNIQUE GAME: *Carolina 5* was the first game in lottery history to offer players the chance to win $100,000 taxes paid.

FIRST "FORTUNE COOKIE" WINNERS: On March 30, 2005, 14 players matched five *Powerball®* white ball numbers, winning $100,000 to $500,000, by selecting their numbers from Chinese fortune cookies! The white ball numbers for the drawing were 22-28-32-33-39 and the red *Powerball®* was 42. The last number on the fortune was 40.

LAUNCH FIRSTS: SCEL was the first lottery to launch with multiple price points.

FIRST TO USE VPN TECHNOLOGY: First lottery to launch online games using the cutting edge technology of the Virtual Private Network (VPN) communication system.

scel profile

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SCEL BRIEF CHRONOLOGY

November 7, 2000: South Carolina voters approved a constitutional referendum by a vote of 54% supporting a state-run lottery in South Carolina.

June 7, 2001: The South Carolina General Assembly ratified the South Carolina Education Lottery Act (Act 59 of 2001). Governor Jim Hodges signed the Act into law, and the South Carolina Education Lottery (SCEL) was established.

July 11, 2001: Governor Hodges administers the oath of office to 9 Commissioners; John C.B. Smith, Jr. of Columbia, S.C., is elected Chairman of the S.C. Education Lottery Commission.

August 7, 2001: Ernie Passailaigue is appointed by SCEL Commission as the first Executive Director of the S.C. Education Lottery.

January 7, 2002: The Lottery began selling instant tickets. The first tickets are *Scenic South Carolina, 3 Times Lucky, Carolina Riches,* and the *Logo Game.*

March 7, 2002: The first *Pick 3* online game tickets go on sale, and the first drawing is held.

June 21, 2002: The first *Carolina 5* online game drawing is held.

October 9, 2002: SCEL joins *Powerball®*, the multi-state online game, and holds the first draw.

January 27, 2003: The first *Pick 4* online game tickets go on sale and the first drawing is held.

June 2003: SCEL partners with PalmettoPride and starts the anti-litter campaign, *Clean$weep. Clean$weep* offers players a chance to reduce litter and win cash by mailing in non-winning tickets.

February 14, 2005: The first *Palmetto Cash 5* online game drawing is held.

INDUSTRY RECOGNITION

The National Association of State and Provincial Lotteries (NASPL), representing all North American lotteries, awarded its highest individual honor, the *Edward Powers Award*, to three SCEL employees:

•2003 Recipient: W. Hogan Brown, General Counsel;
•2004 Recipient: Dale Rhodes, Finance Director; and
•2005 Recipient: Laura Collins, Public Affairs Manager.

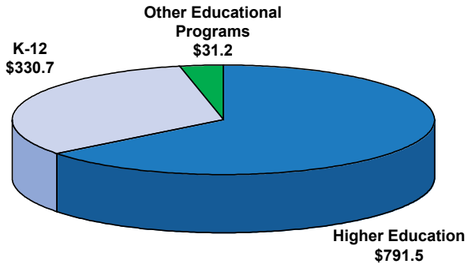
The Public Gaming Research Institute (PGRI) is in its 30th year of providing support to all companies with an interest in the $40+ billion-a-year lottery industry. PGRI also recognizes outstanding lottery professionals through the *Major Peter J. O'Connell Lottery Lifetime Achievement Award*. This International Award has been presented to lottery directors and industry executives who have distinguished themselves in the lottery industry. SCEL was honored to be recognized through the contributions of two of its employees:

•2006 Lifetime Achievement Recipient: Patricia Koop, Director of Sales & Marketing; and
•2006 Lifetime Achievement Recipient: Ernie Passailaigue, Executive Director.

where the money goes

lotto facts | 2005 CAFR

Appropriations to Date*



Endowed Chairs Program

The Endowed Chairs Program awards lottery funds to South Carolina's three research universities: Clemson University, the University of South Carolina, and the Medical University of South Carolina based upon these institutions raising private, matching funds. The program's goal is to attract world-class researchers whose research will create the highly skilled jobs necessary to meet the economic challenges of the twenty-first century.

First Steps

First Steps to School Readiness (First Steps) is a statewide education initiative created in 1999 to help prepare kindergarten-age children for the first grade. The program is a joint public/private partnership that enables individual communities to address the unmet needs of young children and their families.

K-5 Academic Enhancement Programs

The K-5 enhancement funds support efforts to improve teaching and student achievement in kindergarten through grade five (K-5) in reading, mathematics, social studies, and science.

Every school district in South Carolina receives lottery money based upon a formula set by the Legislature. For a more detailed analysis of the amount of money that your local school district receives, please visit our website at www.sceducationlottery.com.

County Libraries

County libraries have been appropriated $8.3 million to date, based upon a formula set by the General Assembly.

Gambling Addiction

SCEL strongly encourages people to "play responsibly." To this end, $2 million has been appropriated to gambling addiction treatment programs. Citizens who need help can call a toll-free number (877-452-5155) for assistance.

Educational Television Network (ETV)

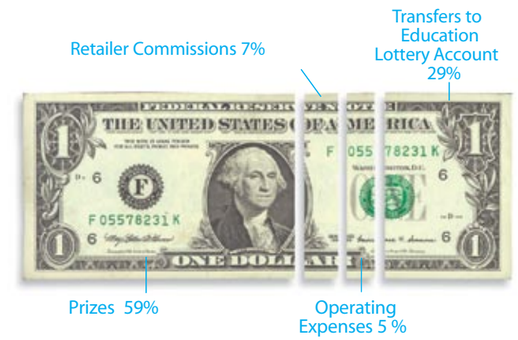
South Carolina's Educational Television Network has been awarded nearly $20 million, primarily to upgrade to digital technology.

Are there websites that can provide additional information?

For more information on scholarship assistance or where the money goes, you are encouraged to visit the following websites:

- SC Education Lottery
  www.sceducationlottery.com
- South Carolina Department of Education (K-12)
  www.myscschools.com
- South Carolina Commission on Higher Education (scholarships)
  www.che.sc.gov
- South Carolina Technical College System (technical and 2-year colleges)
  www.sctechsystem.com

What is the breakdown of SCEL's gross proceeds?



Distribution of lottery revenue from January 7, 2002–June 30, 2005

State Fiscal Year	Revenues**	Prizes	Retailer Commissions	Operating Expenses	Transfers to Education Lottery Acct.‡
2001-2002	$337.1	$200.3	$23.5	$25.6	$87.7
	100%	59%	7%	8%	26%
2002-2003	$726.9	$415.7	$51.1	$40.8	$219.3
	100%	57%	7%	6%	30%
2003-2004	$953.2	$552.3	$66.5	$44.3	$290.1
	100%	58%	7%	5%	30%
2004-2005*	$960.1	$573.6	$67.5	$41.5	$277.5
	100%	60%	7%	4%	29%
TOTAL	$2,977.3	$1,714.9	$290.1	$151.7	$874.6
%	100%	59%	7%	5%	29%

Dollar figures are in millions.

* June 30, 2005 financial statements are preliminary with respect to the audited financials to be issued October 15, 2005, in accordance with S.C. Code Ann. § 59-150-320(4).
**Revenues include ticket sales, permit fees, retailer telephone fees, and other additional costs.
‡ Includes Unclaimed Prizes.

Grades 6-8

Since school year 2004-05, lottery funds have been appropriated toward improving teacher and student achievement in grades six through eight in reading, mathematics, social studies, and science.

School Buses

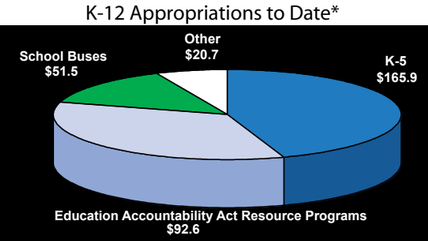
Lottery funds have purchased more than 400 school buses. Lottery money also repairs buses currently in service.

Governor's School for the Arts & Humanities

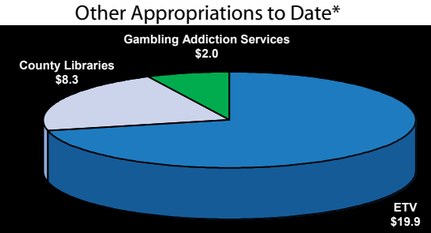
One million dollars has been appropriated to the South Carolina Governor's School for the Arts and Humanities in Greenville that affords artistically-gifted students the opportunity to refine and expand their skills. Students receive professional training in drama, creative writing, dance, visual arts, and music, in addition to other normal academic requirements.

*Dollar figures for all charts are in millions and incorporate the period from January 7, 2002-June 30, 2006. Figures are accurate as of December 13, 2005.

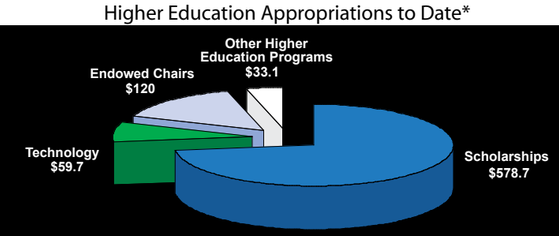
K-12 Appropriations to Date*



Other Appropriations to Date*



Higher Education Appropriations to Date*



Source of appropriations: Office of State Budget, SC Budget and Control Board. "Education Lottery Appropriations." June 30, 2005. http://www.budget.sc.gov

scel performance milestones

Section 1
Executive Office
To carry out the Lottery Commission's policies, goals, and objectives to ensure the maximum return to SCEL's stakeholders; to interact with other lotteries, industry groups, the media, civic clubs, and business organizations; and to represent the Lottery on a day-to-day basis

- Chief Operating Division
  To oversee the Lottery's day-to-day operations and ensure interdepartmental coordination and efficiency
- Public Affairs Division
  To manage the executive office communications with the Commission, the public, the media, lottery industry groups, and other stakeholders

Section 2
Department of Audit Services
To perform internal audits and investigations, provide consulting services to SCEL departments, coordinate external audits and consulting services on behalf of the SCEL Commission, and assist all other departments achieve their performance objectives

Section 3
Department of Legal Services
To provide legal counsel and services to SCEL's departments and the SCEL Commission

Section 4
Department of Finance
To manage the financial processes of all SCEL business and ensure the maximum return to SCEL's stakeholders

- Treasury Division
  To provide retailer accounting, maintain banking relationships, coordinate revenue transfers to the State, and manage the claims process
- Comptroller Division
  To manage the daily cash flow of lottery proceeds, budget, payroll, and accounts payable

Section 5
Department of Information Technology
To provide network and data processing services for SCEL's operations to include applications development, security, disaster recovery, help desk, as well as gaming system management, contract administration, quality assurance, and product release management of vendor products

- Gaming Division
  To provide technological support of SCEL's gaming system by ensuring competent testing of software and hardware prior to deployment to the retailer customer base. Ensure system and product integrity by providing in-depth analysis of system distinct anomalies and manage the Internal Control System
- Infrastructure Division
  To provide the highest quality technology-based services, in the most cost effective manner, to facilitate SCEL's mission

Section 6
Department of Internal Operations
To support SCEL's operations by ensuring that the human resource management, licensure process, organizational development, and the infrastructure are maintained and operated at peak efficiencies

- Human Resources Division
  To provide human resource management for SCEL in the areas of recruitment, employee relations, compensation, consultation, benefits administration, policy development, and compliance
- Licensing Division
  To ensure the timely processing of applications to sell lottery products, renewal of licenses, contract management, and compliance with state and federal regulations
- Operations Division
  To provide coordination and facilitation of the infrastructure, including fleet management, customer service, fixed asset management, telecommunications, and mail service

Section 7
Department of Sales and Marketing
To provide service to both players and retailers with the development and production of products at a valued price point that can be positioned for sale in SCEL's retail network, with support from the field staff, advertising, promotion and product relations divisions

- Sales Division
  To achieve sales goals by executing the strategic business plan for current games and new game introductions, improve retail management of instant product inventory, increase retailer and player customer service, and optimize retailer and terminal distribution statewide
- Marketing Division
  To achieve sales goals by executing the strategic business plan through product development, advertising, and product promotions

Section 8
Department of Security
To provide for the safety of SCEL's personnel and its facilities; to maintain the integrity of all SCEL operations; to preserve the credibility of SCEL worldwide; and to safeguard the confidence of the citizens of South Carolina

SCEL Strategic Planning Performance Measures by Department

To the left is a brief summary of the Major Program Areas for each department. For more complete information on each Department's Performance Measures, please write the Legal Department, South Carolina Education Lottery, P.O. Box 11949, Columbia, SC 29211-1949.

S. C. EDUCATION LOTTERY STRATEGIC PLANNING
PERFORMANCE MEASURES BY DEPARTMENT

SECTION 1

EXECUTIVE OFFICE PERFORMANCE MEASURES

Communicate the Mission of SCEL to Stake-holders

- Dissemination of "Where the Money Goes" informational brochures.
- Published 29 articles in media.
- Conducted 75 media interviews explaining lottery operations.
- 100 retailer visits and 99 speaking engagements held throughout the state. Quarterly meetings of the Commission.

Refocus Organization around Shared Vision

- Weekly meetings are held with the COO, department directors, deputies and other members of the management team.
- Monthly staff meetings are conducted by the Executive Director and the COO.
- Updates Three-Year Strategic Plan and reports the results to the SCEL Commission.

SECTION 2

DEPARTMENT OF AUDIT SERVICES PERFORMANCE MEASURES

Consultation and Audit Services

- Performs audits, consultation, or research necessary to assist other SCEL departments in achieving their performance objectives.
- Ensures departments use valid methods to measure their objectives.

SECTION 3

DEPARTMENT OF LEGAL SERVICES PERFORMANCE MEASURES

Review of Retailer Application for Licensure

- Continue to evaluate processes to ensure the proper licensing of agents.

SECTION 4

DEPARTMENT OF FINANCE PERFORMANCE MEASURES

Establish 5-year Growth Expectations

Measure the cash flow daily to avoid any use of the line of credit:
Cash inflows and outflows are monitored on a daily basis. SCEL has not used the line of credit.

1	Transfers per Capita	$67
2	Operating Expenses / Revenue	4.30%
3	Non-Sufficient Funds Accounts (NSFs) (as of EOY)	3
4	Past Due Accounts / Sales to Date	≈ 2/100 of 1%
5	Percent late reports	(NONE)
6	Percent errors in reports	(NONE)
7	Errors & exceptions noted by auditors	(NONE)
8	Mail in prize claims settled > 1 business day (total = 23,402)	82
9	Purchase orders completed > 1 business day (due to Finance error/omission)	(NONE)
10	Accounts payable settled > 5 business days of due date (due to Finance error/omission)	(NONE)
11	Prize checks returned w/ o payment (due to Finance error/omission)	(NONE)

SECTION 5

DEPARTMENT OF INFORMATION TECHNOLOGY PERFORMANCE MEASURES

Gaming Division

Develop and Implement Disaster Recovery Plan (*Current and ongoing)*

Conduct tests/trials of the disaster recovery plans and the technical systems to determine the viability of SCEL operations under abnormal or emergency conditions.
Backup Sets should be successful to allow the ability to recover business services and data within an acceptable period of time for each unit backed up. Goals are to have 100% of the backups performed successfully and 100% of the restorations performed successfully. In the event of a disaster, the goal is to be able to recover the prior day's data and files.

Documentation and Audit Trail *(Current and ongoing)*

Documentation to closely follow product launch of both Instant and Online Games; all documentation listing test findings is maintained on file during the life of the game.

Game Deployment *(Current and ongoing)*

Number of games tested: Below is a breakout of the games tested for FY05.

Total Instant Games (Initial Orders):	41	
Total Instant Games (Reorders):	8	
Total Instant Games:	49	
Average Instant Games Deployed Per Month:		4.08
Total Online Games:	3	
Total Combined Games (Instant and Online):	52	

Number of games tested on time: All games scheduled were tested on time or ahead of schedule.

Number of Discontinued Instant Games: 40

Test and implement new technologies to reduce communication costs while providing necessary system security ***(Current and ongoing)***

Audit all gaming network telecommunication bills to verify accuracy and assess possible cost savings. All bills are audited monthly and corrections implemented.

Periodically check number of DSL retailers and reduction of phone bill costs.

Breakout of DSL retailers: 1077
-VPN per month cost per line: $74
-DSL per month cost per line: $38

Infrastructure Division

Goals are to have service packs, patches, and hot-fixes applied to all software and operating systems within 240 hours (10 business days).

Infrastructure Maintenance ***(Current and ongoing)***

Software upgrades to be performed within 90 days of support agreements being met on operating system platforms.

Hardware to be maintained so as to mitigate replacement but will be upgraded or replaced as support agreements expire and can no longer be extended. Support agreements and warranties will be renewed annually.

Status: SCEL infrastructure currently consists of the following Wide Area Network Components: Operating Systems, Software, Applications, Misc. Hardware, Databases, Web Technology, Printers, Faxes, Scanners, Copiers, Computer Services, E-Mail, Antivirus, Anti-Spam, Security, Virtual Private Network Concentrator, Hubs, Routers, Firewalls, Switches, PCs, MACs, Servers, and Storage Area Network.

Internal and External Websites ***(Current and ongoing)***

Through constant monitoring of the external web statistics, IT staff can tell what information people are interested in getting and use that knowledge to assist in marketing efforts by strategically placing information in the path of the most desired web pages.

Status:

- Usage statistics: Approximately 111,000 return visitors per month and 300,000 one-time visitors each month.

The internal site is used to cut down on email distribution and provide information to internal employees in an easy to find and easy to use format.

Status:

- Usage statistics: Average approximately 184 return visitors per month for the FY05 period. This statistic takes into account that employees often switch computers and that the IT department staff will often check the website from the servers.
- IT has seen a three-fold decrease in the size of mailboxes and at the same time email utilization has increased by 45%, meaning people are sending and corresponding with email more but are not sending the large files back and forth like they used to. This is attributed to the utilization of the Intranet website.

Desktop, Laptop, and Macintosh Support ***(*****Current and ongoing)**

Goal is to have 100% availability of network resources for SCEL staff.

Status: At least 96% uptime on desktops is expected based on vendors' specifications and recommendations.

Develop and Implement Disaster Recovery Plan

Backup Sets should be successful to allow the ability to recover business services and data within an acceptable period of time for each unit backed up. Goals are to have 100% of the backups performed successfully and 100% of the restorations performed successfully. In the event of a disaster, the goal is to be able to recover the prior day's data and files.

IT-Infrastructure ***(Current and ongoing)***

Status:

- Backup systems are in place to backup the file stores, databases, system settings, and applications.
- All backup and disaster recovery systems (Uninterruptible Power Supplies) are tested quarterly.
- Backup sets are checked each week to ensure they are successful.
- Backup strategy is to perform Full Backups nightly and Incremental Backups of the SQL servers hourly.

SECTION 6

DEPARTMENT OF INTERNAL OPERATIONS PERFORMANCE MEASURES

Increase Growth in Non-traditional Revenues

Amount of revenue generated from sponsorships, direct financing, in-kind contributions from corporate alliances, and marketing non-gaming products which are used to offset operating expenses and increase the amount transferred to the Education Lottery Account:

- In FY05, SCEL's Corporate Alliance Partnership (CAP) generated $334,035.04 in advertising trade and cost savings to SCEL.
- As part of the agency's restructuring, designed to focus on SCEL's core mission, the CAP program was discontinued at the end of FY05.
- Marketing of the Lottery Command Console (LCC) software to other entities was analyzed and determined not to be in line with this objective.

Utilize Small and Minority Business

10% of SCEL and its major subcontractors' controllable dollars expended with small and minority businesses:

Through the 4th quarter of FY05, the total controllable expenditures with small and minority businesses were 8.8%; certified businesses constituted 6.3%. SCEL's controllable expenditures for the same period were 11.98%; certified 6.95%.

Conduct Research and Surveys

Survey deadlines are met, data is analyzed and reported to appropriate data users:

- Surveys Received (Surveys that the lottery participated in) 148
- SCEL's Surveys (Surveys that the lottery requested participation) 25
- Information Requested (Lottery players that have requested information involving winning numbers from the lottery) 17
- Research Request (Requests made for research of the Research and Development Division) 10

Create the License Renewal Process for Retailers

Number of retailer licenses:	**1st**	**2nd**	**3rd**	**4th**
Quarterly Renewals:	1150	997	802	542
Newly granted: 421				
Revoked: 77				
Rejected: 217				

Improve Internal Communications

Number of internal newsletters published and informational emails: Twelve issues of *A Lotto News* were published and two *So You Know* informational emails were sent to all SCEL employees.

Survey employees to determine if communication is adequate: Employees surveyed with an overall 95% approval rate of internal newsletter as a communication tool.

SECTION 7

DEPARTMENT OF SALES AND MARKETING PERFORMANCE MEASURES

Upgrade Product Mix

State revenue received per game:

- Ahead of revenue projections on all games except Powerball® in FY05.

Solicit Input from Key Stakeholder Groups

Sales and Marketing: Conduct focus group marketing studies of products.

- In FY05, Marketing conducted two focus group studies and participated in MUSL's qualitative and quantitative studies. An online quantitative research study was done on online gaming concepts (resulting in PC5). In addition, Marketing performed one demographic study and one baseline study. A special study on a $20 ticket was performed at the request of the Commission.

Conduct Research to Understand Expectations of Players and Determine Options to Expand the Player Base

Number of benchmarking surveys: One per year.

Corporate Account Satisfaction Survey conducted: One customer service survey was sent to all corporate account contacts.

Analysis of focus group feedback: Focus group acceptance of various price points and value perceived on various instant ticket game designs assisted in forecasting sales potential of tested products. Ongoing.

Increase Use of Internet for Marketing

Number of site visitors to the website:

- For the FY05, SCEL had 2,744,752 visitors to the website (www.sceducationlottery.com); 2,043,466 were one-time visitors and 701,306 visitors returned to the website; with the average number of visits per visitor being 2.59 and the average visit lasting 6:01 minutes.
- The website was updated as necessary as new and important information became available. The winning numbers were posted immediately with a 100% accuracy rating.

Increase Visibility of Retailers

Number of retailer rallies conducted per year: 9

Number of retailers participating in rallies:.....1,269

Percentage of increase/decrease in sales per retailer: 175%

SECTION 8

DEPARTMENT OF SECURITY PERFORMANCE MEASURES

Enforcement of Current Gaming Laws

Number of lottery violations received and complaints resolved:

FY05 Stolen Tickets**:** 265 cases opened; 67 cases closed.

SECTION 9

GENERAL PERFORMANCE MEASURES AND COST SAVINGS

Establish Standards of Excellence and Review all existing processes for cost reductions

Legal Services (Section 3):

- Specific operational or performance standards have proven difficult to formulate. Legal has consulted various professionals to develop criteria and is considering methods to solicit information from other departments to ensure other departmental needs are met.
- Utilized spreadsheets and software to track projects and assist with completion dates.

COST SAVING ACTIVITIES:

- Negotiated lower cell phone contract for SCEL users and saved the agency $8,000.
- Review of headquarters' lease regarding janitorial services resulted in a savings of $16,000.
- In collaboration with the Finance Department's collection activities, recouped approximately $26,000.
- Worked with IT to avoid a contract controversy and to obtain cost savings in the return of the computer tablets and other issues involving contractual difficulties with Gateway® computers.
- Assisted IT with converting retailers using 9.6 circuits to DSL and moving retailers from third-party ISP service to DSL.
- Collectively, the IT projects resulted in savings to the agency in excess of $750,000.

Finance (Section 4):

- The Finance Department's goal is to maintain the percentage of retailers with non-sufficient funds (NSFs) below 5% of all retailers, and the number of past due (former retailer/revoked license) accounts below 4% of gross sales to date. The percentage of NSFs has stabilized at well under 5%, and past due accounts have stabilized at well under 4/100 of one percent of gross sales to date.
- Conduct customer surveys to determine quality of services and areas needing improvement.
- All transactions subject to audit reviews.

COST SAVINGS ACTIVITIES:

- Total collections from terminated/revoked retailers in FY05 totaled $171,857.

Information Technology (Section 5):

- Technology enhancements which result in process improvements in SCEL operations and communication.

COST SAVING ACTIVITIES:

- Reduction in communication operating costs; identified cost savings of $38,772 for FY05. This cost savings is based on the overall number of converted retailers to the DSL technology. There are currently 1,077 retailers on DSL and more are being converted.
- Close to $2 million in IT generated savings:
  1. Total one-time cost savings for appraisal period: $1,388,679.64.
  2. Total on-going savings: $467,729.56.
- Cost savings associated with process improvements:
  1. Inventory management
  2. Licensing database management
  3. Legal office management – Attorney Amicus Software
  4. Cell phones
  5. Online game telecommunications deployment and billing review

Internal Operations (Section 6):

- Human Resource guidelines, policies, and practices comply with all applicable state and federal laws.
- Staff attends training and seminars to stay abreast of changes in laws and to continue best practices.
- Adopted team approach to policy/guideline development and implementation to include legal, internal audit review, and input from senior management.
- Approved guidelines are posted on the intranet.
- Conducted customer survey to determine areas of improvement.
- Conducted research through surveys to assist with data analysis.

COST SAVINGS ACTIVITIES:

- The total number of people employed to support the licensing process was reduced from twelve to seven, resulting in an annual salary savings of approximately $300,000.
- By using regular mail instead of certified mail, the cost of postage has decreased by 92%, going from $2,500 to $200 per mailing.
- By using postcards to inform retailers who are late in returning renewals forms, the cost of materials has decreased by 40%. Further, reducing the cost of paper, envelopes, labels, and the labor needed to perform this process resulted in tangible savings in terms of raw cost of materials and salary.
- SCEL Corporate Alliance Partnership (CAP) generated $334,035.04 in advertising trade and cost savings to SCEL.
- Maximized office space by converting closets to storage and safely using all available space.

Sales & Marketing (Section 7):

- Continually monitor expenditures while maintaining quality of products.
- Conduct quarterly reviews of fiscal year budget to determine if adjustments are necessary.
- Maximize sales with emphasis on returning higher profits. Closely monitor game payouts/reduce print costs by planning out games that can be printed simultaneously.
- Review monthly reconciliations with vendor and adjust if necessary with credits.
- Monitor all Tel-Sell operations for quality customer service by number of calls made per day and return calls made. Supervisor monitors each representative.
- Continue weekly Instant and Online meetings to review recent sales activities and adjust, if necessary, based on sales performance. Continue to manage process of price points and appropriate print runs to effectively and efficiently control costs.
- Incorporate appropriate marketing support to move product through promotions, retail incentives, and second-chance opportunities.
- Monitor weekly all advertising jobs for quality control, deliverable dates, and cost efficiency. Return on investment review conducted quarterly to verify values of effective use of budget against sales.
- Improve response time to all stakeholders by providing updates in weekly Executive Summary, inclusion in all weekly meetings.

COST SAVING ACTIVITIES:

- Advertising Budget: SCEL is allocated 1% of sales for each fiscal year's advertising budget. In FY05, this calculated to $9,500,000. After actual expenses, savings totaled approximately $1,780,000.
- In-House Advertising: There are several areas where SCEL conserves. The Marketing Department was restructured, developing a full-service advertising team. The retainer fee for the contracted Advertising Agency (CNSG) continues at $15,000 a month versus the $82,500 a month before the changes. This calculates to $810,000 saved annually. These savings will run through the life of the contract, set to expire November 2006. The other area where SCEL saves is in the production of radio and television commercials. Several tasks that were being contracted out are now being completed by members of the Marketing staff resulting in savings for FY05.
- Holiday TV spot: Re-edited existing spot in–house at cost of $3,600; original spot cost $55,630.
- *Cash Bonanza 2* TV spot: By re-editing the first version in-house, only incurred voice over costs and talent fees were renewed at cost of $5,040. The original production cost was $55,913.25 when produced for the first *Cash Bonanza*.
- Point of Sale: Holiday "Give A Little Jingle" POS items were reprinted at a cost of $11,988 in late 2004. In early 2005, the items were recovered from lottery retailers and stored to be recycled during the upcoming holiday season.
- Instant Ticket Print Costs: With the continued reduction in expanded imaging and printing two games simultaneously when possible, SCEL has been able to save $5,825.15 per instant ticket game printed in FY05. As SCEL prints approximately forty-two games a year, the amount saved is $244,656.27 annually. Staff continues to monitor games to maximize efficiencies.
- Online Game Terminal Paper: The contract with the vendor that provides SCEL with the rolls of terminal paper for the online games was renegotiated by Scientific Games International. Originally, SCEL was paying $10.22 per roll with 3,000 tickets per roll. The renegotiated cost is $8.50 per roll with 4,000 tickets per roll. Based on the average number of rolls and calculated cost per ticket, the SCEL will save $120,000 annually and $480,000 over the life of the contract (3 years remaining).
- The addition of *Add A Play* provided a new instant feature without the cost of printing, warehousing, and distribution.
- *Palmetto Cash 5* Draw Production Costs: The *Palmetto Cash 5* draw time replaced *Carolina 5*'s position at 6:59 P.M. on Monday, Wednesday, and Friday which started March 1, 2005. The reduction in air time necessary to conduct draws as well as the renegotiated contract will save the South Carolina Education Lottery a total of $312,755 annually.
- Successfully transitioned an online brand (*Carolina 5*) to an instant game with significant sales increase.

Security (Section 8):

- Completed entering 2003-04 in CaseInfo.
- Completed Security Department Records and Retention Schedule.
- Successfully completed numerous Second-Chance Drawings, a major role in SCEL's PalmettoPride mission.

Through cost reductions, corporate alliances, re-editing advertising, automating processes, lowering communication operating costs, renegotiating contracts, and debt collection SCEL departments have documented cost savings of $6,871,387.30.

common lottery terms

lotto facts | 2005

Agent: A retail outlet for lottery tickets.

Annuity: A prize paid out in installments, typically over 20 or 25 years. (See also "cash option.")

Box bet: A numbers game wager where the player selects numbers without regard to the order in which they are drawn. For example, if the numbers "1,2,3" are drawn, the combinations "1,2,3", "1,3,2", "2,1,3", "2,3,1", "3,1,2", and "3,2,1" all win under a box bet. (See "straight bet.")

Cash lotto: A lotto game (see "Lotto") awarded as a lump-sum cash payment. Cash lotto games typically have a smaller top prize than large jackpot games, more favorable odds of winning that top prize, and require players to select fewer numbers out of a smaller field. Examples include Florida's Fantasy 5 and Indiana's Lucky 5.

Cash option: A large jackpot that the winner elects to receive as a lump sum cash payment rather than an annuity. (See "annuity.")

Commission: The fee paid to retail outlets for selling lottery tickets. Commissions in North America typically range between 5 percent and 6 percent of the price of the ticket.

Daily game: This can refer to any game where winners are determined once a day, but usually refers to a numbers game such as the "Daily 3" or "Daily 4" games played in many states.

4-Digit game: A numbers game played with four digits between 0 and 9. Numbers may be repeated.

Instant game: A lottery ticket that requires the player to remove a latex coating to determine if the ticket is a winner. Also called "scratch-off game" or "scratcher."

Jackpot: The top prize for a lotto game. Jackpots are usually parimutuel. If not won in the next drawing, they "roll" to the next drawing and increase in size.

Lotto: A game where players select a group of numbers from a large set and are awarded prizes based on how many match a second set chosen by a random drawing. In a typical lotto game, a player might be asked to select six numbers from a set of 49.

At a predetermined time six numbers are randomly selected by the lottery. The player wins a major prize if all six of their numbers match those chosen in the random drawing. The player wins smaller prizes for matching three, four, or five of the drawn numbers. Examples of lotto games include Powerball® and The Big Game, each played in a number of U.S. jurisdictions, and Canada's Lotto 6/49. Some form of lotto is played in every North American lottery jurisdiction.

Numbers game: This term can be used for any lottery game where winners are determined by a random selection of numbers. However, it is often used more specifically for a game where a player selects three or four digits (0 to 9) and matches them with a similar set selected at random by the lottery. The player can select several different types of wagers with payoffs varying accordingly. For example, players making a "straight" bet will win $500 on a $1 bet if their three digits match the three digits selected by the lottery in the same order.

Off-line game: A game that does not require the use of a computer terminal for purchase. Instant and passive games are examples of off-line games.

Online game: A game where tickets are purchased through a network of computer terminals located at retail outlets. The terminals are linked to a central computer that records the wagers. Examples of on-line games include lotto, keno and numbers games.

Passive game: A lottery game similar to a raffle where a player buys a ticket with preprinted numbers. The lottery later randomly draws numbers that are compared to the players' tickets to determine the outcomes.

Quick pick: A method for playing numbers or online games where players choose to have a computer randomly select their numbers rather than picking the numbers themselves.

Rollover: An event that occurs when an online game jackpot is not won. The jackpot thus "rolls over" to the next drawing, resulting in a higher jackpot for that drawing.

Scratch-off game: See "instant game."

Straight bet: A form of betting on a numbers game where the player attempts to match both the numbers drawn and the order in which they are selected. For example, if the numbers "1,2,3" are selected in a three-digit game, a ticket bearing "1,2,3" will win but a ticket bearing "2,1,3" will not. (See "box bet.")

Terminal: A computerized device located at a lottery retailer that is used to sell online games and to validate winning tickets of online and instant games. Terminals are connected to a lottery's central computers by phone line.

3-digit game: A numbers game in which three digits between 0 and 9 are selected. Numbers may be repeated.

Source: Glossary of Lottery Terms from the website of the North American Association of State and Provincial Lotteries. (www.naspl.org)