



News for Immediate Release

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Governor Corbett Launches Initiative to Maximize Funding for Older Adult Services Funded by the Pennsylvania Lottery

Harrisburg – Governor Tom Corbett today announced his administration is taking an innovative step that could increase future funding for a wide range of vital programs for older adults supported by the Pennsylvania Lottery.

The commonwealth has issued a Request for Qualifications to pursue a private management agreement for the Pennsylvania Lottery. Should the state decide to move forward with accepting bids, qualified private sector firms will compete to offer new ideas to maximize the Lottery's performance and increase revenues that support programs serving older Pennsylvanians.

"The Pennsylvania Lottery is the nation's one and only lottery that benefits older adults and that will not change," Corbett said. "This initiative is simply part of my administration's efforts to tap private sector innovation to make state government work more efficiently and effectively, which is precisely what taxpayers expect.

"Our state's fast-growing population of older adults means time is not on our side, and we need to maximize funding for senior programs and services in a way that does not ask taxpayers to dig any deeper into their pockets," Corbett added.

A private management organization may be better able to quickly adapt new technologies, develop new games and optimize retail outlet performance. It would be required to cover any initial shortfall to financial returns assured by any private management agreement.

In accordance with federal guidelines, the commonwealth would continue to own the Lottery – it would not be sold. A private management firm would be responsible for the Lottery's operations, but the commonwealth would still conduct the Lottery and retain full rights to control, inspect and audit the Lottery.

Pennsylvania is one member of the multi-jurisdictional bodies that control Powerball and Mega Millions. Because all game-changing decisions are voted on by all members of these organizations, any changes to the Pennsylvania Lottery's management should not impact either of these jackpot games.

This initiative would put the Pennsylvania Lottery in a stronger position to meet rising demand for services as vast numbers of Baby Boomers reach eligibility age.

"In recent years, the Lottery's ability to produce a growing cash flow for senior programs has become unnecessarily uncertain," said Dan Meuser, Secretary of the Department of Revenue, which oversees the Lottery.

Meuser noted that over the last five years, Lottery net profits have grown an average of just 0.3 percent per year. In addition, the Lottery's net revenue is projected to grow about 1 percent, on average, per year through fiscal year 2014-15, which is not likely to keep pace with cost increases and demand for current programs.

Today, Pennsylvania is home to nearly 2 million people over the age of 65, more than 300,000 of whom are 85 or older. By 2030, nearly a quarter of the state's population will be over age 65, and the 85-plus population is expected to grow by 80,000 people. This population growth means funding also must grow to meet higher anticipated demand for services.

Pennsylvania State Data Center research also supports the need for action. In 2010, there were approximately 26 Pennsylvania residents age 65 and older for every 100 residents of traditional working ages (20-64). By 2030, that ratio will change to roughly 42 older adults for every 100 workers. The center said this shift will bring "far-reaching social and economic impacts."

The Pennsylvania Lottery was created in 1971 to generate funds to serve older adults. Since 1972, when its first game went on sale, the Pennsylvania Lottery has contributed more than \$21.5 billion in services for older Pennsylvanians through Revenue's Property Tax/Rent Rebate program; a free and reduced-fare transit program; the low-cost prescription drug programs PACE and PACENET; a Department of Public Welfare program providing long-term living services; and 52 Area Agencies on Aging throughout the state, including hundreds of full- and part-time senior community centers.

In fiscal year 2010-2011, the Lottery had sales of more than \$3.2 billion; contributions to programs for older Pennsylvanians totaled more than \$960 million.

For more information, visit the Department of Revenue online at www.revenue.state.pa.us/LotteryPMA.

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