



Presentation of Draft Fiscal Year 2023-24 Budget

Presentation to
California State Lottery Commission
May 25, 2023



**FISCAL YEAR 2023-24
DRAFT BUDGET**
(Dollars in Thousands)

	FY 2022-23 Year-End Estimate	% of Sales	FY 2023-24 Draft Budget	% of Sales	Difference
SALES:					
Scratchers	\$6,476,800	71.0 %	\$6,600,000	76.6 %	\$123,200
Multi-State Games	1,530,000	16.8 %	915,000	10.6 %	(615,000)
SuperLotto Plus	265,700	2.9 %	240,000	2.8 %	(25,700)
Hot Spot	411,600	4.5 %	445,000	5.2 %	33,400
Daily Games	433,600	4.8 %	420,000	4.9 %	(13,600)
TOTAL, ESTIMATED SALES	\$9,117,700		\$8,620,000		(\$497,700)
PRIZE EXPENSE:					
Scratchers	\$4,733,850	73.1 %	\$4,738,800	71.8 %	\$4,950
Multi-State Games	765,000	50.0 %	455,000	50.0 %	(310,000)
SuperLotto Plus	132,850	50.0 %	120,000	50.0 %	(12,850)
Hot Spot	259,308	63.0 %	282,575	63.5 %	23,267
Daily Games	216,251	49.9 %	209,468	49.9 %	(6,784)
2nd Chance	9,100		9,100		0
Prize Expense Savings	(64,973)		(50,000)		14,973
TOTAL, PRIZE EXPENSE	\$6,051,386	66.4 %	\$5,764,943	66.9 %	(\$286,443)
NET SALES AFTER PRIZE EXPENSE	\$3,066,314		\$2,855,057		(\$211,257)
ADMINISTRATIVE EXPENSES:					
Retailer Compensation:					
Commission	\$528,827	5.8 %	\$496,400	5.8 %	(\$32,427)
Cashing Bonus	52,326	0.6 %	49,470	0.6 %	(2,856)
Special Handling	37,831	0.4 %	35,766	0.4 %	(2,065)
Incentives	4,068	0.0 %	3,500	0.0 %	(568)
Gaming Costs:					
Gaming Contract (IGT)	127,622	1.4 %	122,645	1.4 %	(4,977)
Retailer Administrative and Gaming Fees	(21,879)		(22,919)		(1,040)
Scratchers Ticket, Delivery and Support Costs	57,689	0.6 %	58,439	0.7 %	750
TOTAL, RETAILER & GAMING COSTS	\$786,484	8.6 %	\$743,301	8.6 %	(\$43,183)
Operating Costs:					
Personal Services	\$121,827	1.3 %	\$136,444	1.6 %	\$14,617
Marketing Program	97,011	1.1 %	111,982	1.3 %	14,971
Contractual Services	21,442	0.2 %	24,574	0.3 %	3,132
Depreciation	15,775	0.2 %	14,306	0.2 %	(1,469)
Operating Expense	20,701	0.2 %	23,944	0.3 %	3,243
Reserve for Insurable Risk	0	0.0 %	5,000	0.1 %	5,000
Administrative Spending Reserve	0	0.0 %	61,049	0.7 %	61,049
Subtotal, Operating Costs	\$276,756	3.0 %	\$377,299	4.4 %	\$100,543
TOTAL, ADMINISTRATIVE EXPENSES	\$1,063,240	11.7 %	\$1,120,600	13.0 %	\$57,360
CONTRIBUTION TO EDUCATION	\$2,003,075		\$1,734,457		(\$268,618)
Unclaimed Prizes	57,691		35,000		(22,691)
Interest Income	20,000		10,000		(10,000)
TOTAL AVAILABLE FOR EDUCATION	\$2,080,766		\$1,779,457		(\$301,309)
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$2,080,766		\$1,845,506		(\$235,260)

*Numbers may not add due to rounding.

Draft Fiscal Year 2023-24 Budget



Sales

	FY 2022-23		FY 2023-24		
	Year-End	% of	Draft	% of	
	Estimate	Sales	Budget	Sales	Difference
SALES:					
Scratchers	\$6,476,800	71.0 %	\$6,600,000	76.6 %	\$123,200
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TOTAL, ESTIMATED SALES	\$9,117,700		\$8,620,000		(\$497,700)

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Prize Expense

	FY 2022-23 Year-End Estimate	Prize Payout %	FY 2023-24 Draft Budget	Prize Payout %	Difference
PRIZE EXPENSE:					
Scratchers	\$4,733,850	73.1 %	\$4,738,800	71.8 %	\$4,950
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TOTAL, PRIZE EXPENSE	\$6,051,386	66.4 %	\$5,764,943	66.9 %	(\$286,443)
NET SALES AFTER PRIZE EXPENSE	\$3,066,314		\$2,855,057		(\$211,257)

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Administrative Expense - Retailer and Gaming Costs

ADMINISTRATIVE EXPENSES:	FY 2022-23 Year-End Estimate	% of Sales	FY 2023-24 Draft Budget	% of Sales	Difference
Retailer Compensation:					
Commission	\$528,827	5.8 %	\$496,400	5.8 %	(\$32,427)
Cashing Bonus	52,326	0.6 %	49,470	0.6 %	(2,856)
Special Handling	37,831	0.4 %	35,766	0.4 %	(2,065)
Incentives	4,068	0.0 %	3,500	0.0 %	(568)
Subtotal, Retailer Compensation	\$623,052		\$585,136		(\$37,916)
Gaming Costs:					
Gaming Contract (IGT)	127,622	1.4 %	122,645	1.4 %	(4,977)
Retailer Administrative and Gaming Fees	(21,879)		(22,919)		(1,040)
Scratchers Ticket, Delivery and Support Costs	57,689	0.6 %	58,439	0.7 %	750
Subtotal, Gaming Costs	\$163,432		\$158,165		(\$5,267)
TOTAL, RETAILER & GAMING COSTS	\$786,484	8.6 %	\$743,301	8.6 %	(\$43,183)

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Administrative Expense - Operating Costs

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Operating Costs:					
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<i>Reserve for Insurable Risk</i>	0	0.0 %	5,000	0.1 %	5,000
<i>Administrative Spending Reserve</i>	0	0.0 %	61,049	0.7 %	61,049
Subtotal, Operating Costs	\$276,756	3.0 %	\$377,299	4.4 %	\$100,543
TOTAL, ADMINISTRATIVE EXPENSES	\$1,063,240	11.7 %	\$1,120,600	13.0 %	\$57,360

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Contribution to Education

	FY 2022-23 Year-End Estimate	FY 2023-24 Draft Budget	Difference
CONTRIBUTION TO EDUCATION	\$2,003,075	\$1,734,457	(\$268,618)
Unclaimed Prizes	57,691	35,000	(22,691)
Interest Income	20,000	10,000	(10,000)
TOTAL AVAILABLE FOR EDUCATION	\$2,080,766	\$1,779,457	(\$301,309)
<i>TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES</i>	<i>\$2,080,766</i>	<i>\$1,845,506</i>	<i>(\$235,260)</i>

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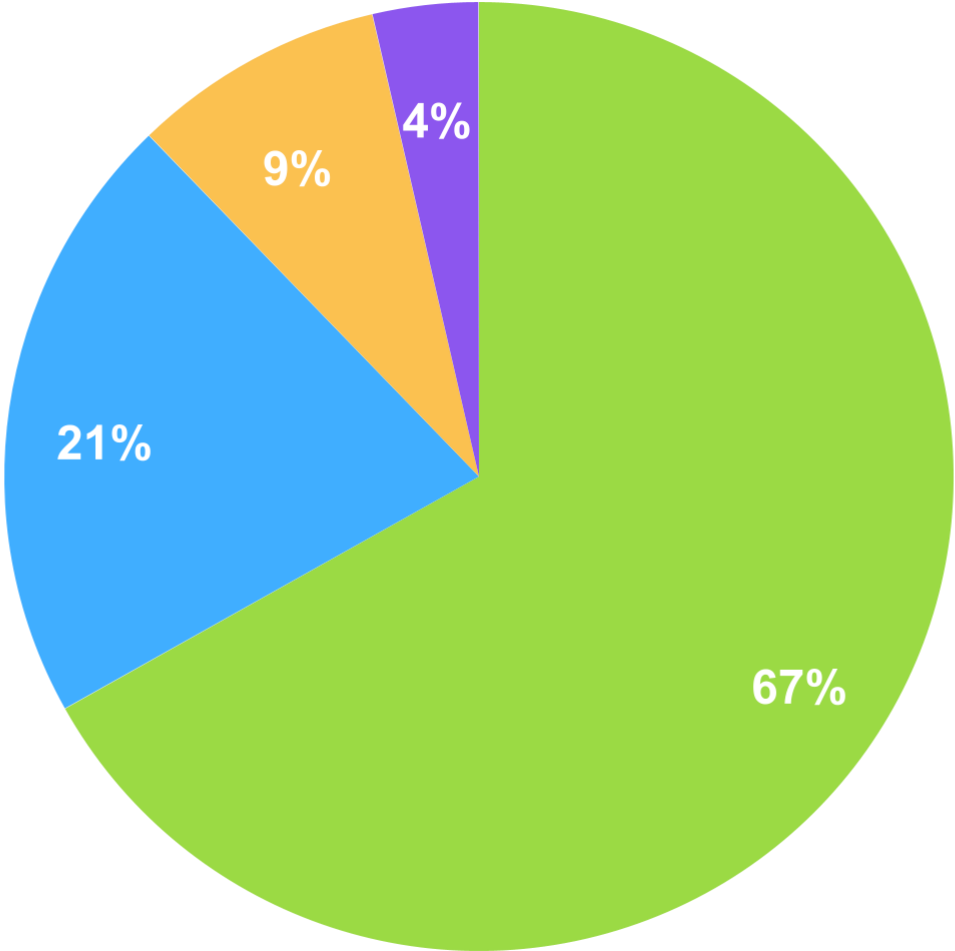
Budget to Budget Comparison

	FY 2022-23 Approved Budget	FY 2023-24 Draft Budget	Difference
TOTAL, ESTIMATED SALES	\$8,540,000	\$8,620,000	\$80,000
<i>TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES</i>	<i>\$1,807,014</i>	<i>\$1,845,506</i>	<i>\$38,492</i>

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Breakout of Lottery Sales Revenue



- Prizes
- Allocation of Sales to Education 1/
- Retailer Compensation and Gaming Costs
- Other Administrative Expense 2/

1/ Prior to unclaimed prizes and interest earnings; assumes both reserves remain unspent
2/ Assumes both reserves remain unspent

