

DRAFT MINUTES

ARKANSAS LOTTERY COMMISSION LEGISLATIVE OVERSIGHT COMMITTEE

Monday, June 30, 2014

The Arkansas Lottery Commission Legislative Oversight Committee met on Monday, June 30, 2014, at 1:30 p.m., in Room B of the Multi-Agency Complex, Little Rock, Arkansas.

Committee members present: Senators Robert Thompson, Chair; David Burnett, Stephanie Flowers, Jimmy Hickey, Missy Irvin, and Johnny Key; Representatives Mark Perry, Chair; Joe Farrer, Joe Jett, Kelley Linck, Matthew Shepherd, and John Vines.

Other legislators present: Senators Ronald Caldwell, Jonathan Dismang, and Michael Lamoureux; Representatives Mary Broadaway, Bruce Cozart, David Fielding, Fonda Hawthorne, Fred Love, Mark Lowery, George McGill, Jim Nickels, John Payton, Sue Scott, John Walker, and Butch Wilkins.

Representative Perry called the meeting to order.

Consideration to Approve Meeting Minutes [Exhibit B]

Representative Perry made a motion to approve the April 15, 2014, meeting minutes, and without objection, the motion was approved.

Review of Contracts for the Advertising, Marketing and Media Request [Exhibit D]

Mr. Bishop Woosley, Director, Arkansas Lottery Commission (ALC), requested a review of the ALC Major Procurement Contract Extension. He reminded committee members they approved the Marketing and Advertising contract on August 18, 2009, which was awarded to The Communications Group. The contract has a five-year term with the opportunity for three one-year extensions; ALC approved a one-year extension of the contract on June 27, 2014. Mr. Woosley stated that advertising strategies under this contract will be the same and the proposed supplemental contract will be reviewed under agenda item B.

Representative Perry stated that without objection, the contract stands reviewed.

Review of Related Contracts for the Supplemental Advertising, Marketing and Media Services Request for Qualifications (RFQ) [Exhibit E]

Mr. Bishop Woosley, Director, Arkansas Lottery Commission, presented information related to the contracts for Supplemental Advertising, Marketing and Media Services Request for Qualifications for review by the committee. He said in order to increase sales in underperforming markets, ALC asked advertising and marketing firms to submit supplemental services and include new ideas on creative services, new marketing, and re-branding efforts. Four bidders presented proposals and the Intent to Award contract was given to the Mitchell Communications Group and Mangan Holcomb Partners. Mr. Woosley explained both companies bid on the base requirements, with each bringing a different expertise exclusive to them. The supplemental contract has a one-year term with a total budget of \$1.1 million to be appropriated from the \$5 million budget for advertising and marketing.

In response to a question regarding minority inclusion, specifically African American participation, Mr. Woosley said the commission always emphasizes inclusion on both minority and female owned participation as required by statute. Both companies received maximum scoring for minority participation.

An issue was raised regarding the efficiency in using the allocated budget for advertising and marketing, to make sure ALC is not paying for duplicate services. Mr. Woosley commented the bulk of the money goes towards media purchases. In-house staff does the bulk of the work from different standpoints. Some suggestions were presented, such as hiring in-house staff with the expertise to develop strategies instead of paying outside agencies. Another idea was to utilize those who benefit from the lottery scholarships, such as graduates from universities with the skills and expertise needed for the job.

Representative Perry stated that without objection, the contract stands reviewed.

Review of Changes to the Arkansas Academic Challenge Rules [Exhibit G]

Ms. Janet Lawrence, General Counsel, Arkansas Department of Higher Education, presented the proposed changes to the rules for the Arkansas Academic Challenge Scholarship program with regards to eligibility and continuing eligibility requirements for traditional and non-traditional students, definitions, and correcting minor technical problems. The changes have been approved by the board and were sent to financial aid directors of the institutions for comment, and then presented to the public for a 30-day comment period. Additionally, Mr. Broadway stated that all the rules changes are from statute and any other changes will be up to the legislature.

Representative Perry stated that without objection, the proposed changes to the rules stand reviewed.

Update on the Arkansas Challenge Scholarships [Exhibit H]

Mr. Shane Broadway, Director, Arkansas Department of Higher Education, said this year's scholarship applications are still being processed. The deadline to submit an application from the counties affected by the April 27, 2014, tornado was extended to July 1, 2014. Currently, 12,707 traditional students have accepted scholarships; the department received 397 fewer applications this year.

Mr. Broadway stated the best case funding scenario would be if funds remain at \$76 million in net proceeds and \$5 million in unclaimed prizes. If the numbers are lower, they will have problems funding scholarship in the next years. He said the department will have more accurate projections based on the final fiscal year's numbers. In terms of non-traditional awards, none have been awarded at this time as they are still being manually processed.

With no further business, the meeting adjourned at 2:50 p.m.