



M E M O R A N D U M

Date: March 30, 2020

To: California State Lottery Commission

From: Alva V. Johnson 
Director

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Subject: Item 4(a) – Multi-State Game Changes

ISSUE

California State Lottery (Lottery) Regulations changes are needed to account for game changes recently adopted by the Powerball® Product Group, and to prepare for possible game changes by the Mega Millions® Consortium.

BACKGROUND

The Lottery is a voting member of the Mega Millions Consortium, the group that is responsible for the Mega Millions game. The Lottery participates in Powerball pursuant to a cross-sale license between the Mega Millions Consortium and the Powerball Product Group. The Lottery is not a voting member of the Powerball Product Group.

Both the Powerball and Mega Millions multi-state games have been experiencing significant decreases in sales, as an apparent result of the COVID-19 health crisis.

On March 25, 2020, the Powerball Product Group voted to reduce the starting jackpot amounts from \$40 million to \$20 million and to reduce the minimum increase between draws from \$10 million to \$2 million, with these changes to commence after the next Powerball Grand Prize win. The Lottery was informed of the Powerball Product Group's decision on March 25, 2020, after the vote took place.

The Mega Millions Consortium has taken no immediate action to lower the starting jackpots or minimum increases between jackpots, as the Mega Millions jackpot and increases between rolls are sufficiently funded at this time. However, the group has discussed this option and is prepared to lower these amounts in the event that continued decreases in sales warrant such adjustments. If the Mega Millions Consortium does adopt these changes, the starting jackpots would be lowered from \$40 million to \$20 million and the minimum increase between draws would be reduced from \$5 million to \$2 million.

California Lottery Regulations currently specify the starting jackpot amounts and minimum increases per draw for the Mega Millions and Powerball games, in subsections 3.7.5.C(1)(c) and 3.8.5.C(1)(b), respectively.

DISCUSSION

The California State Lottery Act does not require the Lottery to include information regarding starting jackpot amounts or minimum increases per draw in its regulations. Moreover, this information is already included in the Mega Millions Official Game Rules and Powerball Group Rules. Lottery Regulations specifically reference those documents, stating that these rules govern the administration and operation of the Mega Millions and Powerball games.

Removing subsections 3.7.5.C(1)(c) and 3.8.5.C(1)(b) will eliminate unnecessary sources of conflict between Lottery Regulations, the Mega Millions Official Game Rules, and Powerball Group Rules. It would also eliminate the need for future regulations changes when starting jackpot amounts and minimum increases are adjusted, allowing for an efficient return to standard operation of the Mega Millions and Powerball games once the current health crisis is resolved.

RECOMMENDATION

Staff recommends that the California State Lottery Commission adopt the attached Regulations, which would become effective immediately. A minor technical clean-up is included, to correct a numbering error that was identified in Lottery Regulations section 3.0.