



Proposed Fiscal Year 2019-20 Budget

Presentation to
California State Lottery Commission
June 20, 2019



FISCAL YEAR 2019-20
PROPOSED BUDGET
(Dollars in Thousands)

Attachment I

	FY 2018-19 Year-End Estimate	% of Sales	FY 2019-20 Proposed Budget	% of Sales	Difference
SALES:					
Scratchers	\$5,160,000	69.9%	\$5,375,000	73.7%	\$215,000
Powerball	522,000	7.1%	460,000	6.3%	(62,000)
Mega Millions	738,000	10.0%	465,000	6.4%	(273,000)
SuperLotto Plus	289,000	3.6%	276,000	3.8%	8,000
Hot Spot	314,000	4.3%	335,000	4.6%	21,000
Fantasy 5	161,000	2.2%	178,000	2.4%	17,000
Daily 3	162,000	2.1%	155,000	2.1%	3,000
Daily 4	31,000	0.4%	31,000	0.4%	0
Daily Derby	31,000	0.4%	21,000	0.3%	(10,000)
TOTAL, ESTIMATED SALES	\$7,378,000		\$7,295,000		(\$83,000)
PRIZE EXPENSE:					
		Prize Payout %		Prize Payout %	
Scratchers	\$3,637,800	70.5%	\$3,810,875	70.9%	\$173,075
Powerball	271,000	51.9%	230,000	50.0%	(41,000)
Mega Millions	370,000	50.1%	232,500	50.0%	(137,500)
SuperLotto Plus	122,400	45.5%	137,500	50.0%	15,100
Hot Spot	200,960	64.0%	214,400	64.0%	13,440
Fantasy 5	80,500	50.0%	89,000	50.0%	8,500
Other Daily Draw Games	106,570	49.8%	103,088	49.8%	(3,484)
2nd Chance - Scratchers	5,200		5,200		0
2nd Chance - Draw Games	3,900		3,900		0
Prize Expense Savings	(56,300)		(56,000)		1,300
TOTAL, PRIZE EXPENSE	\$4,742,030	64.3%	\$4,771,461	65.4%	\$29,431
NET SALES AFTER PRIZE EXPENSE	\$2,635,970		\$2,523,539		(\$112,431)
ADMINISTRATIVE EXPENSES:					
		% of Sales		% of Sales	
Retailer Compensation:					
Commission	\$428,508	5.8%	\$426,758	5.9%	(\$1,749)
Cashing Bonus	42,475	0.6%	41,894	0.6%	(580)
Special Handling	28,701	0.4%	28,523	0.4%	(178)
Incentives	3,750	0.1%	3,699	0.1%	(51)
Gaming Costs:					
Gaming Contract (IGT)	111,953	1.5%	109,395	1.5%	(2,558)
Administrative Retailer Fees	(21,155)		(21,712)		(557)
Gaming Monitor Fees	(580)		(594)		(14)
Scratchers Ticket Costs	30,945	0.4%	35,000	0.5%	4,055
Scratchers Delivery and Support Costs	7,612	0.1%	8,299	0.1%	687
TOTAL, RETAILER & GAMING COSTS	\$632,207	8.6%	\$631,263	8.7%	(\$945)
Operating Costs:					
Personal Services	\$112,700	1.5%	\$117,923	1.6%	\$5,223
Marketing Budget Plan	80,000	1.1%	98,400	1.3%	18,400
Contractual Services	18,000	0.2%	21,394	0.3%	3,394
Depreciation	18,840	0.3%	21,574	0.3%	2,734
Operating Expense	15,500	0.2%	19,985	0.3%	4,485
Reserve for Insurable Risk	0	0.0%	5,000	0.1%	5,000
Administrative Spending Reserve	0	0.0%	32,811	0.4%	32,811
Subtotal, Operating Costs	\$245,040	3.3%	\$317,087	4.3%	\$72,047
TOTAL, ADMINISTRATIVE EXPENSES	\$877,247	11.9%	\$948,350	13.0%	\$71,103
CONTRIBUTION TO EDUCATION					
Unclaimed Prizes	\$1,758,723		\$1,575,189		(\$183,534)
Interest Income	37,000		35,000		(2,000)
TOTAL AVAILABLE FOR EDUCATION	\$1,809,723		\$1,622,189		(\$187,534)
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$1,809,723		\$1,660,000		(\$149,723)

Proposed Fiscal Year 2019-20 Budget



Sales

	FY 2018-19		FY 2019-20		
	Year-End	% of	Proposed	% of	
	Estimate	Sales	Budget	Sales	Difference
SALES:					
Scratchers	\$5,160,000	69.9%	\$5,375,000	73.7%	\$215,000
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TOTAL, ESTIMATED SALES	\$7,378,000		\$7,295,000		(\$83,000)



Prize Expense

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NET SALES AFTER PRIZE EXPENSE	\$2,635,970		\$2,523,539		(\$112,431)



Administrative Expenses

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Retailer Compensation:					
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Special Handling	28,701	0.4%	28,523	0.4%	(178)
Incentives	3,750	0.1%	3,699	0.1%	(51)
Subtotal, Retailer Compensation Costs	\$503,432	6.8%	\$500,874	6.9%	(\$2,557)
Gaming Costs:					
Gaming Contract (IGT)	111,953	1.5%	109,395	1.5%	(2,558)
Administrative Retailer Fees	(21,155)		(21,712)		(557)
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TOTAL, ADMINISTRATIVE EXPENSES	\$877,247	11.9%	\$948,350	13.0%	\$71,103



Fiscal Year 2019-20

SUMMARY OF FUNDING NEEDS BY OBJECTIVE (Dollars in Thousands)

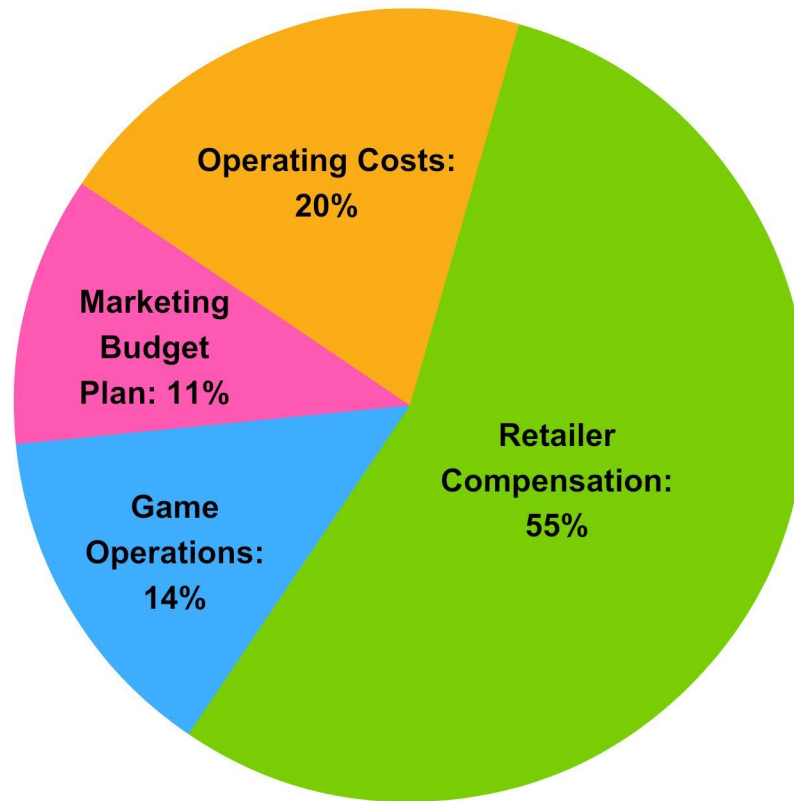
Attachment II

Objective	Positions	Cost
Grow sales of all jackpot games and Hot Spot		\$ 37,855
Continue moderate growth of Scratchers sales	6	\$ 52,534
Improve the customer experience for players, retailers, and internal customers	1	\$ 6,371
Elevate perceptions about the Lottery to grow the future player base		\$ 6,026
Additional personal services, operating expenses, and capitalized items	10	\$ 1,367
Total FY 2019-20 Initiatives and Other Revisions	17	\$ 104,153

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Distribution of Administrative Expenses Fiscal Year 2019-20



Contribution to Education

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CONTRIBUTION TO EDUCATION	\$1,758,723	\$1,575,189	(\$183,534)
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Interest Income	14,000	12,000	(2,000)
TOTAL AVAILABLE FOR EDUCATION	\$1,809,723	\$1,622,189	(\$187,534)
<i>TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES</i>	\$1,809,723	\$1,660,000	(\$149,723)

