

Approved: 4-29-95
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Lana Oleen at 11:20 a.m. on April 27, 1995 in Room 254-E of the Capitol.

All members were present except: Sen. Vidricksen

Committee staff present: Mary Galligan, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes
Kim Perkins, Committee Secretary

Conferees appearing before the committee: Greg Ziemak, Executive Director, Kansas Lottery
Paul Steele, Kansas Lottery Commission

Others attending: See attached list

Sen. Oleen announced that the committee would hold the confirmation hearing for Greg Ziemak, Executive Director, Kansas Lottery Commission; and Paul Steele, Kansas Lottery Commission. Sen. Oleen introduced Paul Steele who made brief opening comments and stood for questions from the committee.

Sen. Oleen clarified for the committee that Paul Steele had previously served on the commission but that he was not before the committee for reappointment. Paul Steele told the committee that he had served as chair for two years when the lottery first began and then had served until 1994 as a member. Sen. Oleen stated that she was aware that several audits had been conducted on the lottery over the years and have found that the lottery is in compliance and told Paul Steele that he had done an excellent job as chair and as a member of the commission.

Sen. Gooch asked Paul Steele how often the commission meets and Paul Steele answered that the commission currently meets once a month and is paid \$35 per meeting. Sen. Gooch inquired whether the position demanded a great deal of time and Steele answered that serving on the commission had been demanding in the beginning, but was much less so now as the staff is very well trained. Sen. Gooch continued to ask Paul Steele how he saw his role if slots machines become part of the lottery. Paul Steele answered that the duty of the commission is to carry out the policies of the legislature and that as a member he would do his best to see those policies put into effect.

Sen. Hensley questioned Paul Steele on security and asked him if he were aware that a former employee of the lottery, who had been hired by the racing commission, was an at risk employee because while a student he broke into the computer system at Washburn University in order to change his transcripts. Paul Steele stated that he was not aware of the details of that situation but stated that no one should be hired without a full security check.

Sen. Ramirez asked Paul Steele to explain the policy for redeeming winning tickets for cash without an actual ticket. Paul Steele stated that the policy was that anyone wishing payment had to present the winning ticket. Sen. Ramirez stated that he was aware of several situations when winners were awarded money without their winning ticket. Paul Steele stated that he was not aware of such practices and stated that as far as he was aware, the policy was being followed. Paul Steele stated that upholding the integrity of the lottery is very important and therefore the lottery must be consistent with policy.

Sen. Oleen called for further questions of Paul Steele, and seeing none, introduced Greg Ziemak, Executive Director of the Kansas Lottery. Greg Ziemak made brief introductory comments (Attachment 1) and stood for questions from the committee.

Sen. Ramirez asked Greg Ziemak what the policy of the lottery was in regard to paying prizes to winners who did not have their winning ticket. Greg Ziemak stated that in all of the instances referenced, that the winner

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 254-E
Statehouse, at 11:00 a.m. on April 27, 1995.

did have some form of physical evidence of the winning ticket before any prize amount was distributed.

Sen. Walker asked Greg Ziemak how the lottery would be affected if the slot machines become a part of the lottery and Ziemak stated that after preliminary projections on the implementation, approximately 13 or 14 new positions and with other considerations, costs might run \$500,000.

Sen. Oleen asked Greg Ziemak to estimate how much money would be spent by the lottery on capitol outlay and Ziemak answered that if the lottery bought the necessary machines the projected cost would be \$9.8 million and the state would not accrue a profit for distribution to anyone other than the racing industry for 2 years. Ziemak continued to say that if the machines were not bought by the lottery, then a profit of \$3 million was projected to be possible.

Sen. Oleen asked Greg Ziemak to comment on the number of audits of the lottery. Ziemak stated that a lottery audit was conducted approximately, on average, nearly every 2.4 months and that the results of all these audits had found no problems and had made only minor recommendations for change.

Sen. Gooch asked Greg Ziemak if the lottery had orchestrated any plans to close down the lottery if the legislature fails to take action to continue the lottery and Ziemak stated that preliminary discussions had been completed but no formal plans had been made as they were trying to be optimistic.

Sen. Oleen called for further questions for Greg Ziemak, and seeing none, closed the confirmation hearing. Sen. Hensley made a motion to recommend Gregory Ziemak for favorable confirmation as Executive Director to the Kansas Lottery and the motion was seconded by Sen. Ramirez. The motion passed.

Sen. Ramirez made a motion to recommend Paul Steele for favorable confirmation to the Kansas Lottery Commission and the motion was seconded by Sen. Papay. The motion passed.

Sen. Oleen called for further discussion, and seeing none, the meeting was adjourned at 12:25 p.m.

The next meeting is scheduled for April 28, 1995.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE: 4-27-95

NAME	REPRESENTING
James D. Hamble	Planning Commission
Ray D. Noble	R.C. Chamber
Roger Frazer	KS 900 Consulting
Christy Young	Des. Topoka Chamber of Commerce
Bert Cantrell	KCK C/O
Jim Youally	TRAK-East
Paul M. Steele	Lottery Commission
Ted Clark	KBI
Allen Jones	KBI
Luck DUNCAN	KWSA
A. Zemanek	Kf Lottery



Bill Graves
Governor

Gregory P. Ziemak
Executive Director

**BACKGROUND STATEMENT
OF
GREGORY P. ZIEMAK**

**Senate Federal and State Affairs Committee
Confirmation Hearing
for Executive Director of the Kansas Lottery
April 27, 1995**

Good morning madam chair and members of the committee.

It is an honor to be here today for consideration for the position of Executive Director of the Kansas Lottery and it is my pleasure to give you a brief summary of my experience and qualifications.

I have over twenty years of lottery experience, twelve in senior positions managing marketing, advertising, sales and administrative operations. My lottery experience has been both in the public and private sectors.

My lottery public sector experience includes lottery game design and development, lottery operations, lottery strategic and tactical marketing, lottery advertising program development and implementation, and overall lottery administration.

I was employed by the Connecticut Lottery from 1973 to 1991. During this period, I held the positions of Administrative Trainee, Business Services Officer (1973-76), Product Manager (1976-81), Assistant Director (1981-89), and Director (1989-91).

My lottery private sector experience includes advertising account service, research, creative projects, media purchasing and advertising plan development.

From August 1992 to November of 1993, I was a Management Supervisor for Yaffe and Company Advertising of Southfield, Michigan. I was responsible for the drafting of the contract award winning proposal for the Michigan State Lottery account and I supervised this account which had annual billings of approximately \$13,500,000.

I became Executive Director of the Kansas Lottery in December 1993. Since my arrival, the Kansas Lottery has:

- ▶ Increased sales 33 percent from \$114 million in Fiscal Year 93 to record sales of \$152 million in Fiscal Year 94.
- ▶ In Fiscal Year 94, transferred record revenues of \$47.9 million to the State Gaming Revenues Fund.
- ▶ Increased Fiscal Year 95 sales 12 percent above Fiscal Year 94 levels.
- ▶ Increased Fiscal Year 95 instant game sales 28 percent above Fiscal Year 94 levels.

My educational background includes:

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| ▶ B.A. | Economics | Boston College
Chestnut Hill, MA | 1969 |
| ▶ M.A. | Political Science | Trinity College
Hartford, CT | 1981 |
| ▶ M.S. | Management | Hartford Graduate
Center
Hartford, CT | 1988 |

I was awarded the Homer Babbidge Fellowship from the Hartford Graduate Center. The fellowship was a full scholarship for the 1987-88 academic year.

I have spent my career as a lottery professional. During the last twenty years, I have had the opportunity to become involved and acquainted with lottery professionals throughout North America. During this period, I have seen the lottery industry in the United States grow from seven states in 1973 to the current total of 37.

I am very proud to have this opportunity to be considered for Executive Director of the Kansas Lottery. If confirmed, my goal will be to not only continue the Kansas Lottery success, but also to improve upon that success while continuing to insure both the integrity of all lottery operations and public confidence in these operations.