

ANNUAL REPORT/1972
NEW JERSEY STATE LOTTERY COMMISSION



Benefits Education and Institutions



GOVERNOR WILLIAM T. CAHILL

Original New Jersey State Lottery Commission appointed by Governor Cahill. Front (l to r), Dr. Thomas E. Maggio, Chairman; Ralph F. Batch, Executive Director and Secretary. Rear (l to r), Edwin A. Kolodziej, Leonard W. Simmons, Donald B. Valk, and William J. O'Brien.

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LETTER OF TRANSMITTAL

August 15, 1972

The Honorable William T. Cahill

Governor of New Jersey

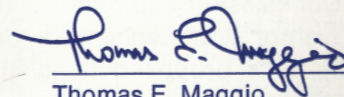
Members of the New Jersey Legislature

Gentlemen:

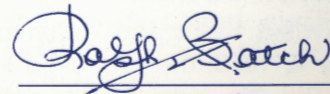
On February 16, 1970, the State Legislature enacted the State Lottery Law (Ch. 13, Laws of N. J. 1970), which provided for the establishment and operation of the New Jersey State Lottery.

The law further provided that the Lottery Commission "make an annual report, which shall include a full and complete statement of lottery revenues, prize disbursements and other expenses to the Governor and the Legislature, including such recommendations for changes in this act as it deems necessary or desirable."

The State Lottery Commission, in accordance with those provisions, herewith respectfully submits its Annual Report for the period ending June 30, 1972.



Thomas E. Maggio
Chairman



Ralph F. Batch
Executive Director
and Secretary

ANNUAL REPORT OF THE NEW JERSEY STATE LOTTERY COMMISSION

CONSTITUTIONAL AMENDMENT

The New Jersey State Lottery was authorized in a public referendum on November 11, 1969 by the adoption of a Constitutional Amendment to Article IV, Section VII, paragraph 2 (sub-paragraph C) added as follows:

"C. It shall be lawful for the Legislature to authorize the conduct of State lotteries restricted to the selling of rights to participate therein and the awarding of prizes by drawings when the entire net proceeds of any such lottery shall be for State institutions and State aid to education."

The amendment was overwhelmingly approved by a vote of 1,593,239 to 362,947. Thus, 81.5% of the ballots cast recommended adoption of the lottery.

STATE LOTTERY PLANNING COMMISSION

The Legislature on November 20, 1969 adopted Joint Resolution No. 11 creating a State Lottery Planning Commission composed of two members of the Senate, two members of the General Assembly, the State Treasurer and two members of the public.

Serving on the State Lottery Planning Commission were Senator Harry L. Sears, Morris County, Chairman; Senator William V. Musto, Hudson County; Assemblyman James M. Coleman, Monmouth County; Assemblyman Thomas H. Kean, Essex County; Mayor Ralph F. Batch, Millburn Township; Hugh Boyd, Publisher, New Brunswick Home News; and State Treasurer John A. Kervick. Samuel A. Alito, Research Director, was Secretary.

After extensive investigations, studies and hearings, the Commission submitted a detailed report to the Governor and Legislature on February 9, 1970, along with proposed legislation for enactment of a State Lottery Law.

LEGISLATIVE ACTION

Assemblymen Kean and Coleman introduced on February 9, 1970, the proposed legislation as Assembly Bill No. 616, and Senators Sears and Musto filed similar legislation in the Senate. On February 16, 1970, the measure was approved by both the Assembly and the Senate and signed by the Governor.

Under provisions of the State Lottery Law, a Division of the State Lottery was established, con-

sisting of a bi-partisan State Lottery Commission and an Executive Director appointed with the advice and consent of the Senate. The duties of the Commission and the full-time Executive Director were set forth, and the sum of \$1,500,000 was appropriated for "start-up" expenses to be repaid later from Lottery net revenues.*

The law also specified that no less than 30 percent of the total revenues accruing from the sale of Lottery tickets shall be dedicated for State Institutions and State Aid to Education, but left to the discretion of the Lottery Commission the apportionment of revenues for prizes and administrative and operational costs.

DIRECTOR AND COMMISSIONERS APPOINTED

Governor William T. Cahill appointed, and the Senate confirmed, Ralph F. Batch of Short Hills as Executive Director, and the following members of the unsalaried State Lottery Commission:

Dr. Thomas E. Maggio of Branchburg
Edwin A. Kolodziej of Sayreville
William J. O'Brien of Camden
Leonard W. Simmons of Roselle
Donald B. Valk of Madison

Superior Court Judge Sidney Goldman administered the oath of office to all appointees in the Governor's office at the State House on April 2, 1970.

The Commission elected Dr. Maggio as Chairman, with Executive Director Batch serving as Secretary.

As its official emblem, the Commission adopted a stylistic four-leaf clover, the international symbol of good fortune, against a background of blue, alongside the words "New Jersey State Lottery." This identifying symbol appears on all promotional materials, such as on billboards, buses, in newspaper advertising, posters, decals, Lottery Agent point-of-sale materials, etc.

WEEKLY LOTTERY ESTABLISHED

After extensive studies and surveys, the Commission, with the full approval of Governor Cahill, established a Lottery with the following features:

1. Weekly frequency.
2. Tickets priced at 50 cents.
3. Universal number. All prizes based on one weekly six-digit number.

2 *At its meeting on March 17, 1971, the Lottery Commission authorized repayment of the \$1,500,000 to the State Treasury.

4. Convenience of purchase. Tickets may be acquired at many and various places of business.
5. Ease of sales. Tickets sold by number only. No name, address or other identifying data required.
6. First prize of sufficient magnitude to modify average individual's mode of living.
7. Many prizes of lesser amounts.

The Commission voted to allocate 45% of gross revenues from Lottery ticket sales to the prize structure.

The Commission also arranged with 65 banks which, together with their branch offices, provide 700 "safekeeping" facilities for the State Lottery tickets consigned to Lottery Agents. The banks also serve as depositories for Lottery funds received from the Agents. Participating banks receive a commission of 1/2 of 1 percent for these "safekeeping" services.

Through arrangements made with the Division of Motor Vehicles, 57 Motor Vehicle Agencies throughout New Jersey serve as Claims Centers for winners of the Lottery prizes. A claim form filed by a winner is forwarded to State Lottery Headquarters in Trenton for validation. Under normal schedules, a prize winner receives a check from the State Treasurer's office shortly thereafter.

The vital data on Lottery tickets are imprinted by the Central Computer at the Data Processing Division of the Treasury Department. An important phase of this operation was the development of the computer-generated random lottery ticket number sequence system for each pool of one million tickets. Designed especially as a security measure to prevent counterfeiting or alteration of Lottery tickets, the random number sequence system was thoroughly examined by eminent professors of mathematics at Princeton University who certified that it is tamper-proof and would defy the efforts of anyone attempting to "crack the code."

PRIZE STRUCTURE

On the average, for each one million tickets sold, the prize structure consists of the following (for winners whose ticket numbers precisely coincide with the winning number):

1st Prize	All 6 digits	(000000) wins \$50,000	... 1 winner
2nd Prize	Last 5 digits	(X00000) wins \$ 4,000	... 9 winners
3rd Prize	Last 4 digits	(XX0000) wins \$ 400	... 90 winners
4th Prize	Last 3 digits	(XXX000) wins \$ 40	... 900 winners
5th Prize	Last 2 digits	(XXXX00) wins automatic participation in "50-Cent Millionaire" semi-final drawing	... 9,000 winners
5th Prize	First 2 digits	(00XXXX) also wins automatic participation in "50-Cent Millionaire" semi-final drawing	... 10,000 winners*

*Beginning March 16, 1972, the Lottery Commission expanded the prize structure to give the first two digits and/or the last two digits of the winning weekly number free entry into the "50-Cent Millionaire" semi-final drawing.

"MILLIONAIRE DRAWINGS"

There are two types of "Millionaire" Drawings:

1. The "50-Cent Millionaire" for fifth tier weekly prize winners who survive a semi-final drawing.
2. The "\$2.50 Millionaire Sweepstakes" for which tickets may be purchased. A semi-final drawing also precedes the Sweepstakes final drawing.

The prize structure for both "Millionaire" drawings is as follows:

First Prize	—\$1,000,000 (\$50,000 a year for 20 years)
Second Prize	—\$200,000 (\$20,000 a year for 10 years)
Third Prize	—\$100,000 (\$10,000 a year for 10 years)
Fourth Prize	—\$10,000 in cash—seven prizes**
Fifth Prize	—\$500
Sixth Prize	—\$100

In the \$2.50 Millionaire Sweepstakes, an extra third prize of \$100,000 and an extra fourth prize of \$10,000 is awarded for each 100,000 tickets sold over 1,000,000.

In the "50-Cent Millionaire" semi-final drawing, a three-digit qualifying number is selected. This applies to the last three digits of the Serial Number of all eligible tickets (weekly fifth tier winners). Ticket holders who match this Serial Number qualify for the "Millionaire" finals and receive the Fifth Prize of \$500 and the chance to compete for the grand prizes. Qualifiers who can match only the last two digits in the Serial Number are eligible for the Sixth Prize of \$100.

At the semi-final for the \$2.50 Millionaire Sweepstakes, a four-digit qualifying number is selected. This applies directly to the last four digits of the Lottery Ticket Number on all tickets purchased. Those who can match these four digits become finalists, receive a \$500 Fifth Prize and a chance to compete for the grand prizes. Those who can match the last three digits of the Lottery Ticket Number qualify for the \$100 Sixth Prize.

LOTTERY TICKET AGENTS LICENSED

Approximately 4,000 Lottery Ticket Agents were licensed during 1971. In addition, the Lottery Commission contracted with Ticketron Inc. for the installation of some 250 computer-linked coin-actuated vending machines in various high traffic locations throughout the State. Several hundred additional Lottery Ticket Agent licenses also were issued during the Summer for the convenience of seashore vacationers. For their benefit, as well as thousands of others, an airplane pulling a banner showing the winning weekly Lottery number was flown along the coast from Cape May to Sandy Hook on Thursday afternoons.

The Lottery Commission provided for a 5% sales commission to Lottery Agents for tickets sold by them. Besides the 5% commission on Lottery ticket sales, Agents receive special bonuses for selling tickets which win top awards as follows: \$1,000,000 prize—\$10,000; \$200,000 prize—\$2,000;

**Under the prize formula which became effective March 16, 1972, the "50-Cent Millionaire" Fourth Prizes were expanded from seven to 27 of \$10,000 each.

\$100,000 prize — \$1,000; \$50,000 prize — \$500; \$4,000 prize—\$100.

FIRST WEEKLY LOTTERY DRAWING

On November 23, 1970, Governor Cahill officially announced that the first State Lottery tickets would go on sale December 16, 1970 with the first drawing date set for January 7, 1971 in the State Museum Auditorium in the new State Capitol Complex in Trenton. Governor Cahill was guest of honor and drew one envelope from among 10 in the "Barrel of Luck" which contained the result of a thoroughbred horse race run on a New Jersey track and certified by the New Jersey Racing Commission. The post position of the winning horse determined the winning number which had the corresponding post position on the Lottery Post Position Board.

The "Barrel of Luck" and the Post Position Board are two of the special pieces of equipment designed for the State Lottery drawings. The drawing procedure begins with the selection of the last four digits of the number. This is done with four sealed plexiglas cylinders in which are slots numbered from 0 to 9. Inside each rotating cylinder is a plastic ball which lands in one of the numbered slots when the motor activating the cylinder is stopped.

With the last four digits thus determined, the next step is to learn from the computer at Lottery Headquarters how many six-digit numbers containing the last four digits just selected were sold. There are 100 such numbers, from 00 to 99. Should any of these six digit combinations not have been sold, that number is blocked out from the next step of the drawing.

Numbered balls, from 00 to 99, are then placed in a plexiglas sphere, thoroughly mixed, and 10 of them are selected mechanically, one at a time, and placed on the Post Position Board in the order in which they were drawn.

One of these 10 then becomes the winning number when the envelope containing the result of a horse race is selected from the "Barrel of Luck" and the post position of the winning horse is determined.

Lottery drawings are held every Thursday at 11 a.m. with the exception of Thanksgiving week when it is held on Wednesday. The first five in 1971 were held at the State Museum Auditorium, Trenton, and thereafter in other communities in the State, principally at shopping malls and other high traffic areas. The Lottery Commission purchased a 32-foot trailer "Showmobile" which permitted the drawings to be held outdoors during the Summer.

"MILLIONAIRE" EVENTS

The first "50-Cent Millionaire" drawing was held March 17, 1971 at the Trenton War Memorial Building, and the first \$2.50 Millionaire Sweepstakes Drawing was held there on May 12, 1971.

During the period ending June 30, 1972, the State Lottery Commission created 18 "instant Millionaires" with 15 "50-Cent Millionaire" drawings and three \$2.50 Millionaire Sweepstakes drawings.

Rules of the Lottery Commission provide that should a winner of any of these prizes become deceased prior to payment of all installments, the remaining installments are paid to his estate in accordance with New Jersey law.

1971 TICKET SALES AND REVENUE

In the 52 weekly drawings of 1971 and the 2 "Millionaire" Sweepstakes drawings of 1971, a total of 285 million tickets was sold with a gross revenue of \$148,000,000.

Ticket sales for the first \$2.50 Millionaire Sweepstakes on May 12, 1971 totaled 1,657,752 for a gross revenue of \$4,144,380.

For the second \$2.50 Millionaire Sweepstakes on September 9, 1971, ticket sales totaled 1,138,224, with a gross revenue of \$2,845,560.

The third \$2.50 Millionaire Sweepstakes ticket sales period from November 24 to December 29, 1971, resulted in a sale of 982,157 tickets, with gross revenue of \$2,455,392.50. The third Sweepstakes drawing was held January 26, 1972.

OVER \$69,000,000 TO STATE FOR EDUCATION AND INSTITUTIONS

More than \$65,000,000 was allocated to the prize structure during 1971, and in excess of \$69,000,000 to State Aid to Education and Institutions. While the State Lottery Law requires that no less than 30% of gross revenues shall go to the State, the actual amount transferred to the State in 1971, including the repayment of the "start-up" costs, was 47% of gross revenue. This was made possible by a greater public participation in the State Lottery than was anticipated and by prudent administration in the operation of the Lottery. Administrative and promotional costs, in fact, totaled 2.6%.

GOVERNOR'S REPORT TO LEGISLATURE

A complete accounting of State Lottery revenues expended for State Aid to Education and Institutions was given by Governor Cahill in his Budget Message to the Legislature on February 14, 1972. The message covered Lottery funds expended during 1971, and additional funds to be expended through June 30, 1973.

A prime concern of the Lottery Commission is the number of unclaimed prizes. At the close of 1971 there were some 25,000 winning tickets still

outstanding for prizes totaling more than \$3,000,000.

The State Lottery Law requires that prize money which remains unclaimed for a full year shall revert to the State Treasury for Aid to Education and Institutions.

Prize winners have a year from the date of the drawing at which they won the award to file a claim. The grace period for the "Millionaire" Fifth and Sixth Prize winners ends with the anniversary of the semi-final drawing date. Fifth Prize winners who fail to register in time for the "Millionaire" drawing in which they originally qualified, may enter a later event and compete for the grand prizes.

FLYNN NAMED TO SUCCEED KOLODZIEJ



James J. Flynn Jr. (center), newest member of the State Lottery Commission is flanked by Executive Director Ralph F. Batch (left), and Dr. Thomas E. Maggio, Chairman of the Commission (right).

During 1971 Governor Cahill reappointed Edwin A. Kolodziej of Sayreville to a full five-year term as a member of the Lottery Commission. Mr. Kolodziej was elected to the New Jersey General Assembly in November 1971 and resigned from the Commission. Governor Cahill subsequently appointed James J. Flynn Jr. of Perth Amboy as his successor.

DEPUTY DIRECTORS NAMED

The following Deputy Directors were appointed to assist the Executive Director:

Peter M. Simmons, Marketing and Sales; William A. Carmody, Security and Operations; and Fred J. Coles, Finance. The latter succeeded Frank H. Van Duzer who died unexpectedly on June 27, 1971.

THREE DISTRICT OFFICES

Three District Offices have been established by the Commission to service Lottery Agents and to promote sales in their particular areas.

The North Jersey Office is situated at 25 Route 22, Springfield; The South Jersey Office is located at 336 Route 70, Marlton, and The Central Jersey Office adjoins the State Lottery Headquarters on the third floor of the State Taxation Building at South Willow and West State Streets, Trenton.

LOTTERY ACTION IN OTHER STATES

The success of the New Jersey State Lottery has attracted wide attention throughout the United States. New Hampshire and New York, which operated lotteries prior to that of New Jersey, both changed their operations to the New Jersey format of a weekly drawing with a 50-cent ticket. Similar "New Jersey type" lotteries were begun in Connecticut, Pennsylvania and Massachusetts.

The New Jersey State Lottery Commission joined with New Hampshire and New York in organizing the Association of State Lotteries in September 1971. Executive Director Ralph F. Batch was elected president of the new group.

A major aim of the Association is to urge modification of the Federal anti-lottery legislation which unreasonably restricts the promotion and activities of State-operated lotteries.

LOTTERY A DYNAMIC INSTITUTION

As we all know, a Lottery is a game of chance in which there are both winners and losers. Yet, as Governor Cahill has pointed out, those who have not as yet won a prize have the pleasant satisfaction of awareness that they have helped to provide much needed funds for State Aid to Education and Institutions.

The State Lottery has established itself as a living and dynamic institution necessitating constant attention and continuous development so as to conveniently adapt itself to an acceptance by the public.

To this end, the Commission has recommended for approval the several modifications of the original Lottery Program. The changes approved and adopted were representative of the various plans which have been under study and evaluation.

FIRST TWO-DIGIT PLAN ADOPTED

As a means of spurring ticket sales and increasing public interest, the Lottery Commission in March, 1972 began the new First Two Digit Plan which gave automatic entry into the "50-Cent Millionaire" semi-final drawing to tickets which had the correct first two digits and/or the correct last two digits of the winning weekly Lottery number. At the same time, the Commission increased the "Millionaire" drawing prize structure from seven fourth prizes of \$10,000 each to 27.

CLOVER CLUB TICKET RESERVATION PLAN

A second innovation was the start of the Clover Club Ticket Reservation Plan on June 7, 1972. This permits the purchase of an assigned Lottery number for periods of 12, 24 and 52 weeks at a cost of \$6, \$12 and \$25, respectively. The 52-week plan gives the purchaser two free weeks.

Under the Clover Club plan, the purchaser's name, address and ticket number are entered into the computer files at State Lottery headquarters. Should his or her number be a winner, a check for the prize is automatically forwarded without the necessity of the winner having to file a claim form at a State Motor Vehicle Agency. The winner also is notified automatically should his or her number qualify for a "Millionaire" drawing.

The Clover Club program met with an enthusiastic response from the public at large and as of June 30, 1972 some 75,000 memberships had been purchased. The first drawing in which Clover Club members participated was on June 29.

Further expansion in the Lottery Program accommodating the changing times, circumstances and demands of the participants will be continuously analyzed and presented for implementation when deemed to be in the best interest of the State Lottery.

MODIFICATION NEEDED IN FEDERAL LAWS

The New Jersey State Lottery could provide greater benefits to the residents of the State if the Congress of the United States were to modify the Federal Anti-Lottery Legislation. Certain educational and promotional endeavors are restricted by the current limitations in the utilizations of the U. S. Mails, television and radio broadcasting.

The Lottery Commission recommends that the influence of the Office of the Governor and of the State Legislature be exercised upon the Congress so as to persuade it to favorably adopt presently pending legislation which would permit greater latitude in the conduct of a State-operated lottery.

The Lottery Commission expresses its gratitude, appreciation and thanks to Governor William T. Cahill, to the members of the New Jersey Senate, to the members of the New Jersey Assembly and to all other governmental officials and agencies for their cooperation and assistance, as well as to the millions of New Jersey residents whose participation and support has established the New Jersey State Lottery as "America's Most Rewarding Lottery."

The enthusiastic confidence and support given the State Lottery by the public has resulted in one of the most remarkable success stories among government agencies.

WINNERS SCORECARD

The following prizes were generated by the State Lottery from Jan. 1, 1971 through June 30, 1972:

"MILLIONAIRE LOTTERY" WINNERS

Includes the results of thirteen 50¢ Millionaire Lotteries and three \$2.50 Millionaire Sweepstakes Lotteries:

Total Number Winners	Amount Cash Prize	Total \$ Awarded
18	\$1,000,000	\$18,000,000
18	\$200,000	\$ 3,600,000
27	\$100,000	\$ 2,700,000
175	\$10,000	\$ 1,750,000
3,782	\$500	\$ 1,891,000
37,957	\$100	\$ 3,795,700
Sub-Total	41,977	\$31,736,700

"WEEKLY LOTTERY" WINNERS

393	\$50,000	\$19,650,000
3,628	\$4,000	\$14,512,000
36,273	\$400	\$14,509,200
361,645	\$40	\$14,465,800
Sub-Total	401,939	\$63,137,000
Grand Total	443,916	\$94,873,700

5th Tier Weekly Winners—4,267,325

**STATE LOTTERY COMMISSION
STATE OF NEW JERSEY**

STATEMENT OF REVENUES AND ALLOCATION OF REVENUES

	<u>6 Months ended June 30, 1971</u>	<u>12 Months ended June 30, 1972</u>	<u>Total</u>	<u>Percent of Total Revenues</u>
Revenues:				
Gross Sales	\$72,719,448	\$137,538,895	\$210,258,343	100.0
Less: Commissions to Agents and Banks	4,022,207	7,879,085	11,901,292	5.7
Net Revenues	<u>68,697,241</u>	<u>129,659,810</u>	<u>198,357,051</u>	<u>94.3</u>
Allocation of Revenues:				
Aid to Education and State Institutions	21,815,834	41,261,670	63,077,504	30.0
Allocated for Prizes	32,723,752	61,892,503	94,616,255	45.0
Operating Expenses	1,925,286	3,405,475	5,330,761	2.5
Start-up Costs	686,137	—	686,137	.3
	<u>57,151,009</u>	<u>106,559,648</u>	<u>163,710,657</u>	<u>77.8</u>
Unallocated Revenues	11,546,232	23,100,162	34,646,394	16.5
Interest Earned	—	2,566,039	2,566,039	
Interest Earned on Prepayment of Annuity Contracts ...	—	59,826	59,826	
Miscellaneous Income	—	25,000	25,000	
	<u>—</u>	<u>25,000</u>	<u>25,000</u>	
Unallocated Revenues Available for				
Education and State Institutions	<u>\$11,546,232</u>	<u>\$25,751,027</u>	<u>\$ 37,297,259</u>	

**TOTAL LOTTERY CONTRIBUTION
TO EDUCATION AND STATE INSTITUTIONS**

	<u>6 Months ended June 30, 1971</u>	<u>12 Months ended June 30, 1972</u>	<u>Total</u>
30% of Gross Sales	\$21,815,834	\$41,261,670	\$ 63,077,504
Unallocated Revenues and Interest	11,546,232	25,751,027	37,297,259
Forfeited Prize Awards	—	1,985,340	1,985,340
	<u>\$33,362,066</u>	<u>\$68,998,037</u>	<u>\$102,360,103</u>

GOVERNOR'S BUDGET MESSAGE / FEB. 14, 1972

This is the full accounting of how much Lottery money has been collected and how it is being spent that was provided by Governor William T. Cahill in his 1972-73 budget message to the State Legislature:

In this budget, I am recommending ways to translate the overwhelming success of the State Lottery into major programs in the important areas of education and State institutions. I have detailed specific appropriations in this budget for the full amount available of \$111.4 million in Lottery funds. Without the Lottery money these programs would either have to be eliminated or their cost paid out of general State revenues at additional cost to our taxpayers.

Lottery money will pay for substantial increases in State Aid to local school districts and private elementary and secondary schools. It will pay for essential improvements in our State institutions for the retarded and mentally ill as well as our correctional institutions.

I propose, also, that Lottery money pay for another dramatic increase of 15,802 student spaces for New Jersey students in our State-supported colleges. We already have used a total of \$40 million in Lottery funds in the previous two budgets for the Department of Higher Education to finance 28,556 additional student spaces in our State-supported colleges. Thus, the unprecedented success of the State Lottery in its first 2½ years will have opened the doors to more than 44,000 New Jersey young men and women for college education—a significant investment in the future of our State.

In this budget, I am recommending that general revenues be used to continue the education of the 28,500 sophomores and juniors, whose college places were made possible initially through the use of Lottery funds. This, then, will permit us to utilize the full \$111.4 million available in Lottery profits for important additional programs and aid in elementary-secondary education, both public and private, institutions and higher education.

For example, we recommend that \$34.2 million of Lottery funds be appropriated to finance the second phase of the Bateman School Aid program, which will bring an important measure of relief to the hard-pressed local property taxpayers. Another \$10 million is recommended to increase the amount of State Aid we are providing for non-public schools. This will help them to keep operating in the face of mounting financial problems and, thus, prevent our public school systems from having to absorb the thousands of pupils now being educated in the parochial and private schools.

With the State Lottery recently having completed its first full year of operation, this is the appropriate time and place to provide the citizens of the State with the full accounting I promised and to which they are entitled.

I want to reiterate my assurances that from the time the first 50-cent ticket was sold on December 16, 1970, every penny of Lottery money has been fully accounted for and has been used, is being used, and will be used, in strict accordance with the law. Public acceptance and confidence are the keys to the spectacular success that has made the New Jersey Lottery a model for other States to copy. We have done and will continue to do everything possible to maintain this public climate.

Based on results to date, and careful projections, the gross receipts and interest earned from the Lottery during its entire period of operation will be \$319.9 million by the end of next fiscal year, June 30, 1973.

During this 2½-year period, the amount of net profits turned over to the State for aid to education and institutions will total nearly \$151.4 million. The law requires that a minimum of 30 per cent of gross Lottery receipts go to the State. The actual net profits to date have averaged 47 per cent of all money taken in by the Lottery!

By regulation, 45 per cent of Lottery receipts goes back to the public in prize money and 5 per cent is distributed in commissions to the agents who sell Lottery tickets. Those two items account for \$158.6 million of the Lottery money collected during this same period. The balance of only \$9.9 million will have been spent for administration, operating and promotional expenses over the 2½ years, a commendable record of efficiency and economy.

What these figures spell out rather dramatically is the fact that nearly 25 cents of every 50-cent Lottery ticket sold will be spent for education and State institutions, while the overwhelming portion of the remaining money goes directly back to the purchasers by way of prizes.

This is why the New Jersey Lottery is the envy of other States. And this is the way we intend to continue to protect the integrity of the Lottery and make certain that its profits go for the worthy purposes promised the people of New Jersey.

STATE LOTTERY FUND SCHEDULES
SUMMARY OF REVENUES FROM STATE LOTTERY

Item	Fiscal Year 1970-71	Fiscal Year 1971-72	Fiscal Year 1972-73
Sale of Lottery Tickets	\$72,719,448	\$123,800,000	\$122,600,000
Less: Commissions to Agents & banks	4,022,207	6,809,000	6,743,000
Accounts receivable (Sales creditable to 1971-72)	2,791,336	.....	.....
Receipts from Lottery	\$65,905,905	\$116,991,000	\$115,857,000
Interest earned .....	.....	2,484,362	1,139,383
General Treasury Appropriation	² 1,484,407	.....	.....
Total	\$67,390,312	\$119,475,362	\$116,996,383
Less: Allocation for prizes	30,137,556	55,710,000	55,170,000
Administration Expenses	2,390,690	3,022,466	3,070,707
Reserved for other Expenses .....	.....	742,896	755,676
Repayment of General Treasury Loan	1,500,000	.....	.....
Total	\$33,362,066	\$ 60,000,000	\$ 58,000,000

APPLICATION OF REVENUES FROM STATE LOTTERY

Department	Fiscal Year 1970-71	Fiscal Year 1971-72	Fiscal Year 1972-73
Education .....	.....	.....	\$ 69,213,405
Higher Education	\$ 5,000,000	\$ 35,000,000	30,214,910
Institutions & Agencies .....	.....	.....	12,001,455
Total	\$ 5,000,000	\$ 35,000,000	\$111,429,770

¹ Interest of \$310,205 credited in 1971-72 fiscal year.

² \$15,593 of loan from General Treasury was expended in 1969-70. The balance of \$1,484,407 was reappropriated in 1970-71.

**DETAILS OF NEW AND ADDITIONAL EDUCATION AND INSTITUTION COSTS
TO WHICH LOTTERY REVENUES ARE APPLIED**

Page	Item	Amount
GENERAL STATE OPERATIONS		
Department of Education—		
169	Drug Control Programs relating to Education	\$ 100,000
170	Regional Educational Improvement Center	250,000
172	Establish Regional Day School Centers	500,000
181	Additional Services and Costs at Marie H. Katzenbach School for the Deaf	116,714
187	Technology for Children Program	109,504
369	Establishing a \$5,500 minimum salary	3,172
	Sub-Total	\$ 1,079,390
Department of Higher Education—		
195	Council for Higher Education in Newark	\$ 145,500
195	New Program Objectives:	750,000
	Cooperative Education	
	External degree (Edison College)	
	Master Plan III (Realignment of Curricula Offerings)	
	Prisoner Education	
195	Planning a new State college	150,000
195	Educational Opportunity Grants	1,302,000
195	Supplementary Education Program Grants	300,000
	Scholarships and Student Loans:	
195	Incentive Grants	40,632
195	Tuition Aid Grants	186,000
195	County College Graduate Scholarships	26,600
195	Edwin Aldrin Scholarship Fund	100,000

STATE LOTTERY FUND SCHEDULES—Continued

Page	Item		Amount
	Additional College Students		
200-204	Glassboro	1,218	1,122,996
205-209	Jersey City	678	606,810
211-215	Newark	339	277,302
217-220	Paterson	45	42,705
222-226	Montclair	1,165	1,055,490
228-232	Trenton	485	473,845
234-237	Ramapo	1,281	2,225,097
238-241	Stockton	1,050	1,990,800
244-249	Rutgers	2,978	4,836,272
252-259	College of Medicine and Dentistry	286	7,466,133
	Clinical Services at College of Medicine and Dentistry		
257	Raritan Valley Hospital		281,744
257	Martland Hospital		1,498,239
369	Establishing a \$5,500 minimum salary		202,745
	<i>Sub-Total</i>		<u>\$25,080,910</u>
	Department of Institutions and Agencies—		
283	Administration of Department		\$ 116,521
283	Nursing Scholarship Program		40,000
286-287	Disabled Soldiers' Homes including new facilities at Vineland		216,035
296	Three Residential Units for hard-to-place children		504,125
296	Emergency Reception and Child Care Facilities		25,000
298	Expanded Parole Board Services		75,000
369	Establishing a \$5,500 minimum salary		1,050,065
	Division of Correction and Parole—		
298	Administration of Parole Activities		244,334
299	Community Programs		127,058
301-321	Administration of Correction Institutions		2,101,153
301	Expansion of staff development programs (Training Correction Officers)		49,847
301	Planning a new prison		31,250
301	Vocational Training programs for inmates		211,634
302	Narcotic Treatment Program		75,593
301	Director of Prison Education Programs		11,603
301-321	Additional Correction Officers		412,095
301-321	Work Release Coordinators		54,264
	Division of Mental Retardation—		
324-336	Administration of Institutions for the Retarded		461,992
324	Family Care Services		20,400
324	Purchase of Residential Care		825,000
324	Day Care Services		850,313
	New facilities		
326	Vineland State School		604,789
329	Woodbine State School		596,423
	Division of Mental Health and Hospitals—		
336-346	Administration of Mental Health Institutions		303,867
337	Community Mental Health Center at College of Medicine and Dentistry (Rutgers)		1,054,750
346	Sex Offender Unit at Diagnostic Center		37,106
347	Hospital for Chest Diseases including opening new facilities		125,238
	<i>Sub-Total</i>		<u>\$10,225,455</u>

STATE AID

	Department of Education—		
388	Career Development including a K-12 vocational education program		\$ 747,000
388	Innovative educational grants		300,000
	State School Aid		
388	Formula, Equalization and Incentive Aid		33,529,100
388	School Building Aid		622,400
388	School Building Aid Debt Service		5,442,400
389	Pupil Transportation Aid		4,220,800

STATE LOTTERY FUND SCHEDULES—Continued

Page	Item	Amount
389	Public School Safety Act	\$ 353,000
389	Special Education Programs	9,276,100
389	Work-Study Program	25,000
389	High School Equivalency	99,600
389	Adult Literacy	113,400
389	Evening School for foreign-born	19,200
389	School Lunch Aid	1,754,000
389	District and Regional Vocational Schools	494,400
389	Non-Public School Aid	10,000,000
389	Local Library Aid	1,037,615
	<i>Sub-Total</i>	<u>\$ 68,034,015</u>

Department of Higher Education—

391	County Colleges Operation including provision for 6,277 additional students	\$ 4,323,000
391	County College Capital Projects	800,000
391	Schools of Professional Nursing	11,000
	<i>Sub-Total</i>	<u>\$ 5,134,000</u>

CAPITAL CONSTRUCTION

Department of Education—

421	Renovations to Buildings at the Marie H. Katzenbach School for the Deaf	<u>\$ 100,000</u>
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Department of Institutions and Agencies—

439	Repairs to Institutions for disabled veterans	\$ 88,000
440	Equipment for Vocational Shop—Trenton Prison	173,000
441	Vocational Building—Bordentown Reformatory	649,000
442	Repairs and Renovations to Correction Institutions	70,000
445	Repairs and Renovations to Institutions for the Retarded	359,000
448	Repairs and Renovations to State Hospitals	437,000
	<i>Sub-Total</i>	<u>\$ 1,776,000</u>
	<i>Total Fiscal Year 1972-73</i>	<u>\$111,429,770</u>

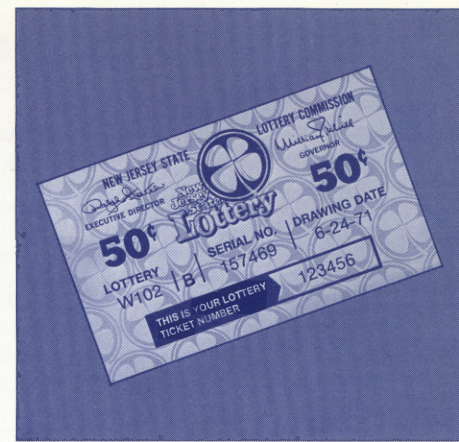
APPLICATION OF REVENUES FROM STATE LOTTERY IN PRIOR YEARS

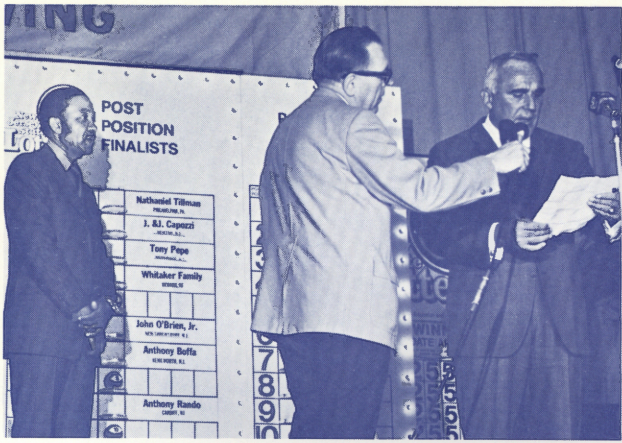
Item	FISCAL YEAR 1970-71		Amount
Department of Higher Education—			
Additional College Students			
County Colleges	6,246	\$	3,300,000
Rutgers	2,425		700,000
State Colleges	2,850		1,000,000
<i>Total Fiscal Year 1970-71</i>			<u>\$ 5,000,000</u>

FISCAL YEAR 1971-72

Department of Higher Education—

Continuation costs of students added in 1970-71		\$	5,000,000
Additional College Students			
Glassboro	700		980,700
Jersey City	208		307,362
Newark	250		343,000
Paterson	493		636,956
Montclair	530		712,850
Trenton	900		1,372,500
Ramapo	800		2,117,937
Stockton	1,000		2,028,695
Rutgers	4,530		7,674,490
College of Medicine and Dentistry	168		4,218,000
County Colleges	7,456		4,475,400
Educational Opportunity Grants			3,132,110
Clinical Programs—College of Medicine and Dentistry			2,000,000
<i>Total Fiscal Year 1971-72</i>			<u>\$ 35,000,000</u>
<i>Grand Total</i>			<u>\$151,429,770</u>







New Jersey State Lottery

Benefits Education and Institutions



New Jersey State Lottery

DRAWING DATE APR. 6 1972

388308

WINNING NUMBER

01 234
56 789

COMPUTER CONFIRMED SEMI-FINALISTS

008308	290308	508308	758 308
0118308	285308	518308	768 308
028308	278308	528308	778 308
038308	268308	538308	788 308
048308	258308	548308	798 308
058308	248308	558308	808 308
068308	238308	568308	818 308
078308	228308	578308	828 308
088308	218308	588308	838 308
098308	208308	598308	848 308
108308	198308	608308	858 308
118308	188308	618308	868 308
128308	178308	628308	878 308
138308	168308	638308	888 308
148308	158308	648308	898 308
158308	148308	658308	908 308
168308	138308	668308	918 308
178308	128308	678308	928 308
188308	118308	688308	938 308
198308	108308	698308	948 308
208308	98308	708308	958 308
218308	88308	718308	968 308
228308	78308	728308	978 308
238308	68308	738308	988 308
248308	58308	748308	998 308

POST POSITION FINALISTS

1	8308
2	8308
3	8308
4	8308
5	8308
6	8308
7	8308
8	8308
9	8308
0	8308

001112 28 88
1122555 88
7 778 8 89 9

Lucky Winners!!!
DRAWING DATE APR. 6 1972

388308	100,000
X88308	4,000
XX8308	1,000
XXX308	400
38XX08	40.00