

News for Immediate Release

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Pennsylvania Takes Next Steps in Exploring Initiative to Maximize Pennsylvania Lottery Funding for Senior Programs

Scientific Games engaged as partner in process to ensure due diligence, continuity

Harrisburg – Department of Revenue Secretary Dan Meuser today announced the Corbett administration is taking next steps in exploring a private management agreement for the Pennsylvania Lottery, an innovative option that could increase future funding for a wide range of vital programs for older adults supported by the Pennsylvania Lottery.

"Responses received following our April 2 Request for Qualifications illustrated that continuing exploration of a private management agreement is in the best interest of the Lottery," said Meuser. "Therefore, we've determined it's appropriate to take next steps and move into a due diligence phase of the project, where qualified bidders and the commonwealth will interact to learn about each other's business, explore ideas on improving operations and maximizing Lottery profit, and determine what a private management agreement for the Pennsylvania Lottery might look like."

In the interest of ensuring continuity and protecting the integrity of Lottery operations, the Lottery has also engaged Scientific Games International, the Lottery's current vendor for terminal-based gaming systems and instant games, as a partner in the due diligence phase of exploration.

"Scientific Games is a valuable partner in our Lottery operations, and their industry expertise has helped the Pennsylvania Lottery establish itself as an industry leader," said Pennsylvania Lottery Executive Director Todd Rucci. "We're fortunate to be able to benefit from their industry insight and assistance in analyzing and optimizing a private management agreement for the Lottery."

The department has also entered into an agreement with Scientific Games to exercise all available extensions for the instant games and terminal-based gaming systems contracts to further ensure Lottery stability, security and a smooth transition should a private management agreement be adopted. If such an agreement is executed, Scientific Games's contract to provide instant games services would be extended through Aug. 20, 2017, and the terminal-based gaming systems services contract would be extended through Dec. 31, 2018.

Scientific Games agreed to its roles as a partner in due diligence and a supplier staple should a private management agreement be executed, in lieu of responding to the April 2 Request for Qualifications or bidding on a private management agreement for the Lottery.

"We are extremely supportive of the commonwealth's innovative approach toward exploration of a private management agreement," said Lorne Weil, Chairman and Chief Executive Officer of Scientific Games. "Having been a trusted partner of the commonwealth for a long time, we look forward to helping Pennsylvania achieve its long-term growth goals for the Lottery."

Due diligence is the first phase of a multi-step sealed bidding process known as Invitation for Bid. While no exact timetable has been set for due diligence discussions, the administration expects this part of the process of data sharing, conversations and policy considerations could extend at least three to four months.

If it is determined a private management agreement is in the best interest of the Lottery, qualified bidders would then be invited to submit financial bids on an agreement developed during due diligence that preserves and sustains the established integrity, value and tremendous success of the Pennsylvania Lottery.

Until the procurement process is completed or abandoned, the number of RFQ responses received and identities of respondents will remain confidential to preserve the integrity of the procurement process and maximize competition among respondents.

The commonwealth began exploration of a private management agreement for the Pennsylvania Lottery earlier this year as a way to maximize Lottery revenue and ensure secure, predictable funding for programs benefitting a dramatically growing senior population.

The Pennsylvania Lottery was created in 1971 to generate funds for programs benefitting older adults. Since 1972, when its first game went on sale, the Pennsylvania Lottery has contributed nearly \$21.5 billion to programs that include property tax and rent rebates; free transit and reduced-fare shared rides; the low-cost prescription drug programs PACE and PACENET; long-term living services; and the 52 Area Agencies on Aging, including hundreds of full- and part-time senior centers throughout the state. The Pennsylvania Lottery remains the only U.S. Lottery that exclusively designates all proceeds to programs benefitting older residents.

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