



Presentation of Proposed Fiscal Year 2024-25 Budget

Presentation to
California State Lottery Commission
June 27, 2024



FISCAL YEAR 2024-25
ANNUAL PLAN
(Dollars in Thousands)

	FY 2023-24 Year-End Estimate	% of Sales	FY 2024-25 Proposed Budget	% of Sales	Difference
SALES:					
Scratchers	\$6,650,000	71.0 %	\$6,830,000	75.1 %	\$180,000
Powerball	893,000	9.5 %	580,000	6.4 %	(313,000)
Mega Millions	705,000	7.5 %	595,000	6.5 %	(110,000)
SuperLotto Plus	266,000	2.8 %	240,000	2.6 %	(26,000)
Hot Spot	424,800	4.5 %	438,000	4.8 %	13,200
Fantasy 5	179,500	1.9 %	170,000	1.9 %	(9,500)
Daily 3	178,300	1.9 %	175,000	1.9 %	(3,300)
Daily 4	35,400	0.4 %	35,000	0.4 %	(400)
Daily Derby	31,000	0.3 %	37,000	0.4 %	6,000
TOTAL, ESTIMATED SALES	\$9,363,000		\$9,100,000		(\$263,000)
PRIZE EXPENSE:					
Scratchers	\$4,763,194	71.6 %	\$4,890,280	71.6 %	\$127,086
Powerball	459,022	51.4 %	290,000	50.0 %	(169,022)
Mega Millions	366,860	52.0 %	297,500	50.0 %	(69,360)
SuperLotto Plus	120,602	45.3 %	120,000	50.0 %	(602)
Hot Spot	270,114	63.6 %	278,349	63.6 %	8,235
Daily Games	210,941	49.7 %	207,975	49.9 %	(2,966)
2nd Chance	9,100		9,100		0
Prize Expense Savings	(71,981)		(73,194)		(1,212)
TOTAL, PRIZE EXPENSE	\$6,127,852	65.4 %	\$6,020,010	66.2 %	(\$107,842)
NET SALES AFTER PRIZE EXPENSE	\$3,235,148		\$3,079,990		(\$155,158)
ADMINISTRATIVE EXPENSES:					
Retailer Compensation:					
Commission	\$548,731	5.9 %	\$524,042	5.8 %	(\$24,690)
Cashing Bonus	52,915	0.6 %	51,024	0.6 %	(1,891)
Special Handling	34,337	0.4 %	33,110	0.4 %	(1,227)
Incentives	6,425	0.1 %	4,000	0.0 %	(2,425)
Gaming Costs:					
Gaming Contract (IGT)	128,605	1.4 %	122,961	1.4 %	(5,644)
Retailer Administrative and Gaming Fees	(21,817)		(22,655)		(839)
Scratchers Ticket, Delivery, and Support Costs	48,656	0.5 %	50,190	0.6 %	1,534
TOTAL, RETAILER & GAMING COSTS	\$797,853	8.5 %	\$762,672	8.4 %	(\$35,181)
Operating Costs:					
Personal Services	\$134,797	1.4 %	\$144,913	1.6 %	\$10,115
Marketing Budget Plan	114,804	1.2 %	110,392	1.2 %	(4,411)
Contractual Services	21,507	0.2 %	36,782	0.4 %	15,275
Depreciation	14,555	0.2 %	12,902	0.1 %	(1,653)
Operating Expense	24,603	0.3 %	26,093	0.3 %	1,490
Reserve for Insurable Risk	0	0.0 %	5,000	0.1 %	5,000
Administrative Spending Reserve	0	0.0 %	84,246	0.9 %	84,246
Subtotal, Operating Costs	\$310,266	3.3 %	\$420,328	4.6 %	\$110,062
TOTAL, ADMINISTRATIVE EXPENSES	\$1,108,118	11.8 %	\$1,183,000	13.0 %	\$74,882
CONTRIBUTION TO EDUCATION					
Unclaimed Prizes	\$2,127,030		\$1,896,990		(\$230,040)
Interest Income	68,079		35,000		(33,079)
	63,561		60,000		(3,561)
TOTAL AVAILABLE FOR EDUCATION	\$2,258,669		\$1,991,990		(\$266,679)
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$2,258,669		\$2,081,236		(\$177,434)

Proposed Fiscal Year 2024-25 Budget

*Dollars in thousands; numbers may not add due to rounding.



Sales

	FY 2023-24		FY 2024-25		
	Year-End	% of	Proposed	% of	
	Estimate	Sales	Budget	Sales	Difference
SALES:					
Scratchers	\$6,650,000	71.0 %	\$6,830,000	75.1 %	\$180,000
Powerball	893,000	9.5 %	580,000	6.4 %	(313,000)
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Prize Expense

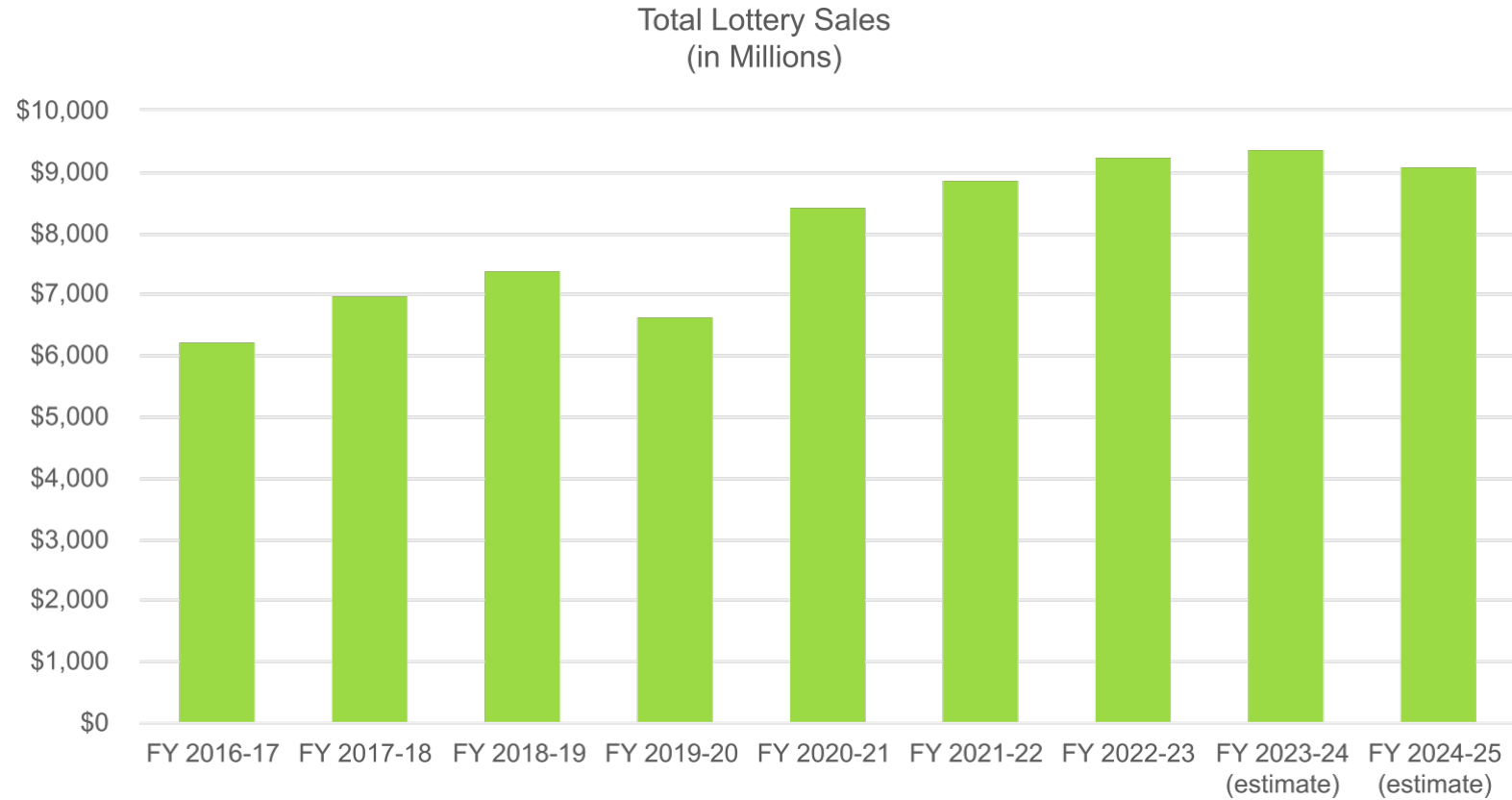
	FY 2023-24 Year-End Estimate	Prize Payout %	FY 2024-25 Proposed Budget	Prize Payout %	Difference
PRIZE EXPENSE:					
Scratchers	\$4,763,194	71.6 %	\$4,890,280	71.6 %	\$127,086
Powerball	459,022	51.4 %	290,000	50.0 %	(169,022)
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Prize Expense Savings	(71,981)		(73,194)		(1,212)
TOTAL, PRIZE EXPENSE	\$6,127,852	65.4 %	\$6,020,010	66.2 %	(\$107,842)
NET SALES AFTER PRIZE EXPENSE	\$3,235,148		\$3,079,990		(\$155,158)

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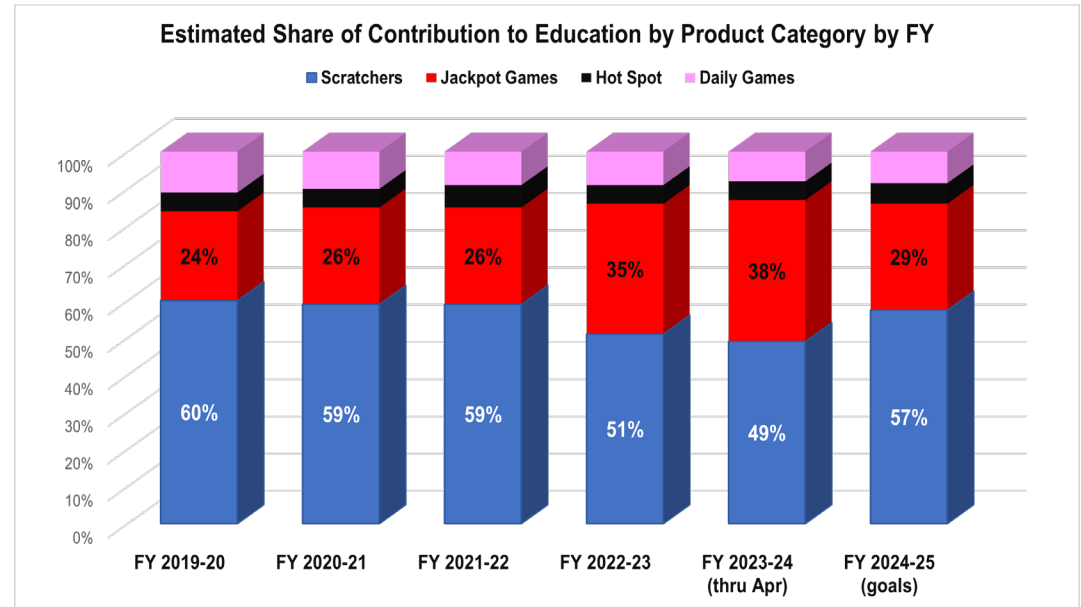
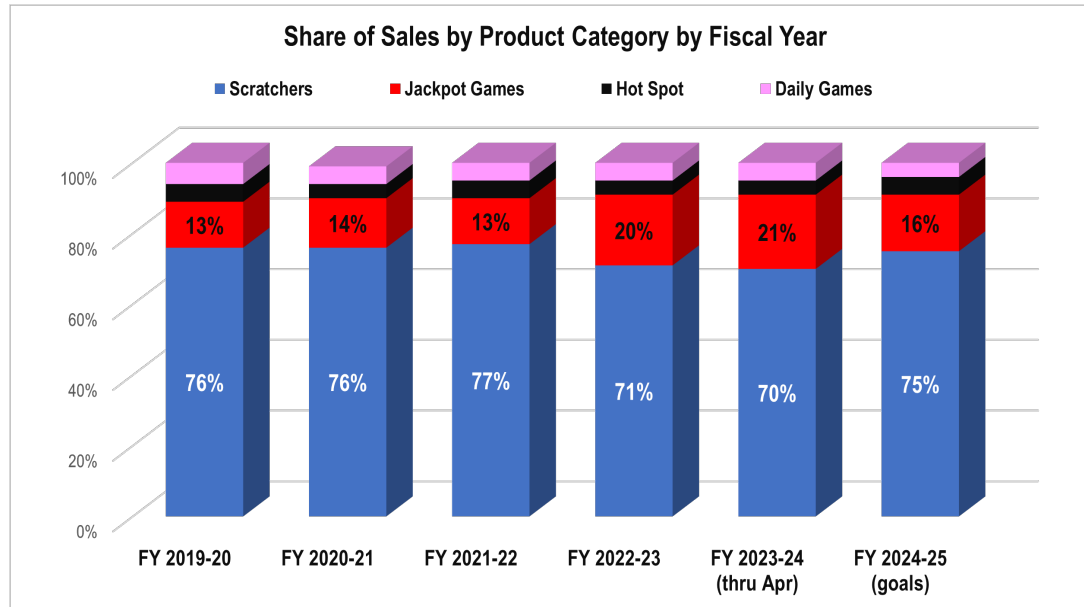
Lottery Sales by Fiscal Year



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Jackpot Games provide a higher share of Education Contribution than their share of Sales



Administrative Expense - Retailer and Gaming Costs

ADMINISTRATIVE EXPENSES:	FY 2023-24 Year-End Estimate	% of Sales	FY 2024-25 Proposed Budget	% of Sales	Difference
Retailer Compensation:					
Commission	\$548,731	5.9 %	\$524,042	5.8 %	(\$24,690)
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Special Handling	34,337	0.4 %	33,110	0.4 %	(1,227)
Incentives	6,425	0.1 %	4,000	0.0 %	(2,425)
Subtotal, Retailer Compensation	\$642,408		\$612,176		(\$30,233)
Gaming Costs:					
Gaming Contract (IGT)	128,605	1.4 %	122,961	1.4 %	(5,644)
Retailer Administrative and Gaming Fees	(21,817)		(22,655)		(839)
Scratchers Ticket, Delivery, and Support Costs	48,656	0.5 %	50,190	0.6 %	1,534
Subtotal, Gaming Costs	\$155,444		\$150,496		(\$4,948)
TOTAL, RETAILER & GAMING COSTS	\$797,853	8.5 %	\$762,672	8.4 %	(\$35,181)

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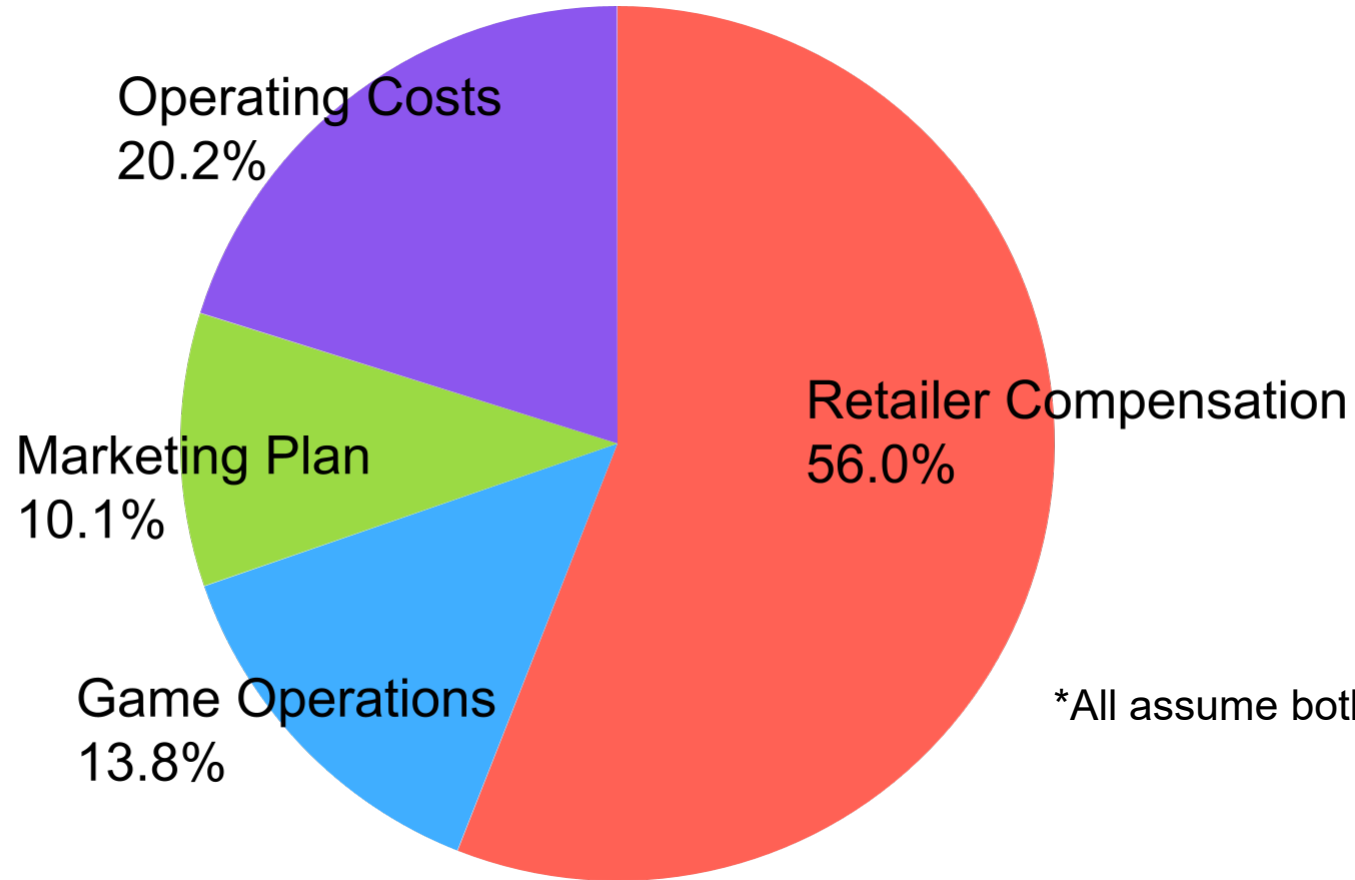
Administrative Expense - Operating Costs

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Operating Costs:					
Personal Services	\$134,797	1.4 %	\$144,913	1.6 %	\$10,115
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<i>Administrative Spending Reserve</i>	0	0.0 %	84,246	0.9 %	84,246
Subtotal, Operating Costs	\$310,266	3.3 %	\$420,328	4.6 %	\$110,062
TOTAL, ADMINISTRATIVE EXPENSES	\$1,108,118	11.8 %	\$1,183,000	13.0 %	\$74,882

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Distribution of Administrative Expenses Fiscal Year 2024-25



*All assume both reserves remain unspent



Contribution to Education

	FY 2023-24 Year-End Estimate	FY 2024-25 Proposed Budget	Difference
CONTRIBUTION TO EDUCATION	\$2,127,030	\$1,896,990	(\$230,040)
Unclaimed Prizes	68,079	35,000	(33,079)
Interest Income	63,561	60,000	(3,561)
TOTAL AVAILABLE FOR EDUCATION	\$2,258,669	\$1,991,990	(\$266,679)
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$2,258,669	\$2,081,236	(\$177,434)

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Budget to Budget Comparison

	FY 2023-24 Approved Budget	FY 2024-25 Proposed Budget	Difference
TOTAL, ESTIMATED SALES	\$8,700,000	\$9,100,000	\$400,000
<i>TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES</i>	<i>\$1,862,569</i>	<i>\$2,081,236</i>	<i>\$218,667</i>

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AB 142 5-Year Average Provision

Fiscal Year		Net Revenues Allocated to Public Education 1/	Previous 5-Yr Average Net Revenues	Amount Over (Under) Requirement
2010-11	2/	\$1,100,817		
2011-12		\$1,298,249		
2012-13		\$1,260,789		
2013-14		\$1,326,652		
2014-15		\$1,363,242		
2015-16	3/	\$1,559,669	\$1,269,950	\$289,719
2016-17		\$1,494,178	\$1,361,720	\$132,458
2017-18		\$1,656,055	\$1,400,906	\$255,149
2018-19		\$1,809,721	\$1,479,959	\$329,762
2019-20		\$1,425,155	\$1,576,573	(\$151,418)
2020-21		\$1,857,731	\$1,588,956	\$268,775
2021-22		\$2,015,049	\$1,648,568	\$366,481
2022-23	4/	\$2,231,103	\$1,752,742	\$478,361
2023-24	5/	\$2,127,030	\$1,867,752	\$259,278
2024-25	6/	\$1,986,236	\$1,931,214	\$55,022

*Dollars shown in thousands

Gov't Code Sec. 8880.4.5(d): ...in subsequent fiscal years, to ensure continued growth in lottery net revenues allocated to public education, the commission, when setting the percentage [of the total annual revenues to be allocated to the benefit of public education], shall ensure that net revenues allocated to public schools are at least as much as were allocated on average in the prior five fiscal years...

1/ Prior to interest, other income, and unclaimed prizes.

2/ 2010-11 was the first full fiscal year after AB 142 enactment (Ch 13, Stats of 2010 signed April 8, 2010).

3/ 2015-16 was the first full fiscal year following the five-year "test period."

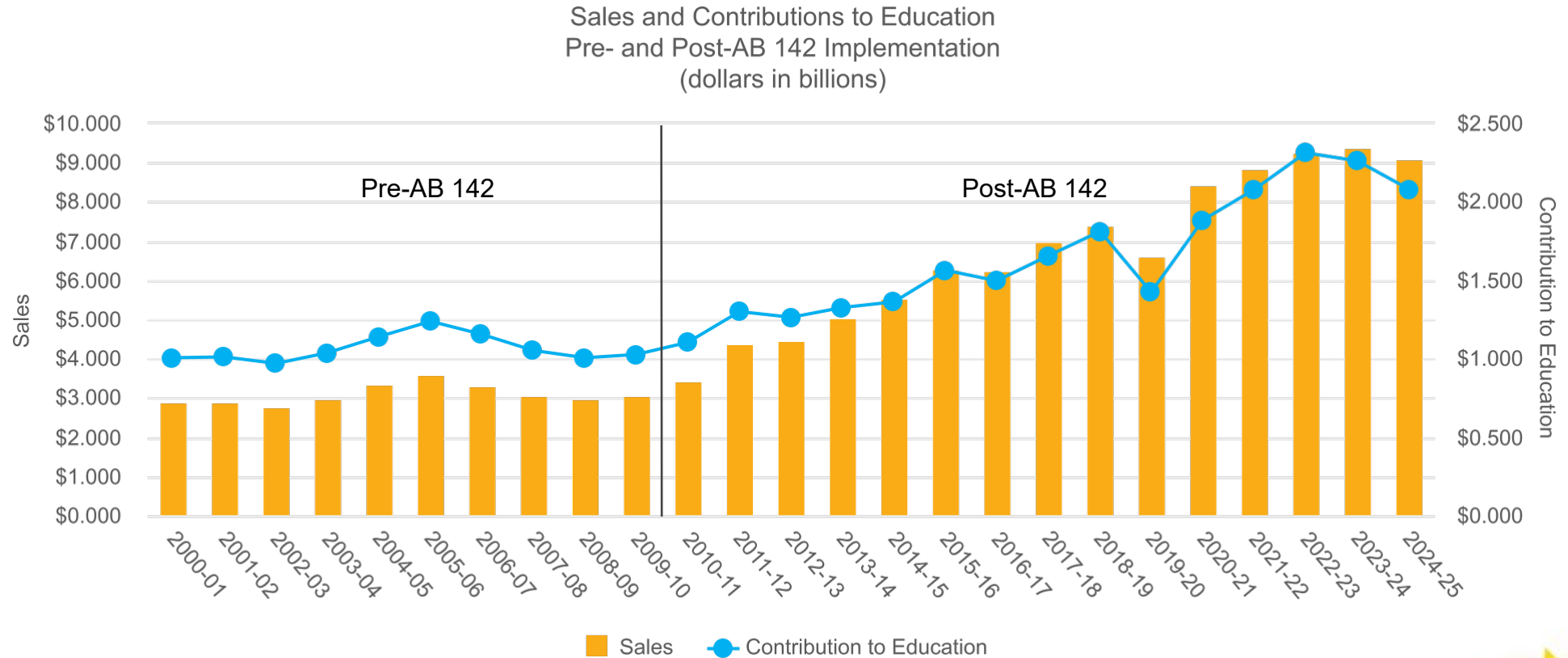
4/ Pending completion of financial audit.

5/ Estimated contribution to education to be presented to Commission on June 27, 2024.

6/ As reflected in the FY 2024-25 budget to be presented to Commission on June 27, 2024.



Sales and Contributions to Education



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