




M E M O R A N D U M

Date: September 29, 2022

To: California State Lottery Commission

From: Alva V. Johnson, Director 

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Subject: 8(g) – Scratchers® Core Game Profile Templates

ISSUE

The California State Lottery (Lottery) utilizes templates approved by the California State Lottery (Commission) to create prize structures for Scratchers games. Commission approval is required to create new Core game profile templates (Core templates) and provide greater variety in game design.

BACKGROUND

The Lottery currently utilizes core game profile templates in the creation of Scratchers games. These templates define the overall financial structure for each Scratchers game, including information like potential revenue, prize tiers, odds, and prize payout. Pursuant to Lottery Regulations 3.10.3, new Core templates require Commission approval.

DISCUSSION

In October 2010, the Commission modified regulations to streamline the new game approval process by having the Commission review and approve Core templates instead of approving individual game profiles for each Scratchers game.

Those templates form the key structure for new games. As part of its ongoing game development, the Lottery continues to assess and review its different prize structures. As part of this review, the Lottery has identified an opportunity to update the existing prize structures and templates within the \$1 category.

New Core templates will help provide greater variety within the \$1 category. The \$1 and \$2 Scratchers category have shown a steady and continuous decline across the lottery industry over the past 10 years as players continue to shift their purchases towards higher price point games. However, these games remain an important component of many lotteries' game portfolios because they provide a higher profit margin and offer an affordable entry point for new players.

In California, research has indicated that these games remain a relevant and significant price point for Lottery players even as their purchases continue to shift towards higher price points. While the games do not generate the same sales volume as higher points, they remain an integral component in balancing profitability within the portfolio.

The Lottery is requesting approval for sixteen \$1 Scratchers Core Templates. The templates are designed to offer varying prize structures; so, for example, a certain amount of small prizes on one template while another template might have ten different types of prize levels. Additionally, different game styles may have different prize structures, like crossword or bingo. These prize levels are optimized working closely with the Lottery's Scratchers vendors and the Lottery's Product team.

Below is a summary of the \$1 templates:

TEMPLATE	PAYOUT	TOP PRIZE	OVERALL ODDS 1 IN:
1CP.2.1	60.02%	\$2,500	4.81
11A.2.1	61.48%	\$1,000	4.14
11A.2.2	61.12%	\$5,000	4.34
11C.1.1	60.37%	\$2,500	4.77
11C.1.2	61.90%	\$1,000	5.11
11C.2.1	61.27%	\$5,000	4.12
1C.2.P.3	61.05%	\$5,000	4.96
11D.1.1	61.52%	\$888	4.59
11D.2.1	61.42%	\$888	4.65
11H.3.1	61.22%	\$999	4.72
11H.3.2	61.22%	\$999	4.76
11L.1	60.05%	\$500	4.73
11Q.1	61.34%	\$500	4.69
11T50.1	60.65%	\$50	4.80
11T100.1	61.25%	\$100	4.73
11V.1	61.83%	\$777	4.64

RECOMMENDATION

Lottery staff recommends that the Commission approves these 16 new Core Templates.

Attachments