

RECORD
RETAIL & MARKETING COMMITTEE
12.2.2013, 9:30 a.m., Little Rock Headquarters

The meeting was called to order by Commissioner Pierce, who noted the presence of members Commissioners Scott, Campbell and Frazier. Also present were ALC Chairman Hammons and Commissioner Lamberth. Staff members present included Director Wosley, Auditor Brown, Chief Fiscal Officer Fetzer, Gaming Director Smith, Block, Stebbins, Bunten, Huey, Craig, Vick, and others.

The first item discussed was the consideration of increasing the mileage reimbursement for ALC Marketing Sales Representatives (MSRs) from the state rate of 42¢ per mile to the current Federal [General Services Administration, or "GSA"] rate*. Commissioner Pierce recapped the September 16 committee meeting. He discussed five key items that the committee had considered in voting on that date to bring the matter before the full commission:

- The lottery differed from other state agencies, in that it is not supported by taxpayer dollars and a revenue-generating entity.
- Terminology: The increase in mileage reimbursement was determined to be expense reimbursement due to costs associated with doing business for the Lottery - not a form of compensation or incentive pay.
- Material expense: Cost to the Lottery would be less than 1% increase over what the MSRs were paid in mileage in 2010; it would be an "immaterial" expense, a little under \$70,000.
- MSRs incur expenses at a higher rate than other state employees. Fuel costs have increased 28% since Lottery start-up in 2009. MSRs drive 6,000 more miles than the average American and there is greater depreciation of their vehicles.
- Could the mileage reimbursement increase tempt MSRs to cheat on mileage? Historical documentation shows that mileage has decreased since start-up.

Commissioner Pierce reminded the committee that during the full commission meeting on September 16, he had made the motion to increase the mileage reimbursement rate, and that Commissioner Lamberth had made a substitute motion that the motion be tabled until it could be brought before the Arkansas Lottery Commission Legislative Oversight Committee [LOC] for review. As a follow-up to the full commission meeting, the ALC had received an e-mail dated October 1 from Patrick Ralston, Legislative Committee Analyst, in which he relayed the decision of the LOC to not discuss the merits of the proposed increased mileage reimbursement because the LOC had no review authority or approval role in the matter.

Commissioner Scott made a motion to again bring the matter before the full commission for consideration. Commissioner Frazier seconded the motion and the motion passed unanimously.

The next item on the agenda was the ASL Retailer Newsletter, which ALC Director of Sales Robert Stebbins had asked the committee to critique. Commissioner Pierce distributed copies of the newsletter, which he then asked committee members to review and possibly discuss ideas and suggestions at the next meeting.

There being no further business, the meeting was adjourned.

*As of January 1, 2014, the GSA rate is 56¢ per mile.