

COMPREHENSIVE ANNUAL BUDGET REPORT



FISCAL YEAR
2026
2027



California State Lottery

Committed to enhancing education and supporting local communities

Annual Fiscal Year Budget

For the Fiscal Year beginning July 1, 2026

Prepared by the Finance Division of the California Lottery

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Introductory Section



Letter of Introduction

The California State Lottery is pleased to provide this Annual 2026-2027 Fiscal Year Budget for the year beginning July 1, 2026 approved on June 16, 2026. Transitioning from a longstanding practice of base budgeting, the California Lottery adopted zero-based budgeting (ZBB) starting with the FY 2019-20 budget cycle. We have continued this approach for developing spending plans from the ground up to produce more granular budgets and improved transparency for the budgeting process.

Zero-basing enables the allocation of resources to where they are most effective and best align with strategic priorities. Although the Lottery Act caps the Lottery's administrative expenses at 13 percent of total sales revenue each year, current regulations and contractual agreements require that roughly 9 percent of annual sales revenue be used to pay for retailer compensation and gaming costs. Additionally, salary and benefit costs for the Lottery's employees currently account for approximately 1.6 percent of annual sales revenue; this leaves only roughly 2.4 percent of total sales revenue each year to cover all of the Lottery's other operating expenses (marketing, equipment, contracts, etc.). The ZBB process better assures more effective, mission-focused, utilization of limited funds.

The Budgets Unit's software technology implementation of Workiva's productivity platform was instrumental in the successful transformation to the more robust ZBB approach, enabling the team to provide additional support in managing the Lottery's limited funding resources through organizational efforts such as streamlining employee position numbers, incorporating additional features and budgeting tools into the Lottery's upgraded financial accounting system, reducing duplication of efforts by allowing divisional budget liaisons to enter data directly into the platform, and working more closely with the Fiscal Systems unit to ensure the systems function properly and that various financial reports include appropriate underlying data and best meet the Lottery's needs. The result of these changes is a systematic approach for collection and management of information and chart of accounts administration that improves Lottery teams' ability to harvest data for analysis and support a new era of forecasting beyond development of the fiscal year budget.

Finally, the ZBB approach requires more upfront planning on the part of each division and greater scrutinization by the Budgets team for each element of the divisional budgets. The successful adoption of these critical elements can be attributed to the Lottery's change management effort and renewed focus for mission, vision, and values to support the heightened levels of communication and engagement needed to yield more cost-effective ways for us to achieve business objectives and better orient our culture towards cost-benefit analysis to maximize supplemental funding to education now and into the future.

For an in-depth understanding of our budgetary process and the strategic allocation of funds, we invite you to review the accompanying detailed report.

Fiscal Year Budget 2026-27

The California State Lottery (Lottery) has presented to the California State Lottery Commission (Commission) its proposed budget for Fiscal Year (FY) 2026-27, as per the Lottery's policy. The budget outlines sales goals reflective of operational strategies, includes estimated operational expenses, and displays the resulting and anticipated contributions to public education.

The proposed budget sets a sales goal of \$9.36 billion, estimates contributions of \$2.06 billion to public education and marks the third time the Lottery has projected over \$2 billion for education. Although sales came in lower than budgeted in the prior year (primarily due to lower jackpot levels in the multi-state games) steady sales in the remaining games comprising the Lottery's gaming portfolio suggest this recurring sales level is achievable with a return to average jackpot levels and added support provided by offering additional \$30 and \$40 Scratchers® products and reintroducing Hot Spot promotions that proved to be successful in the prior year.

The budget also details expenses, including an estimated \$6.24 billion for prize expenses. The prize payout rate is optimized within a 65 to 67 percent range to ensure maximum funding for education. Administrative expenses (capped at 13.0 percent of sales revenues) are anticipated to amount to \$1.13 billion to provide for operational needs including strategic investments for the FY 2026-27 Business Plan. The budget includes a \$5.0 million reserve for insurable risks and a \$78.57 million administrative spending reserve, which provides financial flexibility. Any unspent reserve funding amounts are transferred directly to public education.

Approximately two-thirds of Lottery's fiscal year budget funding for administrative expenses is allocated to fixed costs (compensation for Lottery retailers and gaming services), leaving just one-third to fund operating costs and long-term strategies which include investments to enhance the SuperLotto Plus, communicating the Lottery's mission (Mission Education Campaign), and funding continuous improvement of the customer experience and brand awareness (various efforts aimed at simplifying the purchase experience) to increase transparency, communicate the good the Lottery does, and increase playership to aid the Lottery in meeting its funding goals for public education in California.

About Us

Mission: *We generate supplemental funding for public education from elementary schools to universities. With honesty and integrity, we build a better tomorrow for students and our communities through the responsible sale of entertaining lottery products.*

Profile of the Lottery

The 1984 ballot initiative that created Lottery was approved by 58 percent of the voters and established the Lottery as an independent state agency to market and sell lottery products to the California public. The Lottery Act specifies that the Lottery is operated and administered by a five-member Commission appointed by the Governor. A Director, who is also appointed by the Governor, serves as the chief administrator of the Lottery. The Legislature has the authority to amend the Lottery Act by a two-thirds majority if, by doing so, it furthers the purposes of the measure.

Lottery ticket sales began on October 3, 1985, with the sale of the first Scratchers ticket game called *California Jackpot*. More than 21 million tickets were sold on the very first day and more than 1.7 billion tickets were sold in the first nine months. Draw game sales began on October 14, 1986, with Lotto 6/49®. Daily draw games were introduced in March 1990.

On April 8, 2010, the Legislature amended the Lottery Act (Act) with Assembly Bill (AB) 142. AB 142 requires the Lottery to return at least 87 percent of revenues to the public in the form of prizes and contributions to education, and established a cap of 13 percent of revenues as the amount the Lottery may spend on operating expenses.

As stated in the state budget narrative, prior to AB 142 the Lottery was required to return, as nearly as practical, 50 percent of revenues to the public in the form of prizes; at least 34 percent to public education; and allocate no more than 16 percent to administrative costs.

By allowing the Lottery to pay out more in prizes, AB 142 was designed to increase ticket sales and the Lottery's resulting contribution to education. The changes made by AB 142 have clearly been successful, as the average of the Lottery's annual contribution to education over the 15 fiscal years following full implementation of AB 142 is more than \$650 million higher (a more than 63 percent increase) compared to the 15 fiscal years prior to AB 142 being fully implemented.

California State Lottery Commissioners

Ensuring integrity, security, fairness, and transparency.

The Lottery Act requires that the five-member Commission, appointed by the Governor, be comprised of no more than three members from the same political party; one must be a Certified Public Accountant, and another must have at least five years of experience as a law enforcement officer. The Commission meets at least once a quarter, and their meetings are open to the public.

Anthony Garrison-Engbrecht

Lottery Commission Chair



Dr. Anthony Garrison-Engbrecht is a dedicated higher education administrator and educator committed to crafting transformative, holistic student experiences that meet individuals where they are and empower them to reach their fullest potential. Currently serving as the Vice President of Student Affairs at the California Institute of the Arts, he brings a wealth of experience and a proven track record in student life leadership. Previously, Garrison-Engbrecht served as the Vice President of Student Life at Saint Mary's College of California. He has also held leadership positions at the University of California - Merced, the University of California - Berkeley, and Loyola Marymount University. Throughout his career, Garrison-Engbrecht has consistently demonstrated a steadfast commitment to increasing access to education, cultivating inclusive campus environments, and elevating student engagement. Garrison-Engbrecht earned a BA in Sociology from Loyola University New Orleans, an MA in Education and Psychology from Pepperdine University, and an MA in Theology from Loyola Marymount University. He pursued his graduate studies in Culture and Curriculum at Chapman University and Rural Education at Oregon State University. His research interests encompass the impact of rurality and poverty on college access.

Keetha Mills is President and Chief Executive Officer of the Foundation for California Community Colleges (Foundation), the nonprofit auxiliary serving the California Community Colleges Board of Governors, Chancellor's Office, and all 116 colleges. Mills is a certified public accountant whose professional background includes over 20 years of experience in executive leadership, finance, accounting, and operations. Prior to joining the Foundation, she served in a management role at Hines Interest Limited Partnership and held several regional positions at Planned Parenthood, including Chief Financial Officer of Planned Parenthood of Houston and Southeast Texas, Interim Chief Executive Officer of Planned Parenthood of Louisiana and the Mississippi Delta and Chief Operating Officer of Planned Parenthood Gulf Coast. Earlier in her career, Mills worked with two of the nation's largest accounting firms at the time, Arthur Andersen and PricewaterhouseCoopers, and held positions at Dynegy. A community college alumna, Mills earned her associate of arts in business administration from Lee College in Baytown, Texas, and her bachelor of science in accounting from the University of Houston.

Keetha Mills

Lottery Commission Vice Chair



Tiffani Alvidrez

Lottery Commission Member



Tiffani Alvidrez leads strategic initiatives for public sector ecosystem expansion for NVIDIA. Prior to this role, she served as a Regional Policy Manager for Instacart, where she used her deep knowledge of public policy and her political acumen to help shape complex, cutting-edge public policy debates that define the future of work and e-commerce in the western region of the United States. Before that, she built a career in California state policy and politics. She spent 10 years as a Chief of Staff in the California State Legislature and held positions at every level of state government, including a former governor's administration and as a state civil servant. Tiffani serves on the boards of Leadership California and the Environmental Justice League. She is also a member of the SALA Series, a community of leaders from a variety of industry sectors who share a common motivation to engage around important societal and business matters and help drive positive change. Tiffani has a Bachelor of Arts degree from the University of California, Davis and a Masters in Business Administration. She is a proud member of Alpha Kappa Alpha Sorority, Inc. Tiffani currently resides in the Sacramento area.

Sergeant Ukau Dungca, of El Dorado Hills, has served as a Sergeant for California Highway Patrol since 2022, and was previously an Officer from 2009 to 2022. He was a Site Coordinator for the County of Sacramento from 2005 to 2008. Dungca earned a Bachelor of Science degree in Criminal Justice from California State University, Sacramento.

Sergeant Ukau Dungca

Lottery Commission Member



Alexandre Rasouli, M.D. is a nationally recognized, board-certified spine surgeon who specializes in the surgical and nonsurgical management of cervical, thoracic and lumbar disorders of the spine, degenerative disorders, spinal trauma, adult and pediatric deformity, spinal oncology and minimally invasive surgery. He has been the medical director of RasouliSpine since 2006. He received his undergraduate degree from Stanford University and his Doctor of Medicine degree from the University of California, Irvine. He has been a Consultant Reviewer at the Journal of Bone & Joint Surgery since 2008. Rasouli is a member of the North American Spine Society and serves on the medical board of the International Society of Children with Cancer.

Alexandre Rasouli, M.D.

Lottery Commission Member



California State Lottery Management Team

Harjinder K. Shergill-Chima

Director



Director Harjinder K. Shergill-Chima brings extensive experience to the California Lottery. She served Lottery in the capacity of Chief Deputy Director for four years before Governor Gavin Newsom appointed her to the Director position.

Prior to Lottery, Shergill-Chima was Assistant General Counsel at the California Government Operations Agency from 2018 to 2019. Before that, she was an Attorney at the California Department of Transportation from 2004 to 2018. She was an Associate at Rich, Fuidge, Morris & Iverson Inc. from 2002 to 2004 and at Reinecke & Daily in 2001. She earned a Bachelor of Science degree in Criminal Justice from California State University, Sacramento and a Juris Doctor degree from Whittier Law School.

Shergill-Chima is the first Indian American serving as Director of the California Lottery.





Florence Bernal
Chief Deputy Director



Fernando Aceves
*Chief Legal
Counsel*



Nicholas Buchen
*Deputy Director, CFO
Finance*



Michelle Prater
*Deputy Director
Public Affairs &
Communications*



Rich McNeese
*Deputy Director
Sales*



Sharon Allen
*Deputy Director
Marketing*



Chris Fernandez
*Deputy Director
Human Resources*



Chris Lopez
*Deputy Director
IT Services*



Jim Hasegawa
*Deputy Director
Business Planning*



John Lowden
Deputy Director
Security & Law
Enforcement



Paula Negrete
Deputy Director
External Affairs



Emily Nguyen
Deputy Director
Internal Audits



Jean Cooper
Deputy Director
Operations



**Christina Ruelas-
Barriga**
*Equal Employment
Opportunity Officer*



Anthony Edmonds
*Chief Information
Security Officer*



Organizational Chart

Organization Chart and Principal Officials

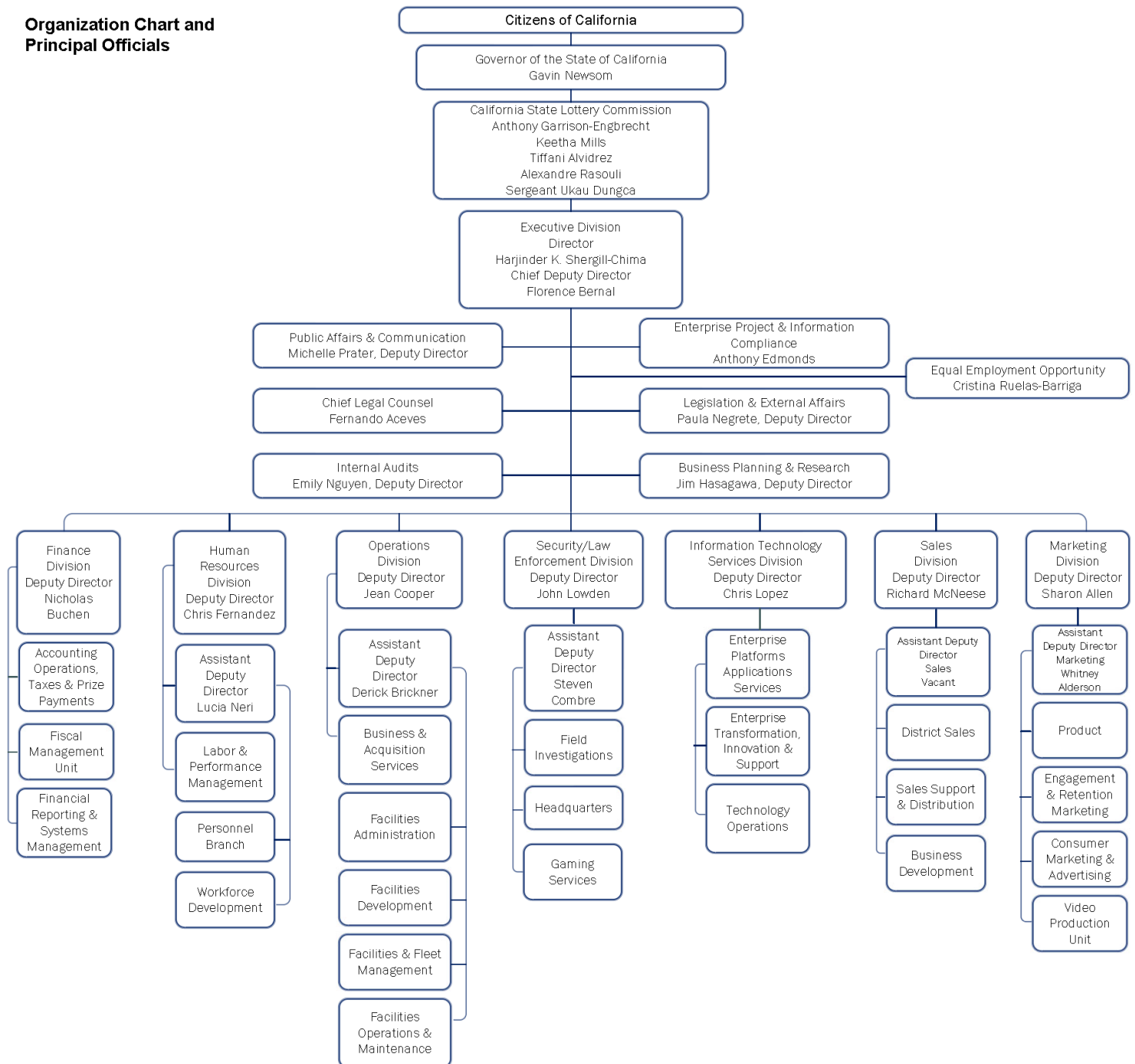


EXHIBIT COMMISSION AGENDA ITEM

**FISCAL YEAR
2026
2027
BUDGET**





Date: June 16, 2026

To: California State Lottery Commission

From: Harjinder K. Shergill Chima
Director

Prepared By: Nicholas Buchen
Deputy Director, Finance Division

Subject: **Item 8(g) - Fiscal Year 2026-27 Budget**

ISSUE

Pursuant to California State Lottery (Lottery) policy, the Lottery is required to present the California State Lottery Commission (Commission) with a proposed annual budget for the upcoming fiscal year.

BACKGROUND

The Lottery's budget prepared for Fiscal Year (FY) 2026-27 presents a sales goal of \$9.36 billion and is estimated to provide approximately \$2.06 billion to public education. This proposed budget includes resources to responsibly maintain operational growth as well as the resources necessary to implement the Lottery's FY 2026-27 Business Plan. The budget represents the financial plan to deploy strategies to further the Lottery's multi-year strategic plan to drive bottom-line contributions to education. All goals and major initiatives tie back to one or more of the Lottery's five strategic objectives:

- Reduce reliance on big jackpots to determine our fortunes meet financial goals by growing Draw Game sales outside of \$1 billion+ jackpots
- Continue eliminating barriers to play among infrequent Scratchers® players
- Expand efforts against Core Scratchers players to battle growing competition for the entertainment and gaming dollar
- Elevate the customer experience for players, retailers, and internal customers
- Transform and modernize Lottery programs and processes to reduce costs and/or allow staff more time for revenue generating initiatives

DISCUSSION

Development of the Lottery's FY 2026-27 budget began by zero-basing divisional operating expense budgets. A preliminary sales projection was used to determine the availability of resources to fund proposed business plan initiatives and address operational improvements to drive increased sales and contributions to public education.

This comprehensive assessment of sales goals, the funding needed to deliver those goals, and the resulting contribution to education culminates in the proposed FY 2026-27 budget presented for approval. A summary of the elements of the proposed FY 2026-27 budget is presented below:

Sales

Total sales for all Lottery products are projected to be \$9.36 billion for FY 2026-27; this represents an increase of \$36 million, or 0.4 percent from the estimated year-end sales levels for FY 2025-26. Although current year Scratchers sales have been trending below goal in the second half of the fiscal year, the budget year assumes sales growth with the launch of a new \$30 and \$40 game. The year-over-year decrease in multi-state game sales is primarily due to better-than-expected performance achieved in the current fiscal year resulting from there being 10 draws for which the advertised Powerball® jackpot has been \$1 billion or more in this current fiscal year. Conversely, the year-over-year sales growth projected for both SuperLotto Plus® and the Daily Games is a function of sales in the current fiscal year coming in a little lower than projected, which is not expected to repeat in the coming fiscal year.

The following chart compares the FY 2025-26 year-end estimate (rounded to the nearest million) with proposed sales goals for the FY 2026-27 budget.

Comparison of Revenues FY 2025-26 Estimated Sales and Proposed FY 2026-27 Sales Goals (Dollars in Thousands)			
Sales:	Year-End Estimate FY 2025-26	Proposed Budget FY 2026-27	Difference
Scratchers®	\$6,900,000	\$7,040,000	\$140,000
Multi-State Jackpot Games	1,323,500	1,205,000	(118,500)
SuperLotto Plus®	233,500	240,000	6,500
Hot Spot®	455,000	455,000	0
Daily Games	412,000	420,000	8,000
Total Sales	\$9,324,000	\$9,360,000	\$36,000

Expenses

The following section describes costs associated with the FY 2026-27 budget.

Prize Expense

Prize expense is estimated to total \$6.2 billion in FY 2026-27. This is an increase of \$88.4 million (1.4 percent) from the estimated FY 2025-26 prize expense and is driven by the increased sales projection. However, this increase is disproportionately higher than the year-over-year sales increase since the product line with the most significant projected growth, Scratchers, has a much higher prize expense relative to the product line with the year-over-year decrease in sales, the multi-state games.

Pursuant to Lottery policy, the Director is required to make a determination that prize payout levels across all games have been optimized for the coming fiscal year to ensure that funding for education is maximized annually. Since Scratchers sales

account for more than 70 percent of total revenues and the Lottery has more direct influence on the sale of these tickets, the Lottery ran several product plan scenarios for Scratchers to identify the optimal mix yielding the highest contribution to education. The resulting estimated prize expense totals 66.7 percent of projected sales for FY 2026-27, which is within the range of 65 percent to 67 percent that was recommended as being ideal in the most recent analysis that was conducted for the Lottery to determine the optimal prize payout rate/range.

Administrative Expenses

Administrative expenses include retailer compensation, gaming costs, and operating costs. The Lottery Act caps administrative expenses at 13.0 percent of total annual sales revenues.

Excluding the reserve for insurable risk and administrative spending reserve (described below), total administrative expenses for FY 2026-27 are estimated to be \$1.1 billion, an increase of \$16.6 million (1.5 percent) from estimated administrative expenses for FY 2025-26. This year-over-year growth primarily reflects the increased sales projection combined with strategic investment in FY 2026-27-Business Plan initiatives and operational improvements to help achieve and sustain future growth.

Retailer compensation costs are estimated to total approximately \$637.3 million for FY 2026-27, which represents an increase of \$2.5 million (0.4 percent) from the FY 2025-26 year-end projection. This budget category includes the cost to pay the Lottery's more than 23,000 retail partners incentives to sell Lottery tickets and cash the associated eligible winning tickets. Retailers also earn bonuses for selling eligible winning jackpot/top prize tickets and certain winning tickets worth \$1.0 million or more. The year-over-year increase in this item is directly associated with the increased sales projection.

Gaming costs are budgeted at \$179.1 million for FY 2026-27, which is an increase of \$11.6 million (6.9 percent) from the FY 2025-26 year-end projection. This budget category includes the cost of operating the gaming system, gaming equipment installation and maintenance, and production and distribution of Scratchers tickets. Although this year-over-year increase is driven by the increased sales projection for FY 2026-27, it is disproportionately higher due to the increased cost of printing and producing Scratchers tickets resulting from the various economic conditions that have significantly driven up prices.

Excluding the reserves, retailer compensation and gaming costs account for 72.0 percent of the Lottery's administrative expenses for FY 2026-27. The remaining administrative expenditures are the Lottery's operating costs, which include personnel costs, advertising/marketing costs, and other overhead costs. Operating costs also contain the funding and resources required to execute the FY 2026-27 Business Plan initiatives and funding for operational improvements which, combined, account for the vast majority of the projected year-over-year increase in this budget category.

Personal services cost increases are mainly due to rising staff benefit costs, the assumption that the Lottery will continue to have fewer vacant positions, and the proposed addition of 23 new positions for FY 2026-27 along with the addition of temporary help positions to meet operational needs. Although this does not factor into the year-over-year increase in personal services costs, the Lottery also proposes converting two existing limited-term positions to permanent to meet ongoing workload demands.

Also included within administrative expenses for FY 2026-27 is a \$5.0 million reserve for insurable risk to cover fiscal exposures for the areas within the organization that the Lottery self-insures, as well as a \$78.6 million administrative spending reserve to act as a safeguard against future uncertainties. The administrative spending reserve also provides the Commission and the Lottery with the flexibility to take advantage of opportunities to increase funding for education that may emerge over the upcoming year. The administrative spending reserve is an element of the 13 percent of total revenues specified for administrative expenses. Pursuant to provisions of the Lottery Act, the entire unspent amount within both the administrative spending reserve and the reserve for insurable risk will be transferred directly to public education.

Chapter 13, Statutes of 2010 (AB 142) includes a provision requiring that net Lottery revenues allocated to public education reflected in the budget approved by the Commission for a given fiscal year be at least as much as the average of the amount allocated to public education in the prior five fiscal years. The Lottery's budget for FY 2026-27 projects that the Lottery will fall short of this requirement by \$78.1 million. This is primarily a result of two of the fiscal years included in the five-year average having unusually high contributions to education due to a statistically rare high number of jackpots over \$1 billion in Powerball and Mega Millions occurring during each fiscal year. Although the Lottery strives for compliance, the fiscal years with anomalous jackpot rollover luck in the multistate games skew the average that the proposed budget must meet or exceed. It would not be responsible of the Lottery to purposely inflate the revenue projections included in the budget to satisfy this provision.

Summary

The proposed FY 2026-27 budget contains sales goals of \$9.36 billion, which, combined with the other elements in the budget and assuming the reserves remain unspent, is estimated to result in approximately \$2.06 billion in contributions to California public schools. This projected performance is based on executing the annual Business Plan which is designed to result in sustainable growth of future revenues. The proposed budget includes a balanced approach between funding resources to drive gains in FY 2026-27, as well as investing in longer-term initiatives to enable the Lottery to increase sales and contributions to public education in years to come.

RECOMMENDATION

Staff recommends that the Commission approve the Lottery's budget for FY 2026-27.

Allocations for Budget Funding

The 13 percent cap of revenues allowed by the Act for Lottery administrative expenses is spread over Retailer Compensation, Gaming Costs and Operating Costs as shown in the following Commission approved Lottery budget (see [page 21](#)) for fiscal year 2026-27. Additionally, the Optimal Prize Expense is maintained at the prescribed percent of budgeted sales revenues.

The comprehensive annual budget covers the financial activity of the Lottery as a single enterprise fund. Lottery management is responsible for the accuracy and completeness of the presentation and to the best of our knowledge, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial resources forecasted to support operations, the administrative expenses of the Lottery, and the resulting proceeds. In addition to publication of the Lottery's annual budget within the state budget, statutes require submission of preliminary and proposed Lottery budgets to the California Legislature along with the final budget approved by the California State Lottery Commission for the fiscal year that begins the following July 1. Additionally, statutes require submission to the Lottery Commission and the California State Controller's Office for monthly budget-to-actual spending reports.

The Lottery Act requires quarterly distribution for proceeds from the sale of Lottery products, including any surplus revenues (see [page 23](#)) and, in their entirety, interest/other income and any unclaimed prizes to be transferred to public education.

The Lottery's budget reflects a careful balance between sustaining operational growth and maximizing contributions to education. The proposed budget is grounded in a strategic approach to maintain sales and foster future revenue growth.



FISCAL YEAR 2026-27
ANNUAL PLAN
(Dollars in Thousands)

	FY 2025-26		FY 2026-27		
	Year-End	% of	Annual	% of	Difference
	Estimate	Sales	Plan	Sales	
SALES:					
Scratchers	\$6,900,000	74.0 %	\$7,040,000	75.2 %	\$140,000
Powerball	833,000	8.9 %	565,000	6.0 %	(268,000)
Mega Millions	490,500	5.3 %	640,000	6.8 %	149,500
SuperLotto Plus	233,500	2.5 %	240,000	2.6 %	6,500
Hot Spot	455,000	4.9 %	455,000	4.9 %	0
Fantasy 5	167,000	1.8 %	171,000	1.8 %	4,000
Daily 3	177,000	1.9 %	176,500	1.9 %	(500)
Daily 4	36,000	0.4 %	35,500	0.4 %	(500)
Daily Derby	32,000	0.3 %	37,000	0.4 %	5,000
TOTAL, ESTIMATED SALES	\$9,324,000		\$9,360,000		\$36,000

		Prize		Prize	
		Payout		Payout	
		%		%	
PRIZE EXPENSE:					
Scratchers	\$4,954,200	71.8 %	\$5,082,880	72.2 %	\$128,680
Powerball	421,238	50.6 %	282,500	50.0 %	(138,738)
Mega Millions	232,818	47.5 %	320,000	50.0 %	87,182
SuperLotto Plus	108,254	46.4 %	112,800	47.0 %	4,546
Hot Spot	289,153	63.6 %	289,153	63.6 %	0
Daily Games	201,880	49.0 %	209,468	49.9 %	7,588
2nd Chance	9,100		9,100		0
Prize Expense Savings	(59,996)		(60,902)		(906)
TOTAL, PRIZE EXPENSE	\$6,156,646	66.0 %	\$6,244,998	66.7 %	\$88,352
NET SALES AFTER PRIZE EXPENSE	\$3,167,354		\$3,115,002		(\$52,352)

		% of		% of	
		Sales		Sales	
ADMINISTRATIVE EXPENSES:					
Retailer Compensation:					
Commission	\$538,927	5.8 %	\$540,880	5.8 %	\$1,953
Cashing Bonus	56,876	0.6 %	57,247	0.6 %	370
Special Handling	34,993	0.4 %	35,126	0.4 %	133
Incentives	4,000	0.0 %	4,000	0.0 %	0

**FISCAL YEAR 2026-27
ANNUAL PLAN (Cont.)**

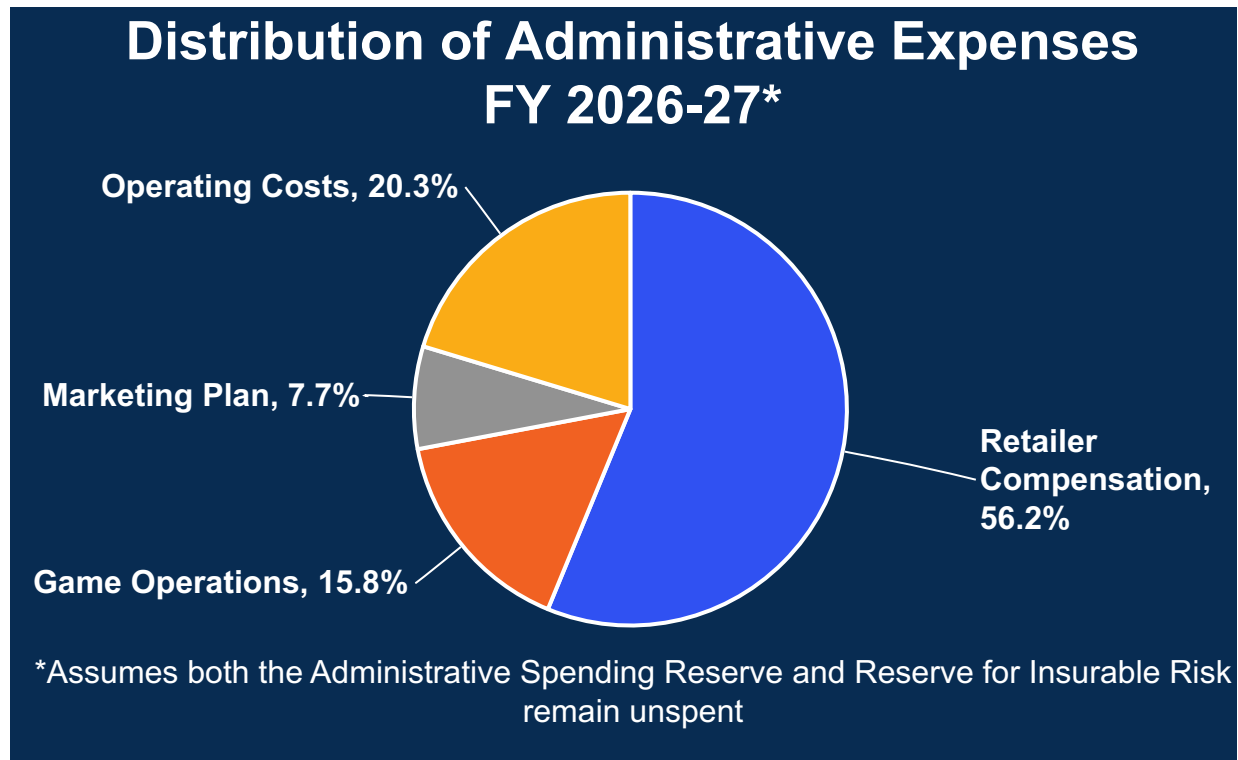
(Dollars in Thousands)

	FY 2025-26		FY 2026-27		
	Year-End	% of	Annual	% of	Difference
	Estimate	Sales	Plan	Sales	
Gaming Costs:					
Gaming Contract (Brightstar)	129,399	1.4 %	129,835	1.4 %	437
Retailer Administrative and Gaming Fees	(21,918)		(22,769)		(851)
Scratchers Ticket, Delivery, and Support Costs	60,000	0.6 %	72,000	0.8 %	12,000
TOTAL, RETAILER & GAMING COSTS	\$802,277	8.6 %	\$816,320	8.7 %	\$14,043
Operating Costs:					
Personal Services	\$144,754	1.6 %	\$152,039	1.6 %	\$7,286
Marketing Budget Plan	106,375	1.1 %	86,719	0.9 %	(19,656)
Contractual Services	25,211	0.3 %	32,887	0.4 %	7,676
Depreciation & Amortization	13,744	0.1 %	15,671	0.2 %	1,927
Operating Expense	24,258	0.3 %	29,587	0.3 %	5,329
<i>Reserve for Insurable Risk</i>	<i>0</i>	<i>0.0 %</i>	<i>5,000</i>	<i>0.1 %</i>	<i>5,000</i>
<i>Administrative Spending Reserve</i>	<i>0</i>	<i>0.0 %</i>	<i>78,576</i>	<i>0.8 %</i>	<i>78,576</i>
Subtotal, Operating Costs	\$314,342	3.4 %	\$400,480	4.3 %	\$86,138
TOTAL, ADMINISTRATIVE EXPENSES	\$1,116,620	12.0 %	\$1,216,800	13.0 %	\$100,180
CONTRIBUTION TO EDUCATION	\$2,050,734		\$1,898,202		(\$152,532)
Unclaimed Prizes	58,725		48,000		(10,725)
Interest Income	37,000		32,000		(5,000)
TOTAL AVAILABLE FOR EDUCATION	\$2,146,459		\$1,978,202		(\$168,257)
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$2,146,459		\$2,061,778		(\$84,681)

*Numbers may not add due to rounding.

Distribution of Budget for Administrative Expenses

Budget utilization is calculated using year-to-date expenditures, known year-end costs, and spending trends to provide estimated current year figures and these are compared to the budget year to show changes by dollar amount and percentage. The greatest share of the 13 percent allowance provided for expenses of the Lottery is consistently budgeted for payments to incentivize retailers for selling Lottery products (i.e., retailer compensation). Combined with the costs of the Lottery's gaming system contractor (i.e., game operations), these two components typically comprise approximately 9 percentage points of the 13 percent cap on administrative expenses.



Provision for surplus funding

Pursuant to Government Code (GC) § 8880.4 (a)(5), "No more than 13 percent of the total annual revenues shall be allocated for payment of expenses of the lottery as described in this chapter. To the extent that expenses of the lottery are less than 13 percent of the total annual revenues, any surplus funds also shall be allocated to the benefit of public education."

State Budget Summary

California state government designates the State Lottery Commission as department 0850 within the legislative, judicial, and executive branch.

Further, the annual State Budget includes a special display for the department that provides the following information to the citizens of the state: (1) the accumulative total Lottery contributions up through the prior fiscal year, (2) the three-year statement of operations reflecting actual revenues, expenditures, and the contribution to education for the past fiscal year and estimates for these for the current and coming fiscal years, and (3) the projected distribution of Lottery funds by major public education entity for those same three fiscal years.

It should be noted that the supplemental funds generated by the Lottery and contributed to schools are part of a broader trajectory for funding public education in California, and that the state's General Fund is the primary funding vehicle for California public schools, providing over \$100 billion in educational funding annually.



California Budget

2026/27

Gavin Newsom Governor
State of California

LEGISLATIVE, JUDICIAL, AND EXECUTIVE
2026-27 GOVERNOR'S BUDGET - LJE 1

0850 California State Lottery Commission

In 1984, Proposition 37 amended the California Constitution to authorize the establishment of a statewide lottery. As an initiative statute, the California State Lottery Act (Act) of 1984 created the California State Lottery Commission and gave it broad powers to oversee the operations of a statewide lottery. The purpose of the Act was to provide supplemental monies to benefit public education. The Lottery is overseen by a five-person Commission appointed by the Governor and confirmed by the State Senate.

The Act initially required that 50 percent of total annual revenues be returned to the public in the form of prizes and at least 34 percent of total revenues be allocated to the benefit of public education. No more than 16 percent of total revenues were to be used for administrative costs.

In 2010, the Act was changed to allow the Lottery flexibility to pay out more money in prizes and reduce the administrative cost limit to 13 percent of total revenues. Along with that flexibility, the new law requires the Lottery to meet minimum levels of contribution to public education. Revenues to education are placed in a special fund, known as the California State Lottery Education Fund, which holds revenues until they are allocated on a per capita basis, using prior year certified Average Daily Attendance data, to the following categories: K-12 education, Community Colleges,

the California State University, the University of California, and other educational entities, including the California Schools for the Deaf and Blind.

In the 39 years since sales began in October 1985 through June 30, 2025, the California State Lottery has raised \$48 billion for public education, including approximately \$1.93 billion in 2024-25.

Because of the inherently variable nature of lottery ticket sales, revenue estimates for 2025-26 and 2026-27 cannot be made with certainty.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code, Title 2, Division 1, Chapter 12.5 (Sections 8880-8880.72).

0850 California State Lottery Commission - Continued**Statement of Operations**

	2024-25*	2025-26*	2026-27*
Lottery sales	\$8,932,712	\$9,324,000	\$9,360,000
Less prizes	5,994,177	6,156,646	6,244,998
Sales after prizes	2,938,535	3,167,354	3,115,002
Less Gaming Costs:			
Retailer costs	614,805	634,797	637,253
Gaming system costs	104,430	107,481	107,067
Instant ticket costs	49,951	60,000	72,000
Total, Game Costs	\$769,186	\$802,278	\$816,320
Resources before operating expenses	2,169,349	2,365,076	2,298,682
Operating Expenses:			
Salaries, wages and benefits	142,050	144,754	152,039
Advertising	108,470	93,291	74,175
Promotion, public relations and point-of-sale	13,311	13,084	12,545
Other professional services	21,753	25,211	32,887
Depreciation and amortization	15,275	13,744	13,434
Other general and administrative expenses	24,263	24,258	115,400
Total, Operating Expenses	\$325,122	\$314,342	\$400,480
Income and Proceeds to Education	1,844,227	2,050,734	1,898,202
Interest and Other Income	42,379	37,000	32,000
Net Resources	\$1,886,606	\$2,087,734	\$1,930,202
Unclaimed Prizes	44,969	58,725	48,000
Administrative Reserve	0	0	83,576
TOTAL RESOURCES DUE TO EDUCATION FUND	\$1,931,575	\$2,146,459	\$2,061,778

0850 California State Lottery Commission - Continued**Estimated Distributions to Education**

	2024-25*	2025-26*	2026-27*
Department of Education (K-12)	\$1,521,207	\$1,759,624	\$1,690,204
California Community Colleges	\$278,175	\$279,040	\$268,031
California State University	\$75,608	\$64,394	\$61,853
University of California	\$56,232	\$42,929	\$41,236
Other Public Colleges and Universities	\$223	\$279	\$268
Miscellaneous Educational Institutions	\$130	\$193	\$186
TOTALS	\$1,931,575	\$2,146,459	\$2,061,778

*Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

Lottery Products



Scratchers – Tickets are played by removing a scratch-off coating to reveal symbols and “instantly” learn whether the ticket is a winner. Games are offered in a variety of price-points and feature many different themes and play styles. The Lottery started Scratchers game sales in October 1985 with a single \$1 game. Multiple Scratchers games were first offered at retail locations in October 1991, and games that retailed for more than \$1 went on sale in October 1993. For the fiscal year ending June 30, 2025, prices for Scratchers tickets ranged from \$1 to \$40, and games featured prizes up to \$15 million.



Powerball – Players select five numbers from a field of 1 through 69 and one Powerball number from a field of 1 through 26. There are nine prize categories in this game. To win the jackpot, players must match all five numbers plus the Powerball number. The jackpot prize in this multi-state game reached a record high \$2.04 billion in November 2022 and was won by a single ticket in California. Jackpots are determined by sales. Winning numbers are drawn every Monday, Wednesday, and Saturday at 7:59 p.m. PST.



Mega Millions – Players select five numbers from a field of 1 through 70 and one Mega number from a field of 1 through 24. There are nine prize categories in this game. To win the jackpot, players must match all five numbers plus the Mega number. The jackpot prize in this multi-state game has reached as high as \$1.60 billion in August 2023. Jackpots are determined by sales. Winning numbers are drawn every Tuesday and Friday at 7:59 p.m. PST.



SuperLotto Plus – Players select five numbers from a field of 1 through 47 and one Mega number from a field of 1 through 27. There are nine prize categories in this game. To win the jackpot, players must match all five numbers plus the Mega number. Jackpot prizes start at \$7 million and have reached more than \$190 million. Winning numbers are drawn every Wednesday and Saturday at 7:57 p.m. PST.



Hot Spot® – This game was designed primarily for social trade styles like restaurants and bowling centers, but is available at all Lottery retailer locations. Players select numbers from a field of 1 through 80 and have a choice of playing ten different “Spots.” For example, a player who chooses to play a “3 Spot” would pick a set of three numbers. Players can also select the “Bulls-eye” option for a chance at winning more prizes if one of their chosen numbers also matches the Bulls-eye number. There are a total of 92 prize categories (including the Bulls-eye prizes) in this game. Twenty winning numbers are selected for each draw, one of them being the Bulls-eye. Top prizes have been as high as \$300,000. Draws are conducted daily every four minutes with the first draw at 6:04 a.m. and last draw at 2:00 a.m. PST.



Daily 3 – This daily game was designed to provide very good odds of winning smaller prizes. Players select a set of three numbers, each from 0 through 9, as well as a playstyle where players try to match the three numbers drawn in the exact order (Straight) or in any order (Box). Based on the selected playstyle (Straight, Box, or Straight/Box combined), there are many ways to win a prize. The top prizes average \$535. Winning numbers are drawn twice a day.



Daily 4 – This daily game was designed to offer a similar playstyle to Daily 3, but with larger prizes. Players select a set of four numbers, each from 0 through 9, as well as a playstyle where players try to match whether the four numbers drawn will be in the exact order (Straight) or in any order (Box). Based on the selected playstyle (Straight, Box, or Straight/Box combined), there are many ways to win a prize. The top prize averages \$4,560. Winning numbers are drawn once a day.



Fantasy 5 – This daily Lotto-style game was designed with better odds than SuperLotto Plus. Players select a set of five numbers from 1 through 39. Winning tickets are those that match any two, three, four, or all five of the five numbers drawn. There are four prize categories in this game. Top prizes start around \$60,000 and have reached more than \$700,000 for matching all five numbers. Fantasy 5 is the only draw game that has a free ticket as part of the prize structure, with tens of thousands of free tickets awarded each draw.



Daily Derby® – This daily game was designed with a horse racing theme but is not associated with the results of any actual horse race. Players select three “horses” from a field of 12 and a “race time” which is a set of three numbers (e.g. 0, 1, and 9) with each number selected from a field of 0 through 9. There are five prize categories in this game. Top prizes start at \$50,000 and have reached more than \$1.5 million for matching the race time and all three horses in exact order.

Revenue Recognition - Scratchers

Sales of Scratchers tickets are made to the public through contracted retailers. Revenue is recognized upon the sale of tickets to the retailers for active games. An allowance is recognized for the retailers' right to return unsold tickets. Operating revenue is reduced for free tickets and for unsold tickets remaining in vending machines. Retailers receive a commission of up to six percent which is recognized when tickets are sold to the retailers.

Revenue Recognition - Draw Games

Lottery sales for draw games are made to the public through gaming terminals at contracted retailers. Revenue is recognized upon the sale to the public. With the exception of Powerball and Mega Millions, the public has the right to cancel a sale on the same day before pool closure. All Powerball and Mega Millions sales are final. The applicable retailers' commission of four and one-half to six percent is recognized when sales are made to the public. Recognition of the revenue from sales for future draws is considered unearned until those draws become current. The retailers' commission related to the unearned revenue is reflected as a prepaid expense until the revenue is recognized.

The California State Lottery Fund is accounted for as an enterprise fund. The financial statements are prepared on the accrual basis of accounting and the economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America. Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. The principal operating revenues of the Fund come from the sale of lottery tickets. The principal operating expenses of the Fund are prizes, retailer commissions, game costs, salaries and benefits, advertising and promotion, professional services, depreciation of assets, and general and administrative costs.

Major Initiatives

The California Lottery achieved sales approaching \$9 billion during fiscal year 2024-25, which led to a contribution exceeding \$1.9 billion for its designated beneficiary, California public schools. This milestone marks the 25th straight year that the Lottery has delivered more than \$1 billion to its beneficiary, bringing total contributions of more than \$48 billion since its inception four decades ago.

Scratchers games continued to be the primary contributor to Lottery sales, generating almost \$6.9 billion and representing more than 77 percent of overall sales in the fiscal year. To further boost the funds allocated to its beneficiary, the Lottery has established prize payout levels intended to optimize returns, introducing its inaugural \$25 Scratchers game called "2025" and a \$40 Scratchers game titled "40 Years of Play," which commemorates four decades of supporting public school funding. Additionally, crossword-themed Scratchers and games with higher price points maintained strong performance throughout the fiscal year.

Powerball and Mega Millions, which are the Lottery's two multi-state draw games, collectively produced nearly \$1 billion in sales, making up more than 10 percent of the total sales for the fiscal year. The decline in sales, compared to the previous fiscal year, stems from both Mega Millions and Powerball having significantly lower jackpot levels than usual, with only two draws where the announced jackpot was \$1 billion or more in fiscal year 2024-25, compared to 13 such draws in fiscal year 2023-24. During this timeframe, the Mega Millions game was updated to include better overall odds, larger starting jackpots, and a built-in multipliers feature for non-jackpot prizes, with the cost of tickets increasing from \$2 to \$5. These enhancements are expected to generate increased revenue to benefit public education.

Sales of California's own lotto-style game, SuperLotto Plus, continued to be driven by jackpot levels. SuperLotto Plus kicked off the fiscal year with a \$54 million jackpot awarded to one lucky winner, and was followed by another lengthy run that ended with another player securing a \$47 million jackpot prize. Despite the fact that subsequent jackpots during the fiscal year did not reach those earlier heights, SuperLotto Plus sales still exceeded \$230 million for the year, although this figure marks a modest decline compared to the previous fiscal year.

The Hot Spot game experienced another successful year, with sales exceeding \$424 million in fiscal year 2024-25, remaining consistent with the previous year's results. The Lottery maintained collaboration with its retail partners to further promote the game. Additionally, the Lottery introduced a Hot Spot Scratchers game, featuring a complimentary Hot Spot play prize designed to motivate players to cross-play between the various kinds of Lottery games.

Lastly, sales of the Lottery's four daily games (Fantasy 5, Daily 3, Daily 4, and Daily Derby) totaled more than \$426 million combined in fiscal year 2024-25, showing little change compared to the previous year's sales.

The Lottery continues its commitment to its employees, retail partners, players, and the public at large to fulfill its critical mission of supplementing education funding. During fiscal year 2024-25, the Lottery's network of retail partners consisted of more than 23,000. The Lottery supports its retail partners by making its product more appealing, fun, and exciting for Lottery players. Furthermore, the successful rollout of "Paying Claims at the District Office" initiative in all nine district offices statewide has led to a decrease in the number of claims managed at Lottery headquarters and shortened the waiting period for prizewinners to receive their winnings. Eligible prizewinners with validated claims can now receive checks instantly at district offices for qualifying prizes. Throughout the 2024-25 fiscal year, district offices issued upwards of 102,000 checks, distributing more than \$106 million in total winnings.

In the 2024-25 fiscal year, the Lottery enhanced its successful advertising initiative, You Play, Schools Win, by introducing innovative creative formats and updating its messaging. This campaign, aimed at informing Californians about the Lottery's purpose, showcased authentic narratives from actual students and educators within genuine educational settings. The goal was to connect with segments of the public who had the least understanding of the Lottery's role in providing additional support to California's public schools.

The Lottery recognizes it has a responsibility to its players to encourage responsible gaming. In February 2015, the California State Lottery became the first Lottery in the nation to receive a World Lottery Association (WLA) Responsible Gaming Level Four Certification. This is the highest level of internationally recognized certification for responsible gaming.

During fiscal year 2025-26, the Lottery was honored to receive a Level Four recertification from the WLA. This accreditation continues through August 2028.

In February 2015, the California State Lottery became the first Lottery in the nation to receive a WLA Responsible Gaming Level Four Certification. This is the highest level of internationally recognized certification for responsible gaming. In 2021, we were honored to receive a level four recertification.

WLA, the global authority on the lottery business, consists of state-authorized lotteries and gaming organizations from more than 80 countries on 6 continents. Its Responsible Gaming Principles and Framework Certification Program outlines lotteries' level of commitment to corporate social responsibility and responsible gaming. Its aim is to protect lottery players and assure that revenues are used for the public good.

The Lottery also continues its commitment to environmental sustainability regarding its buildings and operations. Nine Lottery buildings throughout the state, including its headquarters building, have earned the ENERGY STAR rating from the United States Environmental

Protection Agency. In addition to protecting the environment, these energy-efficient buildings require lower operating costs, which supports the Lottery's mission of earning more money for its beneficiary.



Budgetary Controls



Financial Controls

Accounting System and Policies

The Lottery operates the California State Lottery Fund, which is accounted for as an enterprise fund and like a private business, utilizes the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Budgetary Controls

Budgetary control for the Lottery is addressed through its enabling legislation, which provides specific limitations on operating and administrative expenses. A comprehensive annual budget is prepared in conjunction with the Lottery's Annual Business Plan. The budget is prepared on both the cash basis and the full accrual basis of accounting. It is also prepared in distinct, quarterly segments to facilitate comparison to the quarterly financial statements.

While the Lottery does not have a legislatively appropriated budget, the operating budget is submitted to the Lottery Commission for approval. The budget is based on sales forecasts, industry trends, program proposals, and approved initiatives, as included in the Commission-approved Annual Business Plan. Actual costs are monitored throughout the year for compliance with the approved budget and appropriate adjustments are approved if necessary.

Internal Controls

An internal control structure has been designed ensuring checks and balances are in place within the accounting system appropriately limiting Budgets Unit staff access, and a separate budgeting productivity platform is utilized to facilitate creation for the annual budget spending plan. The read-only access for budgeting staff to the accounting system is sufficient to allow for monitoring budget utilization using budget-to-actual reports and ensures separation of duties to maintain system integrity. Additionally, procedures and processes are in place requiring Directorate approval to augment Commission-approved budget funding and, to bring further transparency to the Lottery's budget process, Lottery management provides updates to the Commission for quarterly budget adjustments.

Position Controls

The approval process for new positions includes a cross-divisional review: Human Resources Division personnel ensure compliance with state administrative classification criteria and proper supervisory structures; Finance Division personnel scrutinize justification for the requested positions along with the available funding, and prioritize allocations to assert position control; and Executive Management personnel contemplate the broader organizational needs and external factors before recommending position proposals for the Commission's consideration. Furthermore, the Lottery organization has implemented the Vacant Position Management Policy that employs a strategic approach in managing its workforce by considering the repurposing of existing vacant positions. This method entails the reevaluation and reallocation of roles to areas with the most significant need, enhancing the efficacy and efficiency of operations. This practice demonstrates to the public and

stakeholders that the organization is dedicated to maximizing its operational output and, by extension, increasing Lottery revenues that support public education.

Division	FY 24-25 Permanent Positions	FY 25-26 Permanent Positions	FY 26-27 Permanent Positions
Executive	67	69	71
Finance	141	146	148
Human Resources	53	54	55
Operations	77	81	81
Security and Law Enforcement	87	90	92
Information Technology Services	140	141	145
Sales	-	-	521
Marketing	-	-	62
<i>Sales and Marketing</i>	559	569	-
Total	1124	1150	1175

As of July 1, 2026, the Lottery Commission authorized a total of 1,175 positions for the Lottery's headquarters located in Sacramento; for its nine district offices located in Sacramento, Milpitas, Richmond, Fresno, Chatsworth, Rancho Cucamonga, Santa Fe Springs, Costa Mesa, and San Diego; and for its two distribution centers located in West Sacramento and Rancho Cucamonga.

During the annual budget development process, Lottery divisions are tasked with the careful evaluation of staffing requirements to align with the organization's mission and optimize contributions to educational funding. For the budget year, this budget cycle included thirty positions requested by various divisions; however, only twenty-five were ultimately approved for inclusion in the budget. Two of the twenty-five positions approved for the 2026-27 fiscal year have been transitioned from temporary to permanent roles, utilizing existing funding and having a minimal effect on the Personal Services budget. The decision to convert these positions was guided by compliance with a CalHR government code that mandates temporary positions should not exceed two years, coupled with the program area's demonstrated need for permanent staff.

To support the Lottery's operational objectives, twenty-three new positions were strategically allocated across five key divisions:

Executive Division

- One new Information Technology Specialist I was approved in the Information Security & Privacy Office to provide direct support, guidance, and change management to Lottery employees on enterprise-wide security matters.
- A new Information Technology Specialist I was approved in the Enterprise Project Management Office (EPMO) to support the increasing number and complexity of the Lottery's mission-critical projects.

Human Resources Division

- The Analyst II role will be responsible for resolving Human Resources Service Center issues, planning and prioritizing projects, coordinating testing and change management, engaging stakeholders, providing training, and supporting policy and procedure updates.

Security and Law Enforcement Division

- An additional Supervisor I is needed to oversee additional staff transferred to the unit to ensure accurate case handling, proper Penal Code application, timely security responses, and provide ongoing training on regulations and systems.
- A Special Investigator position offers a cost-effective alternative to a Peace Officer role to handle complex investigations of crimes involving retailer employees, serial suspects, and organized theft groups in collaboration with SLED investigators, analysts, and statewide law enforcement agencies.

Information Technology Services Division

- An Information Technology Specialist II will act as an expert consultant, leading the implementation and testing of the Lottery's gaming systems, providing technical guidance, ensuring quality and compliance, mentoring staff, and developing standards and testing strategies for continuous improvement and effective operations.
- An Information Technology Specialist II will focus on developing, deploying, and maintaining the gaming system operations, addressing audit findings, and enhancing quality improvements.
- An Information Technology Specialist II will be the lead IT Asset Specialist, responsible for managing the Configuration Management Database (CMDB), ensuring IT asset data accuracy, and maintaining data integrity through regular audits and standardized processes.
- An Information Technology Specialist II will manage the evolving complexities of the ServiceNow platform, lead technical and configuration management efforts, resolve operational challenges, and ensure the platform's successful operation.

Sales Division

- The Lottery Ticket Sales Senior Specialist position will enhance oversight of key accounts, improve retailer engagement, and provide consistent leadership for complex chain accounts.
- The Lottery Ticket Sales Supervisor position will reduce the number of direct reports per supervisor, allowing for more individualized coaching and training. This leads to better staff development, improved sales performance, higher employee satisfaction, and increased retention.
- To support the expansion of the California Lottery Route Program in 2026—including new partnerships with Walgreens across 448 locations—twelve new Sales field positions have been added: ten Route Sales Representatives (RSRs) and two Route Sales Supervisors (RSSs). This increase in staffing will optimize workloads, enhance operational efficiency, and enable both RSSs

and RSRs to focus more on servicing high-volume locations and increasing visitation frequency.

In March 2026, the Lottery announced the decision to transition the Sales & Marketing Division into two standalone divisions: Sales Division and Marketing Division. The change took effect on July 1, 2026. The separation is a proactive measure to support our ongoing growth and the increasing complexity of our work. By establishing distinct divisions, we ensure a more focused organizational structure that enables each area—Sales and Marketing—to prioritize its goals and respond effectively to evolving business needs.

Each division will have its own deputy director: the current Deputy Director will continue leading Marketing, while a new Deputy Director of Sales position has been established to oversee the Sales division.

This organizational shift is not a response to any performance issues; rather, it builds on the strong results and collaboration achieved as a unified Sales & Marketing team. The new structure is designed to support the next phase of our growth, while preserving the close partnership between Sales and Marketing that has been central to our success. Throughout the transition, ongoing alignment and collaboration will remain priorities to ensure a smooth and effective change for all involved.

Issues & Priorities

Significant changes and strategic initiatives constituting our priorities for fiscal year 2026-27 include reducing reliance on big jackpots by growing Draw Game sales outside of \$1 billion+ jackpots, eliminating barriers to play among infrequent Scratchers players, expanding efforts against core Scratchers players to battle growing competition for the entertainment and gaming dollar, elevating the customer experience for players, retailers, and internal customers, and transforming and modernizing Lottery programs and processes to allow for more time on revenue generating initiatives.

To help boost Scratchers sales and the resulting funding for education, additional \$30 and \$40 games will be added to our Scratchers product offerings in fiscal year 2026-27. Fun, easy to play Scratchers games, like the Godzilla Scratchers game stomping into stores in the spring, focus on the fun and entertainment aspect of the Lottery. Analysis is planned for a potential \$50 Scratchers game in the future to create more novelty and variety in the Scratchers portfolio reflecting player trends within the Lottery industry of shifting towards higher priced games, with California being only 1 of 2 states within the top 10 that does not offer a \$50 ticket.

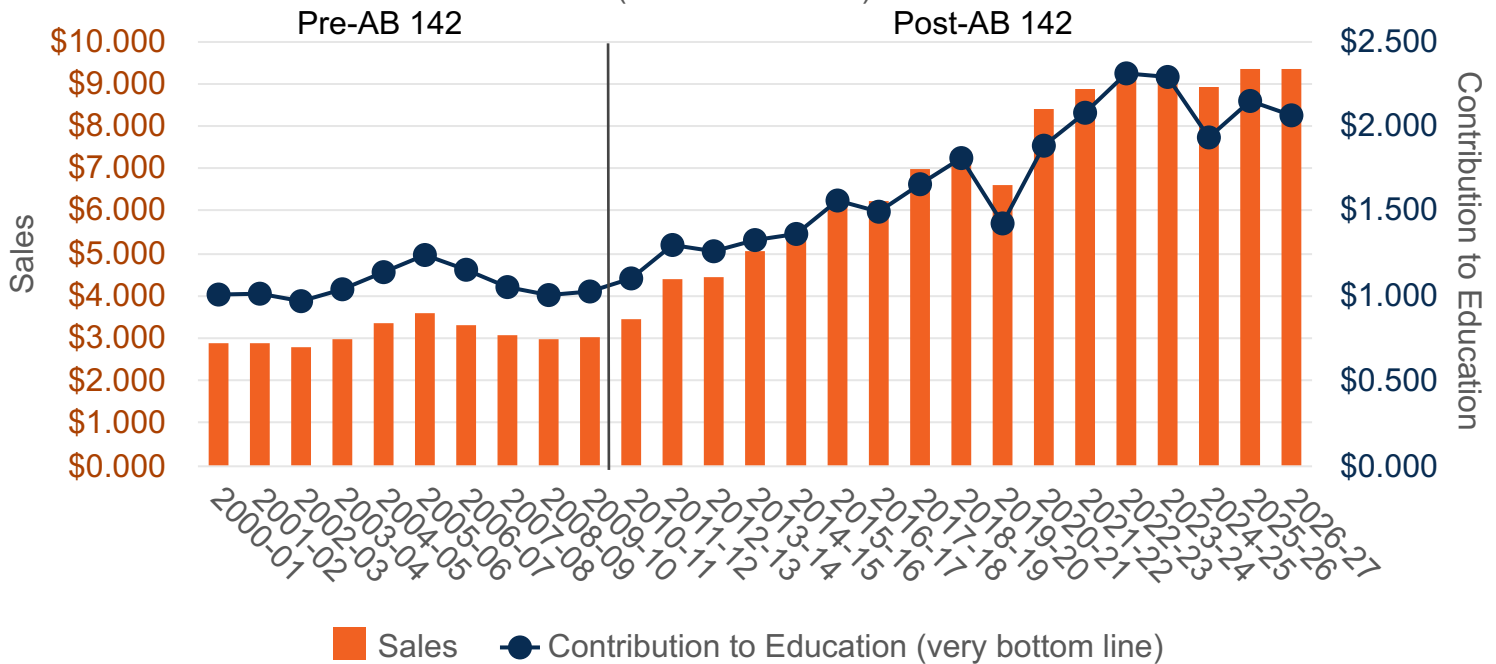
To continue to break down emotional barriers, leveraging key moments to share the Lottery's story and advertising campaigns like You Play, Schools Win, work to bring awareness to the Lottery's mission. The strategic initiatives aim to ensure that the Lottery reaches more Californians with more types of games to deliver additional funding to public education.

The Lottery also has efforts underway to pilot several initiatives aimed at reducing barriers to playing. For example, Lottery purchases in grocery stores and supermarkets are currently only allowed through vending machines and via the customer service counter. The Lottery is preparing a pilot to also sell certain Lottery products in the check-out lane in these stores. Additionally, the Lottery is exploring allowing players who scan winning tickets at vending machines and verify a cash prize to directly reinvest those winnings through the machine and purchase additional tickets.

The following chart shows how our sales and, most importantly, the amount of supplemental funding the Lottery is able to provide to California's public schools, have greatly increased following enactment of AB 142 in 2010. This legislation authorized a greater proportion of Lottery revenues to be returned to the public as prizes, thereby allowing the Lottery to offer higher price point Scratchers games.

Sales & Contributions to Education under AB 142

Sales and Contributions to Education
Pre- and Post-AB 142 Implementation
(dollars in billions)



As a result of the revenue distribution changes from AB 142, the Lottery expects to continue to deliver increased sales and revenues to the public in the form of both prizes and contributions to education. Through tight management of the Lottery's budget, actions to reduce or otherwise control costs can aid in meeting the provision.

Long-term growth shown in the graph with average sales nearly doubling since the Lottery Act was amended with AB 142, and annual sales tripling in recent years gives the Lottery confidence that the optimal prize payout allowed by the amendment is proving to be effective in promoting long-term growth.

Issues Facing the Lottery

As the only legal lottery in the state, the California Lottery does not have a direct competitor. However, we face competition from other forms of entertainment and leisure vying for consumers' discretionary dollars. As such, the Lottery's performance is impacted by issues such as broader economic conditions (e.g., rising inflation, gas prices, etc.) as well as consumer trends such as shifting to being a cashless society and growing competition for the entertainment gaming dollar with more consumers participating in player proposition betting and prediction market trading. It is also clear the Lottery needs to be more effective at educating the public on the Lottery's mission and positioning the Lottery in a more favorable light among California adults. In fiscal year 2024-25, only 31 percent of the respondents were able to correctly identify the mission of the Lottery. To help rectify this, the Lottery is continuing to actively invest in a dedicated advertising campaign to amplify the Lottery's mission, educate Californians about the Lottery as a whole, and reposition the Lottery as a credible and reliable source for additional funds for California's public education system.

Another issue facing the Lottery is the increased salary and benefit costs of Lottery employees. Salary increases for represented California government employees are negotiated between the state and union organizations through a process called Collective Bargaining, and the Lottery has no control over the cost increases for these agreements. The Lottery's 2026-27 budget maximizes these costs by investing in the modernization of Lottery's processes and programs to reduce costs and/or allow more staff time for revenue generating initiatives.

The Lottery is also hamstrung by some of the provisions of the Lottery Act that established the Lottery. One such provision restricts changes in the types of games or methods of delivery of games that incorporate technologies or mediums that did not exist, were not widely available, or were not commercially feasible at the time the Lottery was authorized in 1984. Similarly, the Lottery Act prevents vending machines selling Lottery tickets from dispensing change; these machines currently only accept cash and require exact change. A debit card payment pilot is included in the FY 2026-27 budget to help eliminate barriers and increase the ease of purchasing Lottery products.

An additional challenge the Lottery faces is to meet a provision of AB 142 that requires ongoing growth in the Lottery's contribution to education. Specifically, in each fiscal year following an initial "test period" designed to ensure its provisions were meeting the intended purpose of generating more funding for public education, AB 142 requires the Lottery's net revenues allocated to public schools to be at least as much as were allocated on average in the prior five fiscal years. A significant portion of the Lottery's portfolio is comprised of lotto style games for which the jackpot continues to grow until it is hit.

The Lottery's budget for FY 2026-27 projects that the Lottery will fall short of this requirement by \$78.1 million. This is primarily a result of two of the fiscal years included in the five-year average having unusually high contributions to education due to the statistically rare number of jackpots over \$1 billion in Powerball and Mega

Millions occurring during each fiscal year. Although the Lottery strives for compliance, the fiscal years with anomalous jackpot rollover luck in the multistate games skew the average that the proposed budget must meet or exceed. It would not be responsible of the Lottery to purposely inflate the revenue projections included in the budget to satisfy this provision. The following table illustrates the pressure the Lottery faces to meet this requirement in the future.

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		\$2,231,054	\$1,752,742	\$478,312
2023-24		\$2,158,169	\$1,867,742	\$290,427
2024-25		\$1,844,228	\$1,937,432	(\$93,203)
2025-26	4/	\$2,050,734	\$2,021,246	\$29,488
2026-27	5/	\$1,981,778	\$2,059,847	(\$78,069)

*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/ Estimated contribution to education presented to Commission on June 16, 2026.

5/ As reflected in the FY 2026-27 budget presented for Commission approval on June 16, 2026.

Strategic Goals & Strategies

The Lottery's strategic goals and strategies at a high-level aim to become the top-selling lottery and to provide the highest comparable beneficiary contribution in the nation. These are broken down into annual objectives which are funded year-to-year based on available resources. These objectives are provided to the Lottery Commission in conjunction with the budget wherein the draft budget and draft strategies are presented by the Deputy Directors of Finance and Business Planning & Research respectively in the month of May and the final budget and strategies receiving funding in the budget are presented to the Lottery Commission for approval in June, unless extraordinary circumstances require an earlier vote by the Commission.

Strategic objectives funded for FY 2026-27 include:

- Reduce reliance on big jackpots to meet financial goals by growing Draw Game sales outside of \$1 billion+ jackpots
- Continuing eliminating barriers to play among infrequent Scratchers players
- Expand efforts against Core Scratchers players to battle growing competition for the entertainment and gaming dollar
- Elevate the customer experience for players, retailers, and internal customers
- Transform and modernize Lottery programs and processes to reduce costs and/or allow staff more time for revenue generating initiatives

The annual objectives the Lottery implements to achieve its strategic goals are developed through the business plan proposal (BPP) process, and BPP milestones are shown in the Business Planning and Budget Development Timeline (see [page 68](#)). The BPP process works in unison with budget planning and begins with Lottery divisions submitting titles and conceptual paragraphs for implementation projects and research/analysis efforts. It may include continuing projects as well as new initiatives. Next, teams led by the sponsoring divisions develop, review, and edit BPPs. Following the submission of final BPPs to the Business Planning & Research Office, BPPs requiring funding for the upcoming fiscal year are included in the divisional ZBB funding requests. Finally, BPPs are reviewed, evaluated, and prioritized for recommendation with an underlying goal to balance funding in a manner that supports infrastructure for building and equipment, technology needs, and provides funding to support growing sales opportunities.

1. **Strategic Goals:** The Lottery's overarching strategic goal is to become the top-selling lottery and to provide the highest comparable beneficiary contribution in the nation. This goal is anchored in the broader strategic plan outlined in the Lottery's most recent Strategic Directions adopted by the Lottery Commission in June 2026, which serves as a general guidance to steer the organization towards this target.
2. **The Process for Creating the Strategic Goals:** The strategic goals were established through a comprehensive planning process, and as such the Commission approved a set of strategic objectives based on prior

performance and future projections. These objectives were shaped by an analysis of past achievements, such as the Lottery's contributions to California public education exceeding \$2 billion for three consecutive fiscal years and informed by the need to adapt to current market conditions and consumer behaviors.

3. **Action Plans and Strategies:** To achieve these goals, the following strategies and action plans have been developed and implemented:
 - **Expand Scratchers Sales:** This involves identifying and removing barriers that prevent infrequent players from engaging with Scratchers games, which could include addressing the need for cash transactions and simplifying the choice of games.
 - **Grow Draw Game Sales:** The focus here is to grow Mega Millions and Powerball sales during lower jackpot amounts and to increase sales in the other draw games such as SuperLotto Plus and Hot Spot, leveraging past successes such as the introduction of a third Powerball draw day and conducting research to explore potential game enhancements.
 - **Retail Network Expansion:** This strategy includes exploring new trade channels, updating existing Lottery retailer equipment, and piloting an in-lane ticket selling solution to make it easier for consumers to purchase tickets.
 - **Improve Knowledge and Perceptions:** The Lottery will continue to invest in a campaign to better inform the public about the Lottery's mission and to change perceptions about Lottery, aiming to increase top-of-mind awareness and positive feelings towards the organization.
 - **Modernization Initiatives:** Continuation of initiatives related to transforming and modernizing the Lottery, which involves improving infrastructure, enhancing processes, and evolving the corporate culture. These efforts are integrated into the Lottery's Annual Business Plan.

The strategies included in the Annual Business Plan provide the tactical details necessary to execute these strategic goals within a specific fiscal year, ensuring that the organization remains on course to achieve its long-term objectives.

Additionally, a Marketing Budget Plan includes funding for actions and campaign efforts to accomplish the Lottery's goals.

The Annual Marketing Plan supports the advertising and promotional efforts of the different program areas of the Marketing Division. The Consumer Marketing & Advertising budget focuses on actions and strategies driving sales growth in multi-state jackpot games and expanding Scratchers playership, while the Engagement & Retention Marketing program focuses on driving customer engagement, retention and loyalty while building long-term brand value with consumers. These two areas manage large contracts responsible for the production and advertising of Lottery products across multiple media platforms. Another important component of the Marketing Plan is promoting the Lottery brand to retailers and to existing and new players. The Promotions and Events team works with chains, independent retailers

and at events to promote products that will drive sales and benefit our Lottery partners. Consumer promotions are geared towards engaging players and introducing new and exciting products, generating additional brand exposure and creating more meaningful impressions that remain impactful well beyond a store purchase.

Quarterly campaigns deliver brand messaging to keep Lottery products top-of-mind and to continue to highlight the fun, casual entertainment experience of playing Scratchers rather than solely focusing on the prizes. Additionally, specialty products are offered seasonally to provide California adults with additional gift-giving opportunities by gifting Holiday Scratchers.

Lastly, the annual budget provides funding for research efforts to aid the Lottery in accomplishing its goals via contractual services with companies that provide advertising tracking studies and focus groups services to track and create outreach to players.

FY 2026-27 ANNUAL MARKETING BUDGET PLAN						
Grow Draw Game Sales Outside of \$1B+ Jackpots						
60000	Media - 1805	Q1	Q2	Q3	Q4	Total
	Jackpot Alerts	\$5,350,000				\$5,350,000
	Jackpot Always On	800,000	800,000	800,000	800,000	3,200,000
	SuperLotto Plus - Game Enhancement			10,000,000		10,000,000
	Always On Social Media	2,662,500	2,662,500	2,662,500		7,987,500
		\$8,812,500	\$3,462,500	\$13,462,500	\$800,000	\$26,537,500
60100	Production - 1805					
	Jackpot Alerts	\$285,000	\$285,000	\$285,000	\$285,000	\$1,140,000
	SuperLotto Plus - Game Enhancement		2,000,000			2,000,000
	Permanent Out-of-Home (JP Perms and Digital Boards)	300,000				300,000
		\$585,000	\$2,285,000	\$285,000	\$285,000	\$3,440,000
	<i>Consumer Marketing and Advertising, Subtotal</i>	\$9,397,500	\$5,747,500	\$13,747,500	\$1,085,000	\$29,977,500
60200	Digital - 1805					
	Prize Fund - 2nd Chance Promotion Bonus Draws		\$80,000	\$340,000	\$130,000	\$550,000
	<i>Engagement and Retention Marketing, Subtotal</i>	\$0	\$80,000	\$340,000	\$130,000	\$550,000
60475	POS - Collateral -1805					
	Statewide Gaming System Promotions, Draw Games Support (Mega Millions/Hot Spot)		\$20,000		\$20,000	\$40,000
60500	POS - Permanent -1805					
	Draw Games Refresh		\$250,000			\$250,000
	SuperLotto Plus - Game Enhancement		315,000			315,000
	Jackpot Marketing Efforts	15,000	15,000	15,000	15,000	60,000
		\$15,000	\$580,000	\$15,000	\$15,000	\$625,000
	<i>Retailer Marketing, Subtotal</i>	\$15,000	\$600,000	\$15,000	\$35,000	\$665,000
Total		\$9,412,500	\$6,427,500	\$14,102,500	\$1,250,000	\$31,192,500

Alerting various playership (casual/infrequent players, player group captains, California adults generally) is conducted via digital billboards to stimulate interest in Lottery products and curtailed when media outlets begin to feature stories for large jackpots (known as earned media).

Elevate the Customer Experience for Players, Retailers, and Internal Customers						
60400	Promotions - Consumer - 1805	Q1	Q2	Q3	Q4	Total
	Promotional Programs (Keychains/Playslips)			\$185,000		\$185,000
	<i>Promotions and Events, Subtotal</i>	\$0	\$0	\$185,000	\$0	\$185,000
60500	POS - Permanent - 1805					
	Playcenters - includes parts and deployment		\$15,000			\$15,000
	Scratchers Merchandising Displays and Parts		2,100,000			2,100,000
	Corporate Branding - Play Now/ Lucky Retailers/Prizes Paid/ Millionaire Made Here Kits/ Contributions to Education/Pay at District Offices	500,000		400,000		900,000
	Special Asset Development/ Attract Show	30,000	30,000			60,000
	Cashless Vending/ In-Lane Sales		55,000	45,000		100,000
	Digital Playcenters, Menu Boards, Screens			60,000	60,000	120,000
	Re-Invest Feature on Vending Machines		75,000			75,000
	Retail Publications - RPP	120,000	120,000	120,000	120,000	480,000
		\$650,000	\$2,395,000	\$625,000	\$180,000	\$3,850,000
60410	Promotions - Retailer - 1805					
	Retailer Marketing Support		\$55,000	\$10,000	\$25,000	\$90,000
	<i>Promotions and Events, Subtotal</i>	\$650,000	\$2,450,000	\$635,000	\$205,000	\$3,940,000
60410	Promotions - Retailer - 1900					
	In-Counter Install Rebates	\$7,500	\$7,500	\$7,500	\$7,500	\$30,000
	Sales Support & Trade Associations	25,000	25,000	25,000	25,000	100,000
	<i>Retailer Marketing (Sales Dept.), Subtotal</i>	\$32,500	\$32,500	\$32,500	\$32,500	\$130,000
	Total	\$682,500	\$2,482,500	\$852,500	\$237,500	\$4,255,000
Expand Efforts Against Core Scratchers Players to Battle Competition for Entertainment and Gaming Dollar						
60000	Media - 1805	Q1	Q2	Q3	Q4	Total
	New Game Announcements	\$210,000	\$210,000	\$210,000	\$210,000	\$840,000
	Dedicated Scratchers Campaigns (Holiday, etc.)		11,000,000			11,000,000
		\$210,000	\$11,210,000	\$210,000	\$210,000	\$11,840,000

60100 Production - 1805		Q1	Q2	Q3	Q4	Total
Dedicated Scratchers Campaigns (Holiday, etc.)			\$350,000			\$350,000
Agency Fees		5,295,000	3,550,000	3,546,000	3,546,000	15,937,000
		\$5,295,000	\$3,900,000	\$3,546,000	\$3,546,000	\$16,287,000
<i>Consumer Marketing and Advertising, Subtotal</i>		\$5,505,000	\$15,110,000	\$3,756,000	\$3,756,000	\$28,127,000
60200 Digital - 1805						
Digital Media - Social - Opportunistic and Boosted		\$16,000	\$60,000	\$40,000	\$34,000	\$150,000
Digital Media - Paid Search		24,000	30,000	26,000	30,000	110,000
Digital Media - Influencers		720,000	850,000	700,000	730,000	3,000,000
Production - Social Media		12,500	12,500	12,500	12,500	50,000
Production - Asset and Content Development		45,000	15,000	15,000	15,000	90,000
Marketing Technology - Marketing Platforms and Platform Support				100,000	50,000	150,000
<i>Engagement and Retention Marketing, Subtotal</i>		\$817,500	\$967,500	\$893,500	\$871,500	\$3,550,000
Promotions - Consumer - 60400 1805						
New Event and Consumer Experiences Activation - Equipment		\$4,500	\$4,500	\$65,000	\$65,000	\$139,000
Trailer Delivery/Storage/Maintenance		28,000	50,000	13,000	34,500	125,500
Experiential Activations (Holiday, Scratchers Brand)			365,000			365,000
Misc. Agency Travel/Storage fees		2,520	2,520	2,520	2,520	10,080
Branded Items - Collectible Scratching Tools		30,000				30,000
Marketing Support for Sponsorships (Game Launch)		100,000	50,000		50,000	200,000
Agency Fees - POS and Promotions Vendor (Alcone)		1,145,000	1,145,000	1,145,000	1,145,000	4,580,000
<i>Promotions and Events, Subtotal</i>		\$1,310,020	\$1,792,020	\$1,225,520	\$1,472,020	\$5,799,580
60475 POS - Collateral - 1805						
Scratchers Specific Effort			\$525,000			\$525,000
<i>Retailer Marketing, Subtotal</i>		\$0	\$525,000	\$0	\$0	\$525,000
Total		\$7,632,520	\$18,394,520	\$5,875,020	\$6,099,520	\$38,001,580

Point-of-Sale messaging for “Contributions to Education” is a means for educating the public for the Lottery’s value and supporting the business objective to improve knowledge and perceptions about the Lottery.

Eliminate Barriers to Play Among Infrequent Scratchers Players		Q1	Q2	Q3	Q4	Total
60000 Media - 1805						
Scratchers Category				\$9,000,000		\$9,000,000
		\$0	\$0	\$9,000,000	\$0	\$9,000,000
60100 Production - 1805						
Scratchers Category				\$2,500,000	\$350,000	\$2,850,000
Brand Efforts - Re-Investment, In-Lane Pilot, Cashless Pilot		30,000	30,000	30,000	30,000	120,000
<i>Subtotal</i>		\$30,000	\$30,000	\$2,530,000	\$380,000	\$2,970,000
<i>Consumer Marketing and Advertising, Subtotal</i>		\$30,000	\$30,000	\$11,530,000	\$380,000	\$11,970,000
60475 POS - Collateral - 1805						
Scratchers Brand - NGA and Feature Games		\$325,000	\$325,000	\$325,000	\$325,000	\$1,300,000
- Pollard Reimbursement						
<i>Retailer Marketing, Subtotal</i>		\$325,000	\$325,000	\$325,000	\$325,000	\$1,300,000
<i>Total</i>		\$355,000	\$355,000	\$11,855,000	\$705,000	\$13,270,000

Total Marketing Plan	\$18,082,520	\$27,659,520	\$32,685,020	\$8,292,020	\$86,719,080
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Marketing Plan Budget by Account Code		Q1	Q2	Q3	Q4	Total
60000	1805 Media	\$9,022,500	\$14,672,500	\$22,672,500	\$1,010,000	\$47,377,500
60100	1805 Production	5,910,000	6,215,000	6,361,000	4,211,000	22,697,000
60200	1805 Digital	817,500	1,047,500	1,233,500	1,001,500	4,100,000
60400	1805 Promotions - Consumer	1,310,020	1,792,020	1,410,520	1,472,020	5,984,580
60410	1805 Promotions - Retailer	0	55,000	10,000	25,000	90,000
60410	1900 Promotions - Retailer	32,500	32,500	32,500	32,500	130,000
60475	1805 Point of Sale - Collateral	325,000	870,000	325,000	345,000	1,865,000
60500	1805 Point of Sale - Permanent	665,000	2,975,000	640,000	195,000	4,475,000
Total		\$9,060,020	\$12,987,020	\$10,012,520	\$7,282,020	\$39,341,580

Production, media, and promotional items for the Lottery's "Brand Effort" provides an entertainment option for California adults that has a positive impact for schools.

Capital Program

The Lottery's capital budgeting process operates by annually gathering and prioritizing the organization's capital purchasing needs via the Lottery's Business Plan Proposal (BPP) process each year to evaluate new business plan proposals and manage these along with continuing (multi-year and carry-over) projects to determine fiscal year objectives. From this the budgeting process identifies the financial means available to fund projects at various stages to support a mix of ongoing, new, and any business initiatives associated with new revenue-making opportunities, maintaining momentum for multi-year and carry-over projects, and to address safety concerns or other urgent matters.

Regardless of projects being newly proposed or continuing/carry-over initiatives, the immediate funding needs for projects in various stages including research, development, implementation, and maintenance phases may begin with lower levels of funding that increase towards the implementation phase and then lessen for the maintenance period thereby allowing numerous capital projects to run in parallel at differing stages and proceeding at a pace for any project that can be supported by the human capital available to support the project. Funded projects may carry-over when staffing is not available to support the project, and the overall project plan may be scaled back to control the timing for completed projects and avoid tying up financial resources that result from carrying costs for the organization's depreciation expense which, unchecked, can restrict available funding in other areas.

Furthermore, the Lottery's transition from leasing properties as the primary means for space planning to complete building ownership for Lottery campuses via the Facilities Master Plan led to entirely new concerns for capital budgeting to recognize costs for facilities including nine district office (DO) locations, northern/southern distribution centers (NDC/SDC), and the headquarters (HQ) building.

Major Accomplishments

- Completion of the Northern Distribution Center renovation projects brings added fire safety with the installation of the dedicated fire plug and seismic retrofitting efforts, and the completion of the building reconfiguration provides the additional square footage needed to install the second Pick and Pack customer order assembly line for packaging Scratchers tickets.
- The Fresno DO Roof project was completed at a much lower cost than initially anticipated as repairs were performed that alleviated the need for a roof replacement.

Facilities projects for FY 2026-27 include:

- New Projects
 - Los Angeles County Prize Payment Center
 - Warehouse Equipment (forklifts)
 - 5-year Vehicle purchase plan
- Continuing Projects
 - Acquisition or Design/Build (Richmond DO replacement)

The Lottery's Business Planning & Research Office administers annual BPPs recommended by divisional business areas throughout the Lottery to develop proposals into Lottery authorized projects (capital and non-capital) including prioritization over four categories:

- Continuing projects
- Research phase
- Implementation phase
- New

The Budgets Unit develops the funding aspects for projects by identifying available resources after funding the organization's Operational expenses and additionally works with the Financial Accounting & Reporting Unit to identify appropriate cost centers and depreciation schedules.

FY 2026-27 BPPs prioritized as critical, high, moderate, and lower are funded in the amount of \$14.2 million with \$2.2 million held in the Lottery's Administrative Spending Reserve (funds are held in reserve when the pace for any project includes dependencies that could slow spending).

Long-Term Planning

The Lottery's long-range plans are developed by the Business Planning & Research Office and presented to the Lottery Commission every three years, with each annual plan over the three-year period detailing the BPP tactics the Lottery will employ to accomplish the broader multi-year plan. With FY 2026-27 being the first year of the Lottery's current three-year strategic plan, the tactics are initially aligned with the broad three-year objectives, with years two and three including more precise measures to implement the broader multi-year plan. An example of this is that the early stages of long-range plans are categorized as Research & Analysis in the annual BPP listing, with more mature proposals being categorized as Implementation and/or Continuing.

Multiple concepts being explored for the new three-year strategic plan, launched July 1, 2026, include:

- Study of states currently selling \$50 Instant Scratch-off games for consideration of offering this price-point in California (in keeping with numerous other states' lotteries nationally),
- Study of a responsible approach to increasing per capita spending levels that better align with state lotteries nationally, to understand the impact of such measures for increasing sales for the California Lottery,
- Exploration of streamlined approaches for maintaining the Lottery's Public Website to reduce the number of manual adjustments performed to increase maintenance efficiency,
- Investigate a re-launch of the Facilities Master Plan to explore any options to implement greater efficiencies for Lottery campuses (current BPPs include exploring the addition of a prize payment center in Los Angeles, and implementing streamlined processes that would allow the Lottery to redirect staff resources to revenue-generating projects).

In summary, the broader Capital Program for the Lottery is illustrated in part by the BPPs listing's short-term objectives (implementations) and the long-term plans (research stage projects) listing various proposals by project phase and priority, in conjunction with the Capitalized Items listing quantifying planned purchases for the budget year, working together to provide status for activities, current year costs, and to recognize impending costs to be incurred in two future fiscal years for which the revenues and costs are forecasted.

Business Plan Proposals

Coordinating key initiatives and developing tactics to achieve organizational goals offers numerous benefits essential for crafting effective business plan proposals. It ensures a unified focus by aligning all areas of the Lottery with the most critical initiatives, aiding in the achievement of the mission and strategic objectives. This coordination streamlines efforts by narrowing down the number of ideas and projects, fostering a more efficient approach. Additionally, it involves a strategic assessment of alternatives to identify those that maximize the organization's contribution to education. Resource optimization is another key benefit, as it ensures that resources are available and effectively allocated to prioritized projects. Finally, this approach facilitates the communication of a shared vision, promoting a collective understanding and commitment across the organization, which is vital for successful business planning.

BPP #	BPP Title	Continuing/ New	Type of BPP	Sponsor(s)	Final Overall Priority (Approved)	Funded BPPs
100008	NDC Remodel Project*	Continuing	Implementation	Operations	Critical	\$1,300,000
102302	Player Direct / 2nd Chance Infrastructure Replacement	Continuing	Implementation	ITSD, Marketing	Critical	\$750,000
102401	In-Lane Sales - Phase 1	Continuing	Implementation	Sales, ITSD	Critical	\$50,000
102601	Cashless Vending Pilot	Continuing	Implementation	Sales, ITSD	Critical	\$50,000
102702	SuperLotto Plus Enhancements	New	Implementation	Marketing	Critical	\$300,000
102701	Claims & Payment Automation	New	Implementation	Finance	<i>Critical with conditions</i>	\$—
102332	BIBA Migration to Cloud	Continuing	Implementation	ITSD	High	\$350,000
102359	Market Research Analysis for Gaming Contract	Continuing	Research & Analysis	ITSD	High	\$150,000
102508	Identifying new location for Richmond DO*	Continuing	Implementation	Operations	High - with conditions	\$15,000,000
102602	Email Platform Procurement & Implementation	Continuing	Implementation	Marketing, ITSD	High	\$500,000
102606	Hispanic Segment Marketing Agency RFP	Continuing	Implementation	Marketing	High	\$30,000

BPP #	BPP Title	Continuing/ New	Type of BPP	Sponsor(s)	Final Overall Priority (Approved)	Funded BPPs
102714	Customer Experience Framework and Roadmap Development	New	Research & Analysis	Executive	High	\$80,000
102703	Daily Games Optimization	New	Implementation	Marketing	High - with conditions	\$—
102704	Vending Reinvestment Feature	New	Implementation	Sales	High	\$—
102711	Public Website Content Management Solution Research	New	Research & Analysis	Marketing, ITSD	High	\$—
102715	Modernization Framework and Roadmap Development	New	Research & Analysis	Executive	High	\$—
100018	HR Service Center	Continuing	Implementation	ITSD, Human Resources	Moderate with conditions	\$1,250,000
102315	PR / Public Affairs Agency Procurement	Continuing	Implementation	PAC	Moderate	\$8,500,000
102603	Divisional File Share Migration	Continuing	Implementation	ITSD	Moderate	\$35,000
102710	Lottery Office Digital Signage Upgrades	New	Implementation	ITSD	Moderate with conditions	\$90,000
102707	Los Angeles County Prize Payment Center	New	Research & Analysis	Finance	Moderate with conditions	\$—
102609	NFL Powerball draw game	Continuing	Research & Analysis	Marketing	Moderate	\$—
102705	Digital Retailer Application Process	New	Implementation	Sales	Moderate	\$—
102706	Retailer Business Name and TIN Mismatch Process	New	Implementation	Finance	Moderate	\$—
102708	Increase Pay at the DO Prize Payments Threshold	New	Implementation	Finance	Moderate with conditions	\$—
102713	Scratchers Inventory Management Optimization	New	Research & Analysis	Marketing	Moderate	\$—
102716	Retailer Fee Review	New	Research & Analysis	Sales	Moderate	\$—

BPP #	BPP Title	Continuing/ New	Type of BPP	Sponsor(s)	Final Overall Priority (Approved)	Funded BPPs
102406	SCO New CA State Payroll System	Continuing	Implementation	Human Resources	<i>Lower</i>	\$—
102709	Reimagining CLIC	New	Implementation	PAC	<i>Lower</i>	\$—
102712	FI\$Cal Implementation	New	Implementation	ITSD, Finance, Operations	<i>Lower</i>	\$—
Total						\$28,435,000

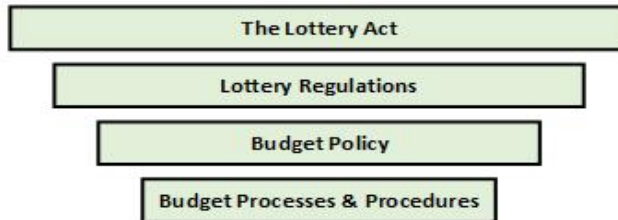
*Amounts budgeted for Capitalized Items are shown full cash cost.

Financial Policies

The Lottery's Budgeting Requirements Policy applies to all Lottery employees who are authorized to expend or are involved in the associated procurement processes for expending Lottery administrative funds and holds staff accountable for adhering to the annual budget. Additionally, it requires budget expenditure activities to be consistent with the California Lottery Act, Lottery Regulations, Lottery policies, processes, and procedures, and applicable state laws.



Financial Policies



Zero Based Budgeting (ZBB) Process	Budget Monitoring Process	Budget Maintenance Process		External Reporting – Legislature/Governor Processes
Annual Marketing Budget Plan Procedure	BETS Expenditure Report Procedure	Backup Attendance Clerk Procedure	Loading Budget to Financial System Procedure	DOF Budget Letter Analysis Procedure
Capitalized Items Listing Procedure	Budget Expenditure Analysis Report Procedure	Backup Supplier Set Up Procedure	Mid Month E10 Employee Mapping Procedure	Governor's Budget Display Procedure
Non-divisional & Gaming Costs Procedure	Commission Agenda Items Summary Procedure	Budget Adjustment Request Procedure	Personal Services Listing Procedure	Legislative Budget Committee Reporting Procedure
Gaming Systems Cost Procedure	Epicor Financial Planner Report Creation Procedure	Building Online Budget from Wdesk Platform Procedure	Reimbursable Retailer Fees Procedure	Pooled Money Investment Board Reporting Procedure
Importing ZBB into the Wdesk Platform Procedure	Expenditures Reclassification Log Procedure	Budget Forecasting	Request for Personnel Action Approval Procedure	Pro Rata Procedure
Out-of-State Travel Procedure	History of Lottery Sales and Costs Procedure	Budget Position Report	Requisition Approval Procedure	State Controller's Office Audit Procedure
Personnel Year Inventory Procedure	Performance Report Procedure	Budget Presentations Procedure	Sales & Variable Costs Schedule Procedure	
Staff Benefits Forecast Procedure	Researching Lottery Costs Procedure	CLIC Page Maintenance Procedure	SC1 Payroll Dashboard Update Procedure	
Staff Differentials Forecast Procedure		CLIC Page Maintenance Procedure	SCO Roster File Formatting Procedure	
		Commission Budget Packages Procedure	Scratchers Tickets Cost Procedure	
		Conditional Budget Approval Procedure	Trial Balance Data Retrieval Procedure	
		Depreciation Maintenance Procedure	Budget Building in Wdesk Platform Procedure	
		Gaming Equipment Plan Procedure	Wdesk Platform User Maintenance Procedure	
		Itemized Reserve Listing Procedure		

Fund Descriptions & Fund Structure

Subdivision (a) of Government Code (GC) § 8880.61 establishes a special fund to be known as the "State Lottery Fund" within the State Treasury that is continuously appropriated for carrying out the purposes of the Lottery Act. The fund's resources are protected by provisions that prevent the transfer of money from the General Fund or any other state fund to support the Lottery or its associated debts, except for authorized loans made by the State Controller's Office (SCO) to the state's General Fund. Such loans must carry interest at a specified rate above the Pooled Money Investment Account rate and cannot impede the objectives of the State Lottery Fund. Administrative and operational expenses of the lottery are capped at 13 percent of total annual revenues from lottery ticket sales, and specific non-monetary exchanges are excluded from this expense calculation. Costs include the operation and administration of the Lottery, contracts for goods and services, promotional activities, retailer compensation, and reimbursement to other governmental entities for services provided to the Lottery. The net revenues of the Lottery, which are the funds remaining after all obligations for prizes, expenses, and repayments are covered, are transferred by the SCO quarterly to the California State Lottery Education Fund. Lastly, the Lottery is responsible for reimbursing other governmental entities for services necessary to carry out the Lottery's purpose.

The Lottery is formally classified as the California State Lottery Commission, a department within the Legislative, Judicial, and Executive branch of the State of California, classified under GAAP as a "Proprietary/Enterprise Fund," and codified in Government Code, Title 2, Division 1, Chapter 12.5 (Sections 8880-8880.72), with the purpose to account for the activities of a state-operated lottery.

State of California Fund 0562, the State Lottery Fund, is the proprietary enterprise fund created by Proposition 37 in 1984 to account for the activities and revenues of the state-operated lottery.

Fund Overview

- Legal Title: State Lottery Fund
- Legal Authority: Government Code Section 8880.61
- Administering Agency: California State Lottery Commission (Org 0850)
- Classification: Proprietary / Public Service Enterprise Fund

Purpose and Operations

- Primary Function: Accounts for all financial transactions, ticket sales, prize payouts, and administrative operations of the California State Lottery.
- Revenue Source: Derived directly from public service enterprise operations (ticket sales) rather than general taxpayer proceeds.
- Loan Provisions: Under specific statutory provisions, the State Controller may use moneys within this fund for short-term loans to the state's General Fund, subject to paid interest.

Provisions in law provide that no funding transfers are allowed from the State of California General Fund or any other state fund to support the Lottery or its associated debts. By contrast, the SCO is authorized to make loans from the State Lottery Fund to the state's General Fund. Such loans must carry interest at a specified rate above the Pooled Money Investment Account rate and cannot impede the objectives of the State Lottery Fund.

Additionally, the Act specifies that administrative and operational expenses of the lottery are capped at 13 percent of total annual revenues from Lottery ticket sales, and specific non-monetary exchanges are excluded from this expense calculation. Costs include the operation and administration of the Lottery, contracts for goods and services, promotional activities, retailer compensation, and reimbursement to other governmental entities for services provided to the Lottery (the Lottery's pro rata share for intergovernmental services).

Finally, the net revenues of the Lottery, which are the funds remaining after all obligations for prizes, expenses, and repayments are covered, are transferred on a quarterly basis by the SCO to the California State Lottery Education Fund for distribution to California educational institutions. This process entails the SCO determining how much Lottery funding each county Office of Education or school district is to be apportioned based on the average daily attendance data provided by the State Department of Education (for higher education institutions, the distribution is based on the equivalency of a full-time student). The SCO then notifies each County Treasurer of the Lottery funds distributed to their respective school districts. Within each school district, local education administrators and elected school boards decide how the Lottery funds will be distributed and spent. By design, the Lottery has no discretion on the disbursement of funds or their use.

Department of Finance

**STATE OF CALIFORNIA
MANUAL OF STATE FUNDS**

Fund: 0562

PAGE 1
Renumbered
From:

Legal Title

State Lottery Fund

Legal Citation/Authority

Chapter 23, Statutes of 2009-2010 (SB 16XXXX)
Government Code section 8880.61

Fund Classification

GAAP Basis

Proprietary/Enterprise Funds

Fund Classification

Legal Basis

Nongovernmental/Public Service Enterprise

Purpose

To account for the activities of a state-operated lottery.

Administering Agency/Organization Code

California State Lottery Commission/Org 0850

Major Revenue Source

Proceeds from the sales of lottery tickets or shares, the temporary line of credit for initial startup costs, and all other monies credited to the lottery from any other lottery-related source.

Disposition of Fund (upon abolishment)

Pursuant to Government Code 16346, in the absence of language that identifies a successor fund, any balance remaining in this fund upon abolishment, shall be transferred to the General Fund.

Appropriation Authority

Section 8880.61 of the Government Code provides that the money in the fund is continuously appropriated.

State Appropriations Limit

Always Excluded—Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from a Public Service Enterprise Fund.

Comments/Historical Information

Proposition 37, approved by the voters in the November 6, 1984 election, created the State Lottery Fund. Chapter 9, Statutes of 2009-2010 (AB 13XXX) added subdivision (c) which reads "Notwithstanding any other law, the Controller may use the moneys in the State Lottery Fund for loans to the General Fund as provided in Sections 16310 and 16381. Interest shall be paid on all moneys loaned..."

Reporting Requirements

Pooled Money Investment Board (PMIB)

To ensure the needed liquidity for current expenses including quarterly disbursement to its beneficiary, the Lottery reports its cash needs prior to each quarterly meeting of the PMIB which, through the Pooled Money Investment Account, invests special funds held by state agencies including the Lottery.

Through the Pooled Money Investment Account (PMIA), the State Treasurer invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield.

The Investment Division of the State Treasurer's Office manages the PMIA under statutory authority granted by California Government Code sections 16430 and 16480.4. The PMIB governs the PMIA. The State Treasurer chairs the PMIB, which also includes the State Controller and the State Director of Finance.

The PMIA has three primary sources of funds: the State General Fund; special funds held by State agencies; and moneys deposited by cities, counties and other entities into the Local Agency Investment Fund. At the end of June 2025, the PMIA portfolio totaled approximately \$178.1 billion.

Under GC § 8880.42, "The director shall provide a monthly cumulative sales report to the commission and the Controller within 15 days after the end of each month. The report shall include cumulative lottery sales by product, compared to the commission-approved budget and the estimated administrative expenses for the current fiscal year."

In accordance with GC § 8880.43, "The director shall provide the following informational reports to the Department of Finance, the Joint Legislative Budget Committee, and the budget committees of the Legislature:

- a. No later than January 10 of each year, a copy of the proposed administrative budget for the California State Lottery Commission for the fiscal year that begins the following July 1.
- b. No later than June 1 of each year, a copy of the California State Lottery Commission's proposed administrative budget and expected sales revenues for the fiscal year that begins the following July 1. If applicable, this report shall detail any administrative funding that is proposed to be used to supplement the prize pool of any lottery game.
- c. No later than June 30 of each year, the final budget and revenue projections approved by the California State Lottery Commission for the fiscal year that begins the following July 1. The report shall include any approved revision, and supporting documentation, to the June 1 proposed budget provided pursuant to subdivision (b). If applicable, this report shall detail any administrative funding that is proposed to be used to supplement the prize pool of any lottery game."

Debt Authority & Current Practice

The Lottery Act authorizes the Lottery Commission to issue bonds or notes. To date, the Commission has met all capital needs with current year revenues; no debt is outstanding, and no borrowing is proposed for FY 2026-27. Should borrowing ever be contemplated, the Commission would adopt specific terms and repayment provisions at that time.

- The Lottery has no outstanding bonds, notes, or other long-term obligations as of June 30, 2025, and no debt service is budgeted for FY 2026-27.
- Historically, all capital projects have been funded from current revenues within the statutory 13 percent administrative-expense cap.
- Any future debt would require Commission approval, a dedicated repayment source within the administrative cap, and compliance with the State Treasurer's guidelines on issuance, disclosure, and post-issuance reporting.
- The Lottery Act does not specify a dollar limit but requires that debt may not impair timely transfers to the State Lottery Education Fund.

Exhibit: Joint Legislative Budget Committee transmittal letter and final budget per GC § 8880.43 (c)



June 17, 2026

The Honorable John Laird
Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, CA 95814

Subject: Fiscal Year Budget, California State Lottery

Dear Chairperson Laird:

Pursuant to Government Code section 8880.43 (c), the California State Lottery is transmitting the Fiscal Year 2026-27 final budget adopted by the Lottery Commission on June 16, 2026.

If you have any questions, please call me at (916) 822-8110.

Sincerely,

Signed by:
Harjinder K. Shergill Chima
F6354300A250415

Harjinder K. Shergill Chima
Director

Attachment

cc: Hans Hemann, Principal Consultant
Joe Shinstock, Assembly Republican Leader's Office

**CALIFORNIA STATE LOTTERY FUND
FISCAL YEAR 2026-27 FINAL BUDGET
(Dollars in Thousands)**

	<u>FY 2026-27 Final Budget</u>
Lottery Sales	\$9,360,000
Less Prizes	<u>\$6,244,998</u>
Resources after prizes	<u>\$3,115,002</u>
Less Game Costs:	
Retailer Costs	\$637,253
Gaming Costs	<u>179,067</u>
Total Game Costs	<u>\$816,320</u>
Income Before Operating Expenses	<u>\$2,298,682</u>
Operating Expenses:	
Salaries, Wages and Benefits	\$152,039
Advertising, Promotions, Public Relations and Point-of-Sale	86,719
Other Contractual Services	32,887
Depreciation and Amortization	13,434
Other General and Administrative Expenses	31,825
Administrative Reserves	<u>83,576</u>
Total Operating Expenses	<u>\$400,480</u>
Net revenue	\$1,898,202
Interest income, net	\$48,000
Unclaimed Prizes	32,000
Administrative Reserves	<u>83,576</u>
Net Resources to Education Fund	<u><u>\$2,061,778</u></u>

Budget Process

The Lottery utilizes a zero-based budgeting (ZBB) approach to build each fiscal year budget plan from the ground up generating budget funding schedules for eight divisional areas and for non-divisional costs.

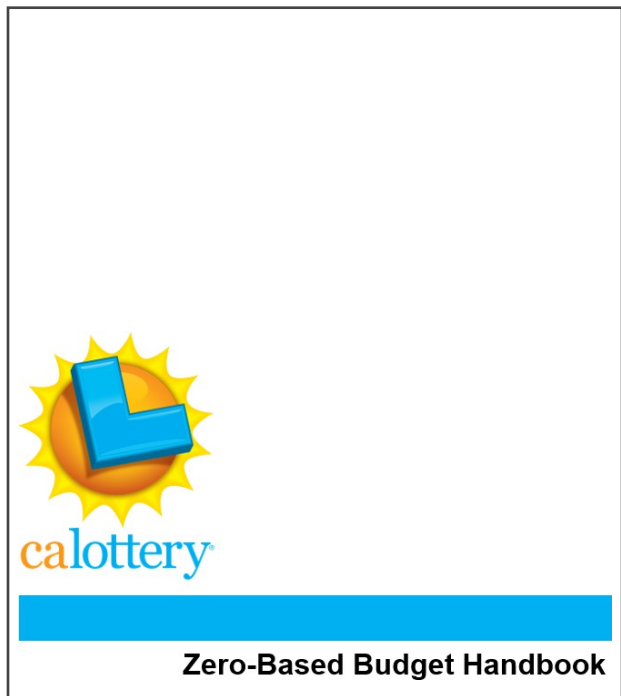
The Budgeting Requirements policy, most recently approved by the Lottery Director June 2026, is supported with processes for:

- Commission Budget development,
- Budget Monitoring,
- Budget Maintenance,
- External Reporting Governor,
- External Reporting Legislature, and
- ZBB process for Divisions.

ZBB Tools

The ZBB process, template, and handbook creates a transparent allocation of funding based on current business needs, and not on historical programs that may be obsolete today. With changes in technology, economy, and Administrations, it is critical to evaluate our tactics more frequently and thoroughly to ensure we are using best practices in all divisions; this includes reviewing existing contracts to verify that they are being utilized to conduct current business. By evaluating a program, managers and staff have an opportunity to identify activities in a given division and assess if funding levels are appropriate, or if there are more cost-effective ways to improve operations.

The ZBB Handbook provides guidance to divisional staff for requesting fiscal year budget funding to meet ongoing business needs and an analysis template is provide for division use in requesting new funding resources wherein utilization for the new funds must be justified.



Funding Request



Date:

Topic:(Activity or Program area)

Prepared for: (Receiving Deputy Director)

Contributors: (Prepared by)

SUMMARY

(briefly describe the purpose and focus of this activity; how does this support the program objectives and the organization's business initiatives?)

BACKGROUND

(brief history of activity)

EXPECTED BENEFITS

(brief description of this activity's value)

ANALYSIS

(describe results for conducting this activity)

Pro: (discuss what is working well)

Con: (list opportunities)

FISCAL IMPACT

(describe any short-term or long-term funding needs; include details if request is for a cross-divisional project or activity)

RECOMMENDATIONS

(How do you see this program developing in the future - what would you recommend?)

Budget Timeline

The process for building the annual budget is kicked off with posting and dissemination of the Fiscal Year Business Planning & Budget Development Timeline that communicates the order for significant milestones along the path to constructing the proposed budget for presentation to the Lottery Commission beginning with gathering funding request data from Lottery divisions and concluding with presentation for the budget to the Commission.

FISCAL YEAR 2026-2027 BUSINESS PLANNING & BUDGET DEVELOPMENT TIMELINE

November

- Budgets team FY 2026-27 Annual budget development timeline delivery
- Budgets team provides Zero Based Budget (ZBB) planning tools to Divisions
- **Business Planning & Research (BP&R) EMT Orientation and Training. Process review and expectations for EMT and staff. Divisions submit names of attendees - *Due Nov 05***
- **BP&R to conduct BPP Contributor Orientation and Training for staff who may be part of the BPP process. Includes initiative idea development. 2 sessions *Nov 18 and Nov 19***
- **BP&R to conduct Review Sessions to provide insight, performance review and facilitate initiative development - *Due Nov 20***

December

- Budgets generates estimates for ZBB routine operating costs (excluding new proposals)
- **All FY 2026-27 Continuing Business Plan Proposalsⁱ (BPP) Projects identified - *Due Dec 05***
- Draft ZBB reviews with Budgets/Divisions for operational /coreⁱⁱ and potential project costs
- **Divisions submit to BP&R descriptive paragraphs for new initiatives - *Due Dec 05***

January

- **First set of training sessions for BPPs – *Due Jan 09***
- **Second set of training sessions for BPPs – *Due Jan 12***
- **BP&R Kick Off Meetings for New BPPsⁱⁱⁱ with sponsors and stakeholders. Sponsors will discuss initiatives, Q&A and stakeholders confirm their involvement - *Mid Jan 2026***
- **BP&R to confirm stakeholders for each NEW BPPs - *Due Jan 20***
- **ZBB Data Entry Workiva Training - *Due Jan 20***

February

- Assessing current year spending (FY 2025-26 Q2 BEAR)
- **Sales Division to provide Preliminary FY 2026-27 Brightstar Purchase Plan - *Due Feb 23***

March

- **Submit new position requests to HR for concept approval - *Due Mar 2***
- **Final ZBBs (including BPP funds needed for FY 2026-27), and initial sales goals - *Due Mar 09***
- **Marketing Division to provide Scratchers tickets purchase plan, *Due Mar 09***
- **Out-of-state travel requests due to Budgets - *Due Mar 09***
- **Final BPPs submitted to BP&R – *Due Mar 13***

April

- **HR accepts requests for unit code changes (additions, deletions, and reorganizations) *Due Apr 1***
- Budgets presentation #1 to the Director: funding for Operational/Core functionality
- Budgets presentation #2 to the Director: funding for Discretionary items^{iv}
- Funding decisions from Director on discretionary funding requests

May

- **Proposed Out-of-State Travel Blanket due to the Director - *Due May 1***
- **BP&R to provide final sales goals to Budgets - *Due May 1***
- Budgets to provide Draft Proposed Budget to the Director
- Decision on Proposed Budget from the Director, including any changes
- Budgets finalizes Proposed Budget to reflect the Director's changes for May meeting
- **Out-of-State Travel Blanket due to the Governor's Office - *Due May 13***
- Draft Annual Business Plan & Draft Proposed Budget presented to the Commission

June

- Obtain costs for deferred Scratchers expenses
- Final Budget approval from the Director
- Final Proposed FY 2026-27 Business Plan & Proposed Budget presented to the Commission

^[i] Business Plan Proposals are essentially pre-Project Charter documents for either initiatives requiring coordinated work in multiple divisions or projects involving just one division but requiring significant staff resources in that division.

^[ii] Operational/core functionality includes funding for items that cannot skip a year such as utilities, properties maintenance, creative production elements, ongoing contracts remaining relevant and critical to business operations, etc.

^[iii] Several meetings would occur involving the sponsoring division and all divisions identified as stakeholders to discuss, clear-up, and resolve details associated with the BPP. This would include reviewing most sections of the BPP before finalizing. The meetings may be held for individual BPP concepts or a group of similar BPPs with the same stakeholders. Business Planning staff assists in facilitating these meetings, as needed.

^[iv] Discretionary items include new positions, new goods/services not needed to maintain operations, and new campaigns over and above routine advertising campaigns (including fiscal detail of all proposed campaigns and how they will deliver return on investment).

Note:

In addition to Deputy Directors, key managers, and Budget Liaisons, staff responsible for expending Lottery funds (i.e., contract managers) should be involved in budget planning, tracking, and reporting.

Initial sales goals generated by the Business Planning & Research Office are refined to deliver final fiscal year sales goals as shown in the timeline. The process to develop the final fiscal year sales forecast is based on projecting full-year sales for newer retail outlets selling for less than a year, forecasting sales for planned additional chain stores, calculating Scratchers tickets sales based on the approved product plan for the coming fiscal year, using modeling to project validation sales (sales occurring at the point of sale) over the coming fiscal year, and utilizing statistical modeling to develop sales estimates at various jackpot levels based on the range of percentiles for the occurrence of various jackpot levels. Finally, historical results are considered to understand the effects of "cannibalization" as consumer purchases graduate to newer high price point products added to the Lottery's product portfolio.

Budget Forecasting Methodology & Recommendations

The forecasts for fiscal years 2026-27 and 2027-28 were produced using advanced statistical time-series models implemented in the R programming environment. Historical Lottery data were prepared and normalized to ensure continuity and eliminate gaps in the dataset. Sales data were available beginning in 2009, while expense-related data, including prizes, personal services, operating expenses, vendor costs, and equipment, were available beginning in 2020. To support consistent analysis and efficient resource allocation, individual accounts were organized into broader income statement categories, and related accounts were aggregated when appropriate to facilitate macro-level trend evaluation.

Model Driven Forecasts

The Lottery employed three families of forecasting models for this cycle. For Scratchers and some draw game sales products (including Daily 3, Daily 4, Fantasy 5, and Hot Spot) as well as the majority of expense accounts, forecasts were generated using generalized additive models (GAMs). These models incorporate smooth seasonal patterns and long-run trends while allowing flexibility in month-to-month behavior. Several of these models applied a differenced approach to stabilize short-term variability before reconstructing forecasted sales levels. To quantify forecast uncertainty, the GAM-based products generated 10,000 simulated forecast paths through posterior sampling and produced robust confidence intervals for 24-month projections.

For SuperLotto Plus sales and prizes and Daily Derby sales, neural-network autoregressive (NNETAR) models were employed. These models incorporate a nonlinear autoregressive structure along with external regressors such as seasonality and time trends. The NNETAR specification is designed to capture irregular sales spikes and nonlinear dynamics characteristic of these products' historical performance.

Jackpot Driven Games Sales Forecasts

Jackpot-driven games, including Mega Millions and Powerball, required a specialized modeling framework due to the strong influence of jackpot size, rollover behavior, and draw-day cycles on player demand. These products were modeled using a GAM specification that relates sales to the advertised jackpot size (both on a logarithmic scale) and the draw day (e.g., Tuesday or Friday for Mega Millions). To represent the volatility inherent in rollover sequences, a multi-layer simulation engine was used. This simulation process includes: (1) modeling the jackpot growth path over future draws, including rollover probabilities and jackpot resets; (2) generating posterior draws of GAM coefficients to incorporate structural uncertainty; and (3) simulating draw-level random variation in sales. A total of 200 full jackpot-driven simulation paths were produced for each jackpot game, each covering more than 200 future draws, and aggregated into fiscal-year estimates. This method aligns the forecast closely with the behavioral drivers of jackpot game sales and supports the development of percentile-based fiscal-year projections. To efficiently simulate future jackpot cycles, the Lottery pre-computed a grid of 2,000 jackpot levels ranging from the reset jackpot amount to \$2 billion, along with their corresponding GAM-estimated sales responses. This pre-computed grid allowed the simulation engine to map each

simulated jackpot value to an estimated sales level without repeatedly refitting the model, thereby significantly reducing computational overhead.

Validation and Evaluating Model Performance

All sales and expenses models, GAM, jackpot-GAM, and NNETAR, were subjected to expanding-window cross-validation. This retrospective testing strategy repeatedly trains each model on earlier periods and evaluates predictive accuracy for future months, which reflects how the model would have performed had it been deployed in prior years. Each fold contributes to a comprehensive measure of model stability, and Mean Absolute Percentage Error (MAPE) was used to summarize performance across folds. Models demonstrated consistent predictive accuracy across historical segments before being applied to forward-looking fiscal-year forecasts.

Holistic Estimations

Some prizes and game costs are structurally linked to ticket sales activity through a stable cost-to-sales ratio, estimated from historical annual totals. The forecast applies ratios to the corresponding game's projected annual sales to derive total obligations.

Advertising expenditure is driven by annual budget appropriations rather than underlying business cycles, a conclusion supported by a Box-Ljung white noise test on monthly spending data, which confirmed no exploitable pattern structure. Accordingly, the forecast carries forward the calculations performed on approved annual budget, and observed historical spending profile.

While the Lottery's budget for fiscal year 2026-27 was not developed using the methodology described above, the fact that the FY 2026-27 forecast is so close to the Commission-approved budget for FY 2026-27 supports the validity of the forecast models.

	FY 2027	FY 2028
Lottery Sales	\$ 9,376,945,691	\$ 9,448,974,871
Less Prizes	\$ 6,282,553,613	\$ 6,330,813,164
Resources after Prizes	\$ 3,094,392,078	\$ 3,118,161,707
Less Game Costs:		
Retailer Costs	\$ 606,780,644	\$ 632,354,121
Gaming Costs	\$ 133,961,622	\$ 137,193,057
Total Game Costs	\$ 740,742,266	\$ 769,547,178
Income Before Operating Expenses	\$ 2,353,649,812	\$ 2,348,614,529
Operating Expenses:		
Salaries, Wages & Benefits	\$ 163,769,338	\$ 168,712,765
Advertising, Promotions, Public Relations and Point-of-Sale	\$ 105,974,941	\$ 108,808,244
Other Contractual Services	\$ 28,116,444	\$ 28,134,153
Depreciation and Amortization	\$ 15,690,665	\$ 16,892,102
Other General & Administrative Expenses	\$ 31,175,168	\$ 26,345,887
Administrative Reserves	\$ 100,000,000	\$ 100,000,000
Total Operating Expenses	\$ 444,726,556	\$ 448,893,151
Net Revenue	\$ 1,908,923,256	\$ 1,899,721,379
Interest income, Net	\$ 35,000,000	\$ 38,000,000
Unclaimed Prizes	\$ 64,000,000	\$ 66,000,000
Administrative Reserves	\$ 100,000,000	\$ 100,000,000
Net Resources to Education Fund	\$ 2,107,923,256	\$ 2,103,721,379

Managing Budgeted Funds

Budget Development

The Budgets Unit utilizes the Wdesk productivity platform provided by Workiva which brings together data connectivity, management reporting, and report design, all in a single application. Utilizing Wdesk's secure data cloud environment enables the budgeting team to collaborate on budget schedules and track productivity while maintaining control of the budget with data linking. These features allow simultaneous budget development as the entire team produces division budget schedules all at the same time and data is fed real-time to the roll-ups for the accrual budget display, annual/quarterly budget schedules, and even the presentation slide deck presented to the Lottery Commission for approval of the annual fiscal year budget. Further, the history feature and built-in messaging features allow staff to pinpoint costs for updating and store changes made to the data. Lastly, this makes it possible to update a single budget allocation at the source level and instantaneously update all the destination cells, ensuring that the budget process is nimble and giving the team confidence that everything adds up across the multitude of schedules.

Budget Monitoring

For budget monitoring, monthly budget-to-actual spending reports are utilized to identify any discrepancies. When services are received earlier than planned the budget is modified to match funding availability with invoicing to avoid any false reporting for lack of funding. Additionally, the Lottery maintains self-insurance and funding reserves (Reserve for Insurable Risk and the Administrative Spending Reserve) to lower the costs for insurance and to enable unanticipated costs to be funded.

Discrepancies

A thorough analysis of monthly expenses must be performed to ensure adherence to planned spending and to identify necessary adjustments including reclassification for mis-posted expenses.

Budgets Unit analysts ensure costs are tracking with allocated funding by reviewing monthly Budget Expenditure Tracking System (BETS) reports and performing detailed analyses. Any improperly posted expenses identified are input to the Expenditures Reclassifications log, forwarded to Accounting Operations and Financial Accounting & Reporting staff, and reposted to the planned budget account. By maintaining accurate expenditure reports, the organization can evaluate how the budget is performing, as well as provide spending trends to facilitate forecasting future budget allocations.

Number	Journal Sequence	Journal No	Journal Date	Posted Date	Posted By	GL Division	From Account	To Account

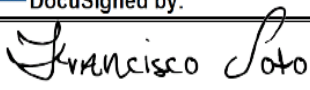
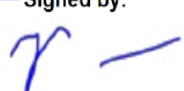
Amount	Description	Requesting Analyst	Corrected Date	Corrected By	Corrected Journal Entry Number	Comments

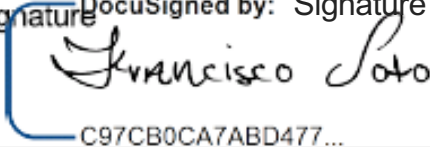
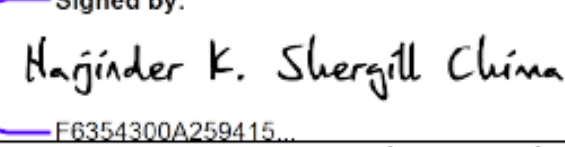
Budget Maintenance

Budget modifications authorized in DocuSign by the Lottery Director, in accordance with procedure, are input to Wdesk to produce the revised budget file that is utilized to update the budget in the financial system. The benefits for utilizing the Wdesk platform include integration of the Budget Adjustment Request (BAR) budget maintenance transactions for ease of file production, maintaining separation for budgeting staff from working within the financial system, and providing an audit trail for changes to the authorized budget. Budget augmentations using funds from the Lottery's Administrative Spending Reserve and/or Reserve for Insurable Risk (i.e., the Lottery's budget includes \$5 million to self-insure for certain costs including workers compensation claims and property damage) are reported to the Lottery Commission. Transfers from these reserves are associated with the strategic objectives the funding supports or are assigned to Administrative Support if directed towards expenses for Lottery overhead costs as shown in the following authorizing documents and charts.

Exhibit: Budget Adjustment Request

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CALIFORNIA LOTTERY BUDGET ADJUSTMENT REQUEST (BAR)			REQUEST NO.	Quarter 4
☐ Interdivisional (between divisions) ☐ Intradivisional (within division)				
Initiating Division Finance	Initiating Department/Section	Initiating Cost Center	Fiscal Year 2025-26	
Receiving Division Finance	Receiving Department/Section Several	Receiving Cost Center	Effective Date 4/1/2026	
Justification for Proposed Redirection: The purpose of this BAR is to transfer funding from the Lottery's Administrative Spending Reserve to account for expenditures that were not explicitly budgeted for in FY 2025-26. These augmentations total approximately \$2.5 million, and the Lottery's Commission approved budget for FY 2025-26 includes \$76.3 million in the Administrative Spending Reserve. We are also including intra and inter divisional funding transfers in this package for increased transparency, even though these items don't require Director approval and do not impact the reserves. Please see the attached workbook which includes worksheets for: 1. Admin. Reserve Augmentations (transfers from the Administrative Spending Reserve) 2. Insurable Risk Fund Augmentations (transfers from the Lottery's Reserve for Insurable Risk. 3. Transfers (intra- and inter-divisional) 4. Strategic Objectives (applicable objective augmentation ties to or is needed for admin. support)				
Signature	DocuSigned by:  C97CB0CA7ABD477...		Date 7/7/2026	
Signature	Signed by: 		Date 7/7/2026	
Signature	76B135F3ECC14F5...		Date	

FOR BUDGET USE ONLY:		BUDGET OFFICE COMMENTS/RECOMMENDATION:	
FROM:			
TO:			
AMOUNT:			
Signature  Signed by: Signature C97CB0CA7ABD477...		Date 7/7/2026	
Signature  Signed by: Signature 25B7D0FE1DA2407...		Date 7/7/2026	
Signature  Signed by: F6354300A259415...		Date 7/7/2026	
DISTRIBUTION: Original - Budgets Copies - Requestor CSL 0163 (R08/20)			

Proposed Augmentations to Divisions' Budgets from the Lottery's Administrative Reserve Fund

Division and Proposed Augmentation Explanation	Account	Division	Location	Unit	Expense Category	Total	Strategic Objective
ITSD: Increasing funding for Brightstar Gaming Contract to cover change order costs occurring in the current year.	64300	00	00	1700	Gaming System Contract Costs - 1700	\$2,354,696	1
Operations: Due to inoperable solar panels funding is required for utilities.	69300	04	00	1400	Utilities Ops - 1400	\$101,528	7
DEPR: Various equipment purchases (Radios, Pick and Pack hardware, fire alarm equipment).	65210	00	00	000	Dep Exp - Other Equipment	\$54,920	7
Total						\$2,511,144	
Proposed Augmentations from Administrative Reserve, Total						\$2,511,144	
Proposed Augmentations from Insurable Risk Fund, Total						\$0	
Total Augmentations						\$2,511,144	

Proposed Augmentations to Divisions' Budgets from the Lottery's Reserve for Insurable Risk Fund

Division and Proposed Augmentation Explanation	Account	Division	Location	Unit	Expense Category	Total	Strategic Objective
No augmentations requested.						\$0	
Proposed Augmentations from Administrative Reserve, Total						\$0	

Transfers of Budgeted Funds Between Accounts and/or Divisions

Division and Transfer Summary	Account	Division	Location	Unit	Expense Category	Quarter 4	Total
From: Sales & Marketing	50100	08	10	1905	Permanent	\$ (40,000)	\$ (40,000)
To: Sales & Marketing Transfer funds to cover Temporary Salary expense overages.	50500	08	10	1905	Temporary Help	\$ 40,000	\$ 40,000
From: Sales & Marketing	50100	08	10	1911	Permanent	\$ (160,000)	\$ (160,000)
To: Sales & Marketing Transfer funds to cover Temporary Salary expense overages.	50500	08	10	1911	Temporary Help	\$ 160,000	\$ 160,000
From: Sales & Marketing	50100	08	10	1925	Permanent	\$ (250,000)	\$ (250,000)
To: Sales & Marketing Transfer funds to cover Temporary Salary expense overages.	50500	08	10	1925	Temporary Help	\$ 250,000	\$ 250,000
From: Operations	70600	04	00	1400	Interest Expense - Ops	\$ (388,679)	\$ (388,679)
To: Admin Reserve Transfer funds to reduce over-budgeted leased vehicle interest.	00	00	00	0000	Admin. Reserve	\$ 388,679	\$ 388,679
From: ITSD	63200	07	10	1700	Professional Services - External	\$ (581,785)	\$ (581,785)
To: DEPR Added depreciable items for PWS.	65120	00	00	0000	Dep Exp - Software	\$ 581,785	\$ 581,785
From: ITSD	63200	07	10	1700	Professional Services - External	\$ (263,651)	\$ (263,651)
To: DEPR Added depreciable items for the Lottery's Public Web Site.	68875	07	00	1700	Subscription-Based Information Technology Arrangements	\$ 263,651	\$ 263,651

STRATEGIC OBJECTIVES FOR FY 2025-26 BUSINESS PLAN

1. Continue to grow Draw Game Sales.
2. Expand Scratchers Game sales by removing barriers to play among infrequent players.
3. Continue to improve knowledge and perceptions about the Lottery.
4. Explore new ways to expand and utilize the Lottery's strong retail network.
5. Become customer focused and continue to improve the customer experience.
6. Continue the celebration of the Lottery's 40th anniversary.
7. Administrative Support.

Itemized Reserve Listing

Additionally, an itemized reserve listing is produced with the fiscal year budget to prioritize the release of funds from the Administrative Spending Reserve during the fiscal year and these releases are contingent upon Lottery sales levels allowing for additional spending. Because the Lottery's Administrative Spending Reserve and Reserve for Insurable Risk reduce the risk for the Lottery exceeding the 13 percent cap for administration of the Lottery by maintaining a buffer and reducing insurance costs, it is in the Lottery's benefit to prioritize funding which may be released from the reserves to ensure the financial health for these funds as they also help when emergency funding needs arise.

Division #	Business Area	Amount Requested	Amount Approved	Amount in Reserve
Various	Organizational	\$—	\$—	\$14,500,000
	Personal Services (Recognizes Vacant Positions)	\$—	\$—	\$5,000,000
	General Salary Increase - - deferred to FY 27-28	\$—	\$—	\$—
	Staff Retirements	\$—	\$—	\$500,000
	Historical Spending Reduction	\$—	\$—	\$4,000,000
	Potential Cost Increases (Tariffs)	\$—	\$—	\$5,000,000
01	Executive	\$9,236,370	\$6,353,726	\$2,982,644
	1110 - Directorate	\$—	\$—	\$—
	1120 - Legal Services	\$—	\$—	\$100,000
	DOJ (i.e., personnel actions, merit claims, etc.) (also HRD)	\$—	\$—	\$100,000
	1130 - Internal Audits	\$—	\$—	\$—
	1140 - External Affairs	\$310,330	\$150,000	\$160,330
	Reduction for Current Year Spending Level	\$310,330	\$150,000	\$160,330
	1150 - Business Planning & Research	\$426,040	\$222,180	\$203,860
	Advertising Pre-Testing Research	\$120,000	\$60,000	\$60,000
	Ad Tracker (Ipsos 101038)	\$256,040	\$162,180	\$93,860
	Cashless Vending Pilot (BPP 102601)	\$50,000	\$—	\$50,000
	1180 - Public Affairs & Communications	\$8,500,000	\$5,981,546	\$2,518,454
	Mission Education Campaign	\$8,500,000	\$5,981,546	\$2,518,454
02	Finance	\$—	\$—	\$50,000
	Individual Out-of-State Travel Requests	\$—	\$—	\$50,000
03	Human Resources	\$1,800,000	\$1,000,000	\$900,000
	Reduction for Current Year Spending Level	\$1,800,000	\$1,000,000	\$800,000
	SPB Triennial Compliance Audit	\$—	\$—	\$100,000

Division #	Business Area	Amount Requested	Amount Approved	Amount in Reserve
04	Operations	\$660,000	\$—	\$660,000
	Box Trucks	\$280,000	\$—	\$280,000
	Richmond DO Acquisition	\$380,000	\$—	\$380,000
06	Security & Law Enforcement	\$825,100	\$500,000	\$325,100
	Reduction for Current Year Spending Level	\$224,000	\$150,000	\$74,000
	Reduction for Current Year Spending Level	\$265,000	\$150,000	\$115,000
	Reduction for Current Year Spending Level	\$177,100	\$100,000	\$77,100
	Reduction for Current Year Spending Level	\$159,000	\$100,000	\$59,000
07	Information Technology Services	\$13,953,247	\$9,870,747	\$4,082,500
	Fire Paging System	\$200,000	\$—	\$200,000
	Reduction for Current Year Spending Level	\$3,803,247	\$2,720,747	\$1,082,500
	IT Research Advise	\$250,000	\$—	\$250,000
	Epicor Consultant Services	\$350,000	\$150,000	\$200,000
	Contract Review Training Support	\$250,000	\$—	\$250,000
	Digital Agency Services	\$2,596,000	\$1,296,000	\$1,300,000
	Digital Agency Services	\$5,704,000	\$5,704,000	\$—
	Switches	\$800,000	\$—	\$800,000
08	Sales	\$3,212,024	\$2,012,024	\$1,300,000
	1900 - Sales Department	\$3,012,024	\$2,012,024	\$1,100,000
	Sales Incentive Bonus	\$3,012,024	\$2,012,024	\$1,000,000
	Sales Training	\$—	\$—	\$100,000
	1905 - Sales Support & Distribution	\$200,000	\$—	\$200,000
	Forklifts for Distribution Centers	\$200,000	\$—	\$200,000
	1911 - Business Development	\$—	\$—	\$—
	1925 - District Sales	\$—	\$—	\$—
09	Marketing	\$108,501,580	\$86,589,080	\$21,912,500
	1800 - Deputy Director's Office	\$—	\$—	\$—
	1805 - Marketing Department	\$108,501,580	\$86,589,080	\$21,912,500
	Marketing Budget Plan	\$108,501,580	\$86,589,080	\$21,912,500
00	Non-Divisional	\$5,000,000	\$—	\$5,000,000
	Scratchers Ticket Cost (see SCR Calculation)	\$5,000,000	\$—	\$5,000,000
		\$143,188,321	\$106,325,577	\$51,712,744

Historical Lottery Sales Tracking

Additionally, the results of modeling and changing trends are investigated and evaluated against historical costs to understand future funding needs. The Finance Division publication "History of Lottery Sales and Costs" is updated only with data certified by the Lottery's third-party auditor to provide the accumulative financial history data beginning with the first year of operation up through FY 2024-25, the most recently certified fiscal year.

This part of the California State Lottery's Comprehensive Annual Budget Report utilizes detailed historical information as a context for evaluating future costs estimates as the budget model shifts towards budgeting for contractual service agreements and amortization in place of funds historically budgeted for equipment purchases.

	FY 2021-22	% OF	FY 2022-23	% OF
ACCUMULATIVE FINANCIAL HISTORY	Jun-30-22	SALES	Jun-30-23	SALES
LESS: PRIZES	5,825,673.02	65.80%	5,960,301.72	64.51%
RESOURCES AFTER PRIZES	3,027,577.15	34.20%	3,279,051.59	35.49%
LESS - GAME COSTS				
RETAIL COMMISSIONS	516,860.38	5.84%	537,897.35	5.82%
RETAILER SPECIAL HANDLING	37,489.62	0.42%	36,429.43	0.39%
RETAIL INCENTIVES	5,327.43	0.06%	5,578.87	0.06%
RETAILER CASHING BONUSES	55,033.32	0.62%	53,294.58	0.58%
ON-LINE GAME FEES	123,720.18	1.40%	131,320.37	1.42%
ON-LINE PLAY SLIPS				
ON-LINE TELECOMMUNICATIONS	-21,399.76	(0.24)%	-21,599.78	-0.23%
AITGS CONTRACT COSTS				
SCRATCHER TICKET COST	37,041.63	0.42%	42,492.28	0.46%
COURIER DELIVERY	4,795.16	0.05%	7,936.28	0.09%
SCRATCHER VENDING MACHINE MAINT				
TOTAL GAME COSTS	758,867.96	8.57%	793,349.37	8.59%
LESS - BUDGET DETAIL:				
PERSONAL SERVICES	101,243.98	1.14%	100,872.00	1.09%
ADVERTISING	88,043.77	0.99%	85,110.76	0.92%
BROADCAST				
ON-LINE MARKETING	4,806.09	0.05%	4,071.05	0.04%
CONSUMER PROMOTIONS	1,163.19	0.01%	5,240.93	0.06%
RETAIL PROMOTIONS	803.21	0.01%	504.10	0.01%
POINT OF SALE	6,563.27	0.07%	5,350.76	0.06%

	FY 2021-22	% OF	FY 2022-23	% OF
ACCUMULATIVE FINANCIAL HISTORY	Jun-30-22	SALES	Jun-30-23	SALES
LESS - BUDGET DETAIL (CONT.):				
PUBLIC RELATIONS				
CONTRACTUAL SERVICES	18,129.42	0.20%	18,072.62	0.20%
STATE CONTROLLERS OFFICE				
OPERATING EXPENSES	16,841.50	0.19%	19,755.30	0.21%
DEPRECIATION: GAME RELATED EQUIP.	8,982.67	0.10%	1,946.50	0.02%
OTHER PROPERTY & EQUIP.	7,000.06	0.08%	13,015.15	0.14%
DEFERRED DEVELOPMENT				
MISC EXP. (INTEREST, BAD DEBT)	82.71	0.00%	709.12	
TOTAL BUDGET DETAIL	253,659.87	2.87%	254,648.28	2.76%
TOTAL ADMINISTRATIVE EXPENSES	1,012,527.83	11.44%	1,047,997.65	11.34%
NET INCOME FROM OPERATIONS	2,015,049.32	22.76%	2,231,053.94	24.15%
INTEREST INCOME	4,021.40	0.05%	25,776.71	0.28%
OTHER INCOME	611.69	0.01%	6.90	0.00%
UNCLAIMED PRIZES	57,691.49	0.65%	51,827.51	0.56%
* TOTAL AVAILABLE FOR EDUCATION	2,077,373.90	23.46%	2,308,665.05	24.99%

	FY 2023-24	% OF	FY 2024-25	% OF
ACCUMULATIVE FINANCIAL HISTORY (CONT.)	Jun-30-24	SALES	Jun-30-25	SALES
LESS: PRIZES	6,031,571.56	65.03%	5,994,177.47	67.10%
RESOURCES AFTER PRIZES	3,243,542.53	34.97%	2,938,534.66	32.90%
LESS - GAME COSTS				
RETAIL COMMISSIONS	539,502.81	5.82%	520,436.14	5.83%
RETAILER SPECIAL HANDLING	33,789.60	0.36%	32,600.69	0.36%
RETAIL INCENTIVES	6,691.13	0.07%	6,643.04	0.07%
RETAILER CASHING BONUSES	52,695.36	0.57%	55,125.29	0.62%
ON-LINE GAME FEES	131,907.93	1.42%	126,181.24	1.41%
ON-LINE PLAY SLIPS				
ON-LINE TELECOMMUNICATIONS	-21,783.74	-0.23%	-21,751.20	-0.24%

	FY 2023-24	% OF	FY 2024-25	% OF
ACCUMULATIVE FINANCIAL HISTORY (CONT.)	Jun-30-24	SALES	Jun-30-25	SALES
LESS - GAME COSTS (CONT.)				
AITGS CONTRACT COSTS				
SCRATCHER TICKET COST	35,371.52	0.38%	43,203.98	0.48%
COURIER DELIVERY	7,039.99	0.08%	6,746.81	0.08%
SCRATCHER VENDING MACHINE MAINT				
TOTAL GAME COSTS	785,214.60	8.47%	769,186.00	8.61%
LESS - BUDGET DETAIL:				
PERSONAL SERVICES	123,281.10	1.33%	142,049.64	1.59%
ADVERTISING	97,065.25	1.05%	105,013.80	1.18%
BROADCAST				
ON-LINE MARKETING	4,690.00	0.05%	3,456.02	0.04%
CONSUMER PROMOTIONS	4,255.92	0.05%	6,971.28	0.08%
RETAIL PROMOTIONS	120.17	0.00%	358.06	0.00%
POINT OF SALE	7,853.90	0.08%	5,981.22	0.07%
PUBLIC RELATIONS				
CONTRACTUAL SERVICES	21,662.25	0.23%	21,753.32	0.24%
STATE CONTROLLERS OFFICE				
OPERATING EXPENSES	25,905.85	0.28%	23,238.95	0.26%
DEPRECIATION: GAME RELATED EQUIP.	1,765.26	0.02%	1,724.97	0.02%
OTHER PROPERTY & EQUIP.	12,753.19	0.14%	13,549.65	0.15%
DEFERRED DEVELOPMENT				
MISC EXP. (INTEREST, BAD DEBT)	806.27		1,023.61	
TOTAL BUDGET DETAIL	300,159.15	3.24%	325,120.52	3.64%
TOTAL ADMINISTRATIVE EXPENSES	1,085,373.75	11.70%	1,094,306.52	12.25%
NET INCOME FROM OPERATIONS	2,158,168.79	23.27%	1,844,228.14	20.65%
INTEREST INCOME	62,441.49	0.67%	42,251.45	0.47%
OTHER INCOME	197.42	0.00%	127.59	0.00%
UNCLAIMED PRIZES	67,128.17	0.72%	44,968.74	0.50%
* TOTAL AVAILABLE FOR EDUCATION	2,287,935.86	24.67%	1,931,575.93	21.62%

Financial Section



Financial Schedules

Quarterly Budget

FISCAL YEAR 2026-27

ANNUAL PLAN

(Dollars in Thousands)

	Quarter 1	% of Sales	Quarter 2	% of Sales
SALES:				
Scratchers	\$ 1,684,000	74.4	\$ 1,703,900	74.6
Powerball	143,346	6.3	141,576	6.2
Mega Millions	161,693	7.1	160,810	7.0
SuperLotto Plus	61,351	2.7	59,981	2.6
Hotspot	109,501	4.8	111,921	4.9
Fantasy 5	42,710	1.9	43,102	1.9
Daily 3	43,968	1.9	44,278	1.9
Daily 4	8,815	0.4	8,922	0.4
Daily Derby	9,359	0.4	9,311	0.4
TOTAL, ESTIMATED SALES	\$ 2,264,742		\$ 2,283,800	

		Prize Payout %		Prize Payout %
PRIZE EXPENSE:				
Scratchers	\$ 1,215,848	72.2	\$ 1,230,216	72.2
Powerball	71,673	50.0	70,788	50.0
Mega Millions	80,846	50.0	80,405	50.0
SuperLotto Plus	28,835	47.0	28,191	47.0
Hot Spot	69,588	63.6	71,126	63.6
Fantasy 5	21,355	50.0	21,551	50.0
Other Daily Draw Games	30,939	49.8	31,122	49.8
2nd Chance - Scratchers	1,300		1,300	
2nd Chance - Draw Games	975		975	
Prize Expense Savings	(14,568)		(14,740)	
TOTAL, PRIZE EXPENSE	\$ 1,506,791	66.5	\$ 1,520,933	66.6
NET SALES AFTER PRIZE EXPENSE	\$ 757,951		\$ 762,867	

**FISCAL YEAR 2026-27
ANNUAL PLAN (CONT.)**
(Dollars in Thousands)

	Quarter 3	% of Sales	Quarter 4	% of Sales	Total
SALES:					
Scratchers	\$ 1,815,900	76.0	\$ 1,836,200	75.9	\$ 7,040,000
Powerball	139,430	5.8	140,649	5.8	565,000
Mega Millions	157,978	6.6	159,519	6.6	640,000
SuperLotto Plus	59,085	2.5	59,584	2.5	240,000
Hotspot	114,476	4.8	119,102	4.9	455,000
Fantasy 5	42,305	1.8	42,883	1.8	171,000
Daily 3	43,688	1.8	44,566	1.8	176,500
Daily 4	8,811	0.4	8,952	0.4	35,500
Daily Derby	9,111	0.4	9,219	0.4	37,000
TOTAL, ESTIMATED SALES	\$ 2,390,784		\$ 2,420,674		\$ 9,360,000
		Prize Payout %		Prize Payout %	
PRIZE EXPENSE:					
Scratchers	\$ 1,311,080	72.2	\$ 1,325,736	72.2	\$ 5,082,880
Powerball	69,715	50.0	70,324	50.0	282,500
Mega Millions	78,989	50.0	79,759	50.0	320,000
SuperLotto Plus	27,770	47.0	28,004	47.0	112,800
Hot Spot	72,750	63.6	75,690	63.6	289,153
Fantasy 5	21,153	50.0	21,442	50.0	85,500
Other Daily Draw Games	30,673	49.8	31,234	49.8	123,968
2nd Chance - Scratchers	1,300		1,300		5,200
2nd Chance - Draw Games	975		975		3,900
Prize Expense Savings	(15,709)		(15,885)		(60,902)
TOTAL, PRIZE EXPENSE	\$ 1,598,695	66.9	\$ 1,618,580	66.9	\$ 6,244,998
NET SALES AFTER PRIZE EXPENSE	\$ 792,089		\$ 802,093		\$ 3,115,002

FISCAL YEAR 2026-27
ANNUAL PLAN (CONT.)
(Dollars in Thousands)

	<u>Quarter 1</u>	<u>% of Sales</u>	<u>Quarter 2</u>	<u>% of Sales</u>
ADMINISTRATIVE EXPENSES:				
Retailer Compensation:				
Commission	\$ 130,855	5.8	\$ 131,960	5.8
Cashing Bonus	13,851	0.6	13,968	0.6
Special Handling	8,499	0.4	8,571	0.4
Incentives	1,000	0.0	1,000	0.0
Gaming Costs:				
Gaming Contract (Brightstar)	32,993	1.5	32,657	1.4
Retailer Administrative and Gaming Fees	(5,692)	(0.3)	(5,692)	(0.3)
Scratchers Ticket, Delivery, and Support Costs	22,140	1.0	16,620	0.7
TOTAL, RETAILER & GAMING COSTS	<u>\$ 203,646</u>	9.0	<u>\$ 199,084</u>	8.8
Operating Costs:				
Personal Services	\$ 37,240	1.6	\$ 38,090	1.7
Marketing Budget Plan	18,083	0.8	27,660	1.2
Contractual Services	7,849	0.3	7,821	0.3
Depreciation & Amortization	3,612	0.2	3,523	0.2
Operating Expense	7,475	0.3	7,293	0.3
<i>Reserve for Insurable Risk</i>	1,250	0.1	1,250	0.1
<i>Administrative Spending Reserve</i>	15,261	0.7	12,175	0.5
Subtotal, Operating Costs	<u>\$ 90,770</u>	4.0	<u>\$ 97,810</u>	4.3
TOTAL, ADMINISTRATIVE EXPENSES	<u>\$ 294,416</u>	13.0	<u>\$ 296,894</u>	13.1
CONTRIBUTION TO EDUCATION	<u>\$ 463,535</u>		<u>\$ 465,973</u>	
Unclaimed Prizes	12,000		12,000	
Interest Income	8,000		8,000	
TOTAL AVAILABLE FOR EDUCATION	<u>\$ 483,535</u>		<u>\$ 485,973</u>	
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	<u><u>\$ 500,046</u></u>		<u><u>\$ 499,398</u></u>	

*Numbers may not add due to rounding.

FISCAL YEAR 2026-27
ANNUAL PLAN (CONT.)
(Dollars in Thousands)

	<u>Quarter 3</u>	<u>% of Sales</u>	<u>Quarter 4</u>	<u>% of Sales</u>	<u>Total</u>
ADMINISTRATIVE EXPENSES:					
Retailer Compensation:					
Commission	\$ 138,165	6.1	\$ 139,899	6.2	\$ 540,880
Cashing Bonus	14,622	0.6	14,805	0.6	57,247
Special Handling	8,972	0.4	9,084	0.4	35,126
Incentives	1,000	0.0	1,000	0.0	4,000
Gaming Costs:					
Gaming Contract (Brightstar)	32,109	1.4	32,077	1.4	129,835
Retailer Administrative and Gaming Fees	(5,692)	(0.3)	(5,692)	(0.3)	(22,769)
Scratchers Ticket, Delivery, and Support Costs	16,620	0.7	16,620	0.7	72,000
TOTAL, RETAILER & GAMING COSTS	\$ 205,797	9.1	\$ 207,793	9.2	\$ 816,320
Operating Costs:					
Personal Services	\$ 38,284	1.7	\$ 38,426	1.7	\$ 152,039
Marketing Budget Plan	32,685	1.4	8,292	0.4	86,719
Contractual Services	8,440	0.4	8,777	0.4	32,887
Depreciation & Amortization	4,333	0.2	4,204	0.2	15,671
Operating Expense	7,389	0.3	7,430	0.3	29,587
<i>Reserve for Insurable Risk</i>	<i>1,250</i>	<i>0.1</i>	<i>1,250</i>	<i>0.1</i>	<i>5,000</i>
<i>Administrative Spending Reserve</i>	<i>12,624</i>	<i>0.6</i>	<i>38,516</i>	<i>1.7</i>	<i>78,576</i>
Subtotal, Operating Costs	\$ 105,005	4.6	\$ 106,895	4.7	\$ 400,480
TOTAL, ADMINISTRATIVE EXPENSES	\$ 310,802	13.7	\$ 314,688	13.9	\$ 1,216,800
CONTRIBUTION TO EDUCATION	\$ 481,287		\$ 487,406		\$ 1,898,202
Unclaimed Prizes	12,000		12,000		48,000
Interest Income	8,000		8,000		32,000
TOTAL AVAILABLE FOR EDUCATION	\$ 501,287		\$ 507,406		\$ 1,978,202
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$ 515,161		\$ 547,172		\$ 2,061,778

*Numbers may not add due to rounding.

Accrual Budget

CALIFORNIA LOTTERY SUMMARY BY DIVISION ACCRUAL BUDGET

FY 2026-27 ANNUAL PLAN

DATE:
July 1, 2026

		COMM. 1000	EXECUTIVE 01	FINANCE 02
PERMANENT POSITIONS		0.00	71.00	148.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$0	\$7,946,677	\$10,959,838
50500	Civil Service Temporary	\$0	\$2,560	\$65,784
51000	Overtime Pay	\$0	\$700	\$48,138
53000	Merit Compensation	\$30,000	\$92,640	\$174,360
	Total Salaries and Wages	\$30,000	\$8,042,577	\$11,248,120
56001	Salary Savings	\$0	(\$874,134)	(\$1,205,582)
	Net Salaries and Wages	\$30,000	\$7,168,443	\$10,042,538
55XXX	Staff Benefits	\$0	\$4,245,062	\$5,892,024
TOTAL PERSONAL SERVICES		\$30,000	\$11,413,504	\$15,934,562
OPERATING EXPENSES				
67000	General Expense	\$1,000	\$121,517	\$13,942
67100	Printing	\$0	\$1,500	\$19,430
67500	Telephone	\$0	\$0	\$0
67700	Postage	\$0	\$0	\$0
67800	Internal Freight	\$0	\$0	\$0
67900	Insurance	\$0	\$0	\$0
68100	In-State Travel	\$15,000	\$22,325	\$41,204
68300	Out-of-State Travel	\$0	\$0	\$180,407
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$0	\$77,162	\$44,310
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$0	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$0	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$0	\$0	\$0
69900	Vehicle Maintenance & Operations	\$0	\$0	\$0
70500	Interest Penalties	\$0	\$0	\$5,000
70600	Interest Expense	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		COMM. 1000	EXECUTIVE 01	FINANCE 02
70700	Taxes & Assessments	\$0	\$0	\$0
70800	Bad Debt Expenses	\$0	\$0	\$0
70900	Special Items of Expense	\$0	\$0	\$0
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$150,000	\$0
71400	Reimbursements - Online NSF	\$0	\$0	\$0
71400	Reimbursements - Prize Assignment	\$0	\$0	\$0
71400	Reimbursements - External Rent	\$0	\$0	\$0
71400	Reimbursements - Charging Stations	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$3,000
63200	Prof. Service - External	\$0	\$7,925,838	\$341,176
63300	Prof. Service - Interdept.	\$0	\$4,411,884	\$55,600
63400	Attorney Fees - Contracted	\$0	\$31,667	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	\$0
64200	Retailer Commission	\$0	\$0	\$0
64202	Retailer Special Handling	\$0	\$0	\$0
64204	Retailer Incentive Bonus	\$0	\$0	\$0
64206	Retailer Cashing Bonus	\$0	\$0	\$0
64300	Gaming System Expenses	\$0	\$0	\$0
64301	Scratchers Ticket Cost	\$0	\$0	\$0
64302	Scratchers Licensing Fees	\$0	\$0	\$0
64303	Scratchers Delivery Fees	\$0	\$0	\$0
64304	Scratchers Destruction Fees	\$0	\$0	\$0
71400	Reimbursements - Online Monitors	\$0	\$0	\$0
71400	Reimbursements - Online Install	\$0	\$0	\$0
71400	Reimbursements - Online Charges	\$0	\$0	\$0
60000	Media	\$0	\$0	\$0
60100	Production	\$0	\$0	\$0
60200	Digital	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
60410	Promotions - Retailer	\$0	\$0	\$0
60475	Point of Sale - Collateral	\$0	\$0	\$0
60500	Point of Sale - Permanent	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		COMM. 1000	EXECUTIVE 01	FINANCE 02
CAPITALIZED EXPENSES				
99998	Equipment & Capitalized Expenses	\$0	\$0	\$0
65110	Dep Exp - Gaming Equipment	\$0	\$0	\$0
65120	Dep Exp - Software	\$0	\$0	\$0
65130	Dep Exp - Audio/Video Equipment	\$0	\$0	\$0
65140	Dep Exp - Vending Machines	\$0	\$0	\$0
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$0	\$0	\$0
65170	Dep Exp - Non Building Improvements	\$0	\$0	\$0
65180	Dep Exp - Data Processing Equipment	\$0	\$0	\$0
65190	Dep Exp - Office Equipment	\$0	\$0	\$0
65200	Dep Exp - Vehicles	\$0	\$0	\$0
65210	Dep Exp - Other Equipment	\$0	\$0	\$0
65220	Dep Exp - Warehouse Equipment	\$0	\$0	\$0
65230	Dep Exp - Mobile Equipment	\$0	\$0	\$0
68775	Lease Asset Amortization of Expense	\$0	\$0	\$0
68875	SBITA Amortization Expense	\$0	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$16,000	\$12,741,892	\$704,069
TOTAL BUDGET		\$46,000	\$24,155,397	\$16,638,631

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		HR 03	OPERATIONS 04	SLED 06
PERMANENT POSITIONS		55.00	81.00	92.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$4,973,524	\$6,612,420	\$9,994,858
50500	Civil Service Temporary	\$38,264	\$0	\$140,193
51000	Overtime Pay	\$306	\$70,000	\$150,000
53000	Merit Compensation	\$150,876	\$76,140	\$95,280
	Total Salaries and Wages	\$5,162,970	\$6,758,560	\$10,380,331
56001	Salary Savings	(\$547,088)	(\$727,366)	(\$1,099,434)
	Net Salaries and Wages	\$4,615,882	\$6,031,194	\$9,280,897
55XXX	Staff Benefits	\$3,678,820	\$3,531,032	\$5,097,859
	TOTAL PERSONAL SERVICES	\$8,294,702	\$9,562,227	\$14,378,756
OPERATING EXPENSES				
67000	General Expense	\$15,056	\$317,816	\$65,714
67100	Printing	\$0	\$26,487	\$0
67500	Telephone	\$0	\$0	\$0
67700	Postage	\$0	\$71,057	\$0
67800	Internal Freight	\$0	\$0	\$0
67900	Insurance	\$0	\$400,638	\$0
68100	In-State Travel	\$4,000	\$70,500	\$150,000
68300	Out-of-State Travel	\$0	\$0	\$0
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$41,163	\$46,352	\$100,000
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$1,351,857	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$909,500	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$2,112	\$454,983	\$100,000
69900	Vehicle Maintenance & Operations	\$0	\$2,459,072	\$0
70500	Interest Penalties	\$0	\$0	\$0
70600	Interest Expense	\$0	\$202,871	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		HR 03	OPERATIONS 04	SLED 06
70700	Taxes & Assessments	\$0	\$115,932	\$0
70800	Bad Debt Expenses	\$0	\$0	\$0
70900	Special Items of Expense	\$0	\$3,204	\$0
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$0	\$0
71400	Reimbursements - Online NSF	\$0	\$0	\$0
71400	Reimbursements - Prize Assignment	\$0	\$0	\$0
71400	Reimbursements - External Rent	\$0	\$0	\$0
71400	Reimbursements - Charging Stations	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
63200	Prof. Service - External	\$154,659	\$67,627	\$2,981,689
63300	Prof. Service - Interdept.	\$639,450	\$0	\$166,500
63400	Attorney Fees - Contracted	\$0	\$0	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	\$0
64200	Retailer Commission	\$0	\$0	\$0
64202	Retailer Special Handling	\$0	\$0	\$0
64204	Retailer Incentive Bonus	\$0	\$0	\$0
64206	Retailer Cashing Bonus	\$0	\$0	\$0
64300	Gaming System Expenses	\$0	\$0	\$0
64301	Scratchers Ticket Cost	\$0	\$0	\$0
64302	Scratchers Licensing Fees	\$0	\$0	\$0
64303	Scratchers Delivery Fees	\$0	\$0	\$0
64304	Scratchers Destruction Fees	\$0	\$0	\$0
71400	Reimbursements - Online Monitors	\$0	\$0	\$0
71400	Reimbursements - Online Install	\$0	\$0	\$0
71400	Reimbursements - Online Charges	\$0	\$0	\$0
60000	Media	\$0	\$0	\$0
60100	Production	\$0	\$0	\$0
60200	Digital	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
60410	Promotions - Retailer	\$0	\$0	\$0
60475	Point of Sale - Collateral	\$0	\$0	\$0
60500	Point of Sale - Permanent	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		HR 03	OPERATIONS 04	SLED 06
	CAPITALIZED EXPENSES			
99998	Equipment & Capitalized Expenses	\$0	\$0	\$0
65110	Dep Exp - Gaming Equipment	\$0	\$0	\$0
65120	Dep Exp - Software	\$0	\$0	\$0
65130	Dep Exp - Audio/Video Equipment	\$0	\$0	\$0
65140	Dep Exp - Vending Machines	\$0	\$0	\$0
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$0	\$0	\$0
65170	Dep Exp - Non Building Improvements	\$0	\$0	\$0
65180	Dep Exp - Data Processing Equipment	\$0	\$0	\$0
65190	Dep Exp - Office Equipment	\$0	\$0	\$0
65200	Dep Exp - Vehicles	\$0	\$0	\$0
65210	Dep Exp - Other Equipment	\$0	\$0	\$0
65220	Dep Exp - Warehouse Equipment	\$0	\$0	\$0
65230	Dep Exp - Mobile Equipment	\$0	\$0	\$0
68775	Lease Asset Amortization of Expense	\$0	\$811,482	\$0
68875	SBITA Amortization Expense	\$0	\$0	\$0
	TOT. OPER. EXP. AND EQUIP.	\$856,440	\$7,309,377	\$3,563,903
	TOTAL BUDGET	\$9,151,142	\$16,871,604	\$17,942,659

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		ITSD 07	SALES 08	MARKETING 09
PERMANENT POSITIONS		145.00	521.00	62.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$17,466,142	\$33,784,087	\$5,911,832
50500	Civil Service Temporary	\$86,605	\$87,847	\$0
51000	Overtime Pay	\$10,000	\$135,000	\$16,000
53000	Merit Compensation	\$136,320	\$2,386,004	\$64,440
	Total Salaries and Wages	\$17,699,067	\$36,392,938	\$5,992,272
56001	Salary Savings	(\$1,921,276)	(\$3,716,250)	(\$650,302)
	Net Salaries and Wages	\$15,777,792	\$32,676,688	\$5,341,971
55XXX	Staff Benefits	\$9,378,883	\$18,093,410	\$3,156,918
	TOTAL PERSONAL SERVICES	\$25,156,675	\$50,770,099	\$8,498,889
OPERATING EXPENSES				
67000	General Expense	\$5,000	\$56,300	\$57,500
67100	Printing	\$250,800	\$0	\$0
67500	Telephone	\$2,270,836	\$0	\$0
67700	Postage	\$0	\$0	\$0
67800	Internal Freight	\$0	\$241,200	\$0
67900	Insurance	\$0	\$0	\$0
68100	In-State Travel	\$150,000	\$215,000	\$53,000
68300	Out-of-State Travel	\$0	\$0	\$0
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$250,000	\$100,000	\$25,000
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$0	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$0	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$2,720,747	\$0	\$5,000
69900	Vehicle Maintenance & Operations	\$0	\$0	\$0
70500	Interest Penalties	\$0	\$0	\$0
70600	Interest Expense	\$36,544	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		ITSD 07	SALES 08	MARKETING 09
70700	Taxes & Assessments	\$0	\$0	\$0
70800	Bad Debt Expenses	\$0	\$0	\$0
70900	Special Items of Expense	\$0	\$282,200	\$0
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$0	\$464,820
71400	Reimbursements - Online NSF	\$0	\$0	\$0
71400	Reimbursements - Prize Assignment	\$0	\$0	\$0
71400	Reimbursements - External Rent	\$0	\$0	\$0
71400	Reimbursements - Charging Stations	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
63200	Prof. Service - External	\$15,465,171	\$0	\$0
63300	Prof. Service - Interdept.	\$905,600	\$0	\$0
63400	Attorney Fees - Contracted	\$0	\$0	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	\$0
64200	Retailer Commission	\$0	\$0	\$0
64202	Retailer Special Handling	\$0	\$0	\$0
64204	Retailer Incentive Bonus	\$0	\$0	\$0
64206	Retailer Cashing Bonus	\$0	\$0	\$0
64300	Gaming System Expenses	\$129,835,253	\$0	\$0
64301	Scratchers Ticket Cost	\$0	\$0	\$0
64302	Scratchers Licensing Fees	\$0	\$0	\$0
64303	Scratchers Delivery Fees	\$0	\$10,464,300	\$0
64304	Scratchers Destruction Fees	\$0	\$0	\$0
71400	Reimbursements - Online Monitors	\$0	\$0	\$0
71400	Reimbursements - Online Install	\$0	\$0	\$0
71400	Reimbursements - Online Charges	\$0	\$0	\$0
60000	Media	\$0	\$0	\$47,377,500
60100	Production	\$0	\$0	\$22,697,000
60200	Digital	\$0	\$0	\$4,100,000
60400	Promotions - Consumer	\$0	\$0	\$5,984,580
60410	Promotions - Retailer	\$0	\$130,000	\$90,000
60475	Point of Sale - Collateral	\$0	\$0	\$1,865,000
60500	Point of Sale - Permanent	\$0	\$0	\$4,475,000

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		ITSD 07	SALES 08	MARKETING 09
CAPITALIZED EXPENSES				
99998	Equipment & Capitalized Expenses	\$0	\$0	\$0
65110	Dep Exp - Gaming Equipment	\$0	\$0	\$0
65120	Dep Exp - Software	\$0	\$0	\$0
65130	Dep Exp - Audio/Video Equipment	\$0	\$0	\$0
65140	Dep Exp - Vending Machines	\$0	\$0	\$0
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$0	\$0	\$0
65170	Dep Exp - Non Building Improvements	\$0	\$0	\$0
65180	Dep Exp - Data Processing Equipment	\$0	\$0	\$0
65190	Dep Exp - Office Equipment	\$0	\$0	\$0
65200	Dep Exp - Vehicles	\$0	\$0	\$0
65210	Dep Exp - Other Equipment	\$0	\$0	\$0
65220	Dep Exp - Warehouse Equipment	\$0	\$0	\$0
65230	Dep Exp - Mobile Equipment	\$0	\$0	\$0
68775	Lease Asset Amortization of Expense	\$0	\$0	\$0
68875	SBITA Amortization Expense	\$1,425,714	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$153,315,665	\$11,489,000	\$87,194,400
TOTAL BUDGET		\$178,472,339	\$62,259,099	\$95,693,289

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		GAME ACTIVITY 0000	TOTAL FY 2026-27	CHANGE
PERMANENT POSITIONS		0.00	1175.00	27.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$8,000,000	\$105,649,379	\$5,356,731
50500	Civil Service Temporary	\$0	\$421,253	(\$667,766)
51000	Overtime Pay	\$0	\$430,144	(\$357,663)
53000	Merit Compensation	\$0	\$3,206,060	(\$54,044)
	Total Salaries and Wages	\$8,000,000	\$109,706,836	\$4,277,258
56001	Salary Savings	\$0	(\$10,741,432)	\$2,526,071
	Net Salaries and Wages	\$8,000,000	\$98,965,404	\$6,803,329
55XXX	Staff Benefits	\$0	\$53,074,010	\$2,146,268
	TOTAL PERSONAL SERVICES	\$8,000,000	\$152,039,414	\$8,949,596
OPERATING EXPENSES				
67000	General Expense	(\$4,000,000)	(\$3,346,155)	(\$1,947,073)
67100	Printing	\$0	\$298,217	(\$96,160)
67500	Telephone	\$0	\$2,270,836	(\$537,464)
67700	Postage	\$0	\$71,057	(\$30,682)
67800	Internal Freight	\$0	\$241,200	(\$288,800)
67900	Insurance	\$0	\$400,638	(\$197,723)
68100	In-State Travel	\$0	\$721,029	(\$125,568)
68300	Out-of-State Travel	\$0	\$180,407	\$99,657
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	(\$200,000)	\$483,987	(\$90,050)
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	(\$10,000)
68900	Facility Maintenance & Operations	\$0	\$1,351,857	(\$217,744)
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$909,500	\$128,050
69500	Pro Rata Expense	\$19,759,401	\$19,759,401	\$5,939,310
69700	Expendable Equipment	\$0	\$3,282,842	(\$498,561)
69900	Vehicle Maintenance & Operations	\$0	\$2,459,072	\$63,842
70500	Interest Penalties	\$0	\$5,000	(\$64,996)
70600	Interest Expense	\$0	\$239,415	(\$345,756)

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		GAME ACTIVITY	TOTAL	CHANGE
		0000	FY 2026-27	
70700	Taxes & Assessments	\$5,000	\$120,932	\$0
70800	Bad Debt Expenses	\$936,000	\$936,000	(\$264,000)
70900	Special Items of Expense	\$43,594	\$328,998	(\$147,941)
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$614,820	(\$157,320)
71400	Reimbursements - Online NSF	(\$60,000)	(\$60,000)	\$0
71400	Reimbursements - Prize Assignment	(\$18,000)	(\$18,000)	\$0
71400	Reimbursements - External Rent	(\$179,003)	(\$179,003)	(\$82,271)
71400	Reimbursements - Charging Stations	(\$48,000)	(\$48,000)	(\$31,000)
60400	Promotions - Consumer	(\$1,440,000)	(\$1,437,000)	(\$720,000)
63200	Prof. Service - External	(\$200,000)	\$26,736,160	(\$4,891,853)
63300	Prof. Service - Interdept.	\$0	\$6,179,034	\$445,153
63400	Attorney Fees - Contracted	\$0	\$31,667	\$0
71400	Reimbursements - Fingerprint	(\$60,000)	(\$60,000)	\$12,000
64200	Retailer Commission	\$540,880,000	\$540,880,000	(\$11,020,000)
64202	Retailer Special Handling	\$35,126,302	\$35,126,302	\$2,044,853
64204	Retailer Incentive Bonus	\$4,000,000	\$4,000,000	(\$2,000,000)
64206	Retailer Cashing Bonus	\$57,246,832	\$57,246,832	(\$1,162,062)
64300	Gaming System Expenses	\$0	\$129,835,253	(\$1,039,747)
64301	Scratchers Ticket Cost	\$54,836,002	\$54,836,002	\$12,055,115
64302	Scratchers Licensing Fees	\$6,300,000	\$6,300,000	(\$1,900,000)
64303	Scratchers Delivery Fees	\$0	\$10,464,300	\$23,150
64304	Scratchers Destruction Fees	\$400,000	\$400,000	(\$350,000)
71400	Reimbursements - Online Monitors	(\$475,176)	(\$475,176)	\$22,308
71400	Reimbursements - Online Install	(\$737,250)	(\$737,250)	(\$115,125)
71400	Reimbursements - Online Charges	(\$21,556,080)	(\$21,556,080)	\$41,184
60000	Media	\$0	\$47,377,500	(\$21,066,955)
60100	Production	\$0	\$22,697,000	(\$1,517,215)
60200	Digital	\$0	\$4,100,000	(\$2,300,000)
60400	Promotions - Consumer	\$0	\$5,984,580	(\$3,234,920)
60410	Promotions - Retailer	\$0	\$220,000	(\$120,420)
60475	Point of Sale - Collateral	\$0	\$1,865,000	(\$1,140,000)
60500	Point of Sale - Permanent	\$0	\$4,475,000	(\$930,000)

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ACCRUAL BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		GAME ACTIVITY 0000	TOTAL FY 2026-27	CHANGE
CAPITALIZED EXPENSES				
99998	Equipment & Capitalized Expenses	\$0	\$0	\$0
65110	Dep Exp - Gaming Equipment	\$1,332,542	\$1,332,542	\$204,657
65120	Dep Exp - Software	\$3,027,667	\$3,027,667	\$1,274,770
65130	Dep Exp - Audio/Video Equipment	\$210,004	\$210,004	\$186,915
65140	Dep Exp - Vending Machines	\$1,444,997	\$1,444,997	(\$1,026,617)
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$4,468,335	\$4,468,335	\$86,609
65170	Dep Exp - Non Building Improvements	\$53,492	\$53,492	\$1
65180	Dep Exp - Data Processing Equipment	\$353,945	\$353,945	(\$305,738)
65190	Dep Exp - Office Equipment	\$227,889	\$227,889	\$128,558
65200	Dep Exp - Vehicles	\$1,259,160	\$1,259,160	\$476,729
65210	Dep Exp - Other Equipment	\$236,265	\$236,265	\$59,185
65220	Dep Exp - Warehouse Equipment	\$36,007	\$36,007	(\$31,593)
65230	Dep Exp - Mobile Equipment	\$783,996	\$783,996	\$783,996
68775	Lease Asset Amortization of Expense	\$0	\$811,482	\$615
68875	SBITA Amortization Expense	\$0	\$1,425,714	\$446
TOT. OPER. EXP. AND EQUIP.		\$703,993,921	\$981,184,667	(\$35,928,250)
TOTAL BUDGET		\$711,993,921	\$1,133,224,081	(\$26,978,653)

Administrative Budget

CALIFORNIA LOTTERY SUMMARY BY DIVISION ADMINISTRATIVE SUPPORT BUDGET

FY 2026-27 ANNUAL PLAN DATE:
July 1, 2026

		COMM. 1000	EXECUTIVE 01	FINANCE 02
PERMANENT POSITIONS		0.00	71.00	148.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$0	\$7,946,677	\$10,959,838
50500	Civil Service Temporary	\$0	\$2,560	\$65,784
51000	Overtime Pay	\$0	\$700	\$48,138
53000	Merit Compensation	\$30,000	\$92,640	\$174,360
	Total Salaries and Wages	\$30,000	\$8,042,577	\$11,248,120
56001	Salary Savings	\$0	(\$874,134)	(\$1,205,582)
	Net Salaries and Wages	\$30,000	\$7,168,443	\$10,042,538
55XXX	Staff Benefits	\$0	\$4,245,062	\$5,892,024
TOTAL PERSONAL SERVICES		\$30,000	\$11,413,504	\$15,934,562
OPERATING EXPENSES				
67000	General Expense	\$1,000	\$121,517	\$13,942
67100	Printing	\$0	\$1,500	\$19,430
67500	Telephone	\$0	\$0	\$0
67700	Postage	\$0	\$0	\$0
67800	Internal Freight	\$0	\$0	\$0
67900	Insurance	\$0	\$0	\$0
68100	In-State Travel	\$15,000	\$22,325	\$41,204
68300	Out-of-State Travel	\$0	\$0	\$180,407
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$0	\$77,162	\$44,310
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$0	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$0	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$0	\$0	\$0
69900	Vehicle Maintenance & Operations	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

ADMINISTRATIVE SUPPORT BUDGET (CONT.)

		COMM. 1000	EXECUTIVE 01	FINANCE 02
70500	Interest Penalties	\$0	\$0	\$5,000
70600	Interest Expense	\$0	\$0	\$0
70700	Taxes & Assessments	\$0	\$0	\$0
70800	Bad Debt Expenses	\$0	\$0	\$0
70900	Special Items of Expense	\$0	\$0	\$0
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$150,000	\$0
71400	Reimbursements - Online NSF	\$0	\$0	\$0
71400	Reimbursements - Prize Assignment	\$0	\$0	\$0
71400	Reimbursements - External Rent	\$0	\$0	\$0
71400	Reimbursements - Charging Stations	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$3,000
63200	Prof. Service - External	\$0	\$7,925,838	\$341,176
63300	Prof. Service - Interdept.	\$0	\$4,411,884	\$55,600
63400	Attorney Fees - Contracted	\$0	\$31,667	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$16,000	\$12,741,892	\$704,069
TOTAL BUDGET		\$46,000	\$24,155,397	\$16,638,631

RECAP

PERSONAL SERVICES	\$30,000	\$11,413,504	\$15,934,562
CONTRACTUAL SERVICES	\$0	\$12,369,388	\$396,776
OPERATING EXPENSES	\$16,000	\$372,504	\$307,293
TOTAL ADMINISTRATIVE SUPPORT	\$46,000	\$24,155,397	\$16,638,631

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ADMINISTRATIVE SUPPORT BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

		HR 03	OPERATIONS 04	SLED 06
	PERMANENT POSITIONS	55.00	81.00	92.00
	PERSONAL SERVICES			
50100	Civil Service Permanent	\$4,973,524	\$6,612,420	\$9,994,858
50500	Civil Service Temporary	\$38,264	\$0	\$140,193
51000	Overtime Pay	\$306	\$70,000	\$150,000
53000	Merit Compensation	\$150,876	\$76,140	\$95,280
	Total Salaries and Wages	\$5,162,970	\$6,758,560	\$10,380,331
56001	Salary Savings	(\$547,088)	(\$727,366)	(\$1,099,434)
	Net Salaries and Wages	\$4,615,882	\$6,031,194	\$9,280,897
55XXX	Staff Benefits	\$3,678,820	\$3,531,032	\$5,097,859
	TOTAL PERSONAL SERVICES	\$8,294,702	\$9,562,227	\$14,378,756
	OPERATING EXPENSES			
67000	General Expense	\$15,056	\$317,816	\$65,714
67100	Printing	\$0	\$26,487	\$0
67500	Telephone	\$0	\$0	\$0
67700	Postage	\$0	\$71,057	\$0
67800	Internal Freight	\$0	\$0	\$0
67900	Insurance	\$0	\$400,638	\$0
68100	In-State Travel	\$4,000	\$70,500	\$150,000
68300	Out-of-State Travel	\$0	\$0	\$0
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$41,163	\$46,352	\$100,000
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$1,351,857	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$909,500	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$2,112	\$454,983	\$100,000
69900	Vehicle Maintenance & Operations	\$0	\$2,459,072	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

ADMINISTRATIVE SUPPORT BUDGET (CONT.)

		HR 03	OPERATIONS 04	SLED 06
70500	Interest Penalties	\$0	\$0	\$0
70600	Interest Expense	\$0	\$202,871	\$0
70700	Taxes & Assessments	\$0	\$115,932	\$0
70800	Bad Debt Expenses	\$0	\$0	\$0
70900	Special Items of Expense	\$0	\$3,204	\$0
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$0	\$0
71400	Reimbursements - Online NSF	\$0	\$0	\$0
71400	Reimbursements - Prize Assignment	\$0	\$0	\$0
71400	Reimbursements - External Rent	\$0	\$0	\$0
71400	Reimbursements - Charging Stations	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
63200	Prof. Service - External	\$154,659	\$67,627	\$2,981,689
63300	Prof. Service - Interdept.	\$639,450	\$0	\$166,500
63400	Attorney Fees - Contracted	\$0	\$0	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$856,440	\$6,497,895	\$3,563,903
TOTAL BUDGET		\$9,151,142	\$16,060,122	\$17,942,659
RECAP				
PERSONAL SERVICES		\$8,294,702	\$9,562,227	\$14,378,756
CONTRACTUAL SERVICES		\$794,109	\$67,627	\$3,148,189
OPERATING EXPENSES		\$62,331	\$6,430,268	\$415,714
TOTAL ADMINISTRATIVE SUPPORT		\$9,151,142	\$16,060,122	\$17,942,659

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION**

ADMINISTRATIVE SUPPORT BUDGET (CONT.)

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

		ITSD 07	SALES 08	MARKETING 09
PERMANENT POSITIONS		145.00	521.00	62.00
				0
PERSONAL SERVICES				0
50100	Civil Service Permanent	\$17,466,142	\$33,784,087	\$5,911,832
50500	Civil Service Temporary	\$86,605	\$87,847	\$0
51000	Overtime Pay	\$10,000	\$135,000	\$16,000
53000	Merit Compensation	\$136,320	\$2,386,004	\$64,440
	Total Salaries and Wages	\$17,699,067	\$36,392,938	\$5,992,272
56001	Salary Savings	(\$1,921,276)	(\$3,716,250)	(\$650,302)
	Net Salaries and Wages	\$15,777,792	\$32,676,688	\$5,341,971
55XXX	Staff Benefits	\$9,378,883	\$18,093,410	\$3,156,918
TOTAL PERSONAL SERVICES		\$25,156,675	\$50,770,099	\$8,498,889
				0
OPERATING EXPENSES				0
67000	General Expense	\$5,000	\$56,300	\$57,500
67100	Printing	\$250,800	\$0	\$0
67500	Telephone	\$2,270,836	\$0	\$0
67700	Postage	\$0	\$0	\$0
67800	Internal Freight	\$0	\$241,200	\$0
67900	Insurance	\$0	\$0	\$0
68100	In-State Travel	\$150,000	\$215,000	\$53,000
68300	Out-of-State Travel	\$0	\$0	\$0
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$250,000	\$100,000	\$25,000
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$0	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$0	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$2,720,747	\$0	\$5,000
69900	Vehicle Maintenance & Operations	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ADMINISTRATIVE SUPPORT BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

		ITSD 07	SALES 08	MARKETING 09
70500	Interest Penalties	\$0	\$0	\$0
70600	Interest Expense	\$36,544	\$0	\$0
70700	Taxes & Assessments	\$0	\$0	\$0
70800	Bad Debt Expenses	\$0	\$0	\$0
70900	Special Items of Expense	\$0	\$282,200	\$0
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$0	\$464,820
71400	Reimbursements - Online NSF	\$0	\$0	\$0
71400	Reimbursements - Prize Assignment	\$0	\$0	\$0
71400	Reimbursements - External Rent	\$0	\$0	\$0
71400	Reimbursements - Charging Stations	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
				0
63200	Prof. Service - External	\$15,465,171	\$0	\$0
63300	Prof. Service - Interdept.	\$905,600	\$0	\$0
63400	Attorney Fees - Contracted	\$0	\$0	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$22,054,698	\$894,700	\$605,320
TOTAL BUDGET		\$47,211,372	\$51,664,799	\$9,104,209
RECAP				
PERSONAL SERVICES		\$25,156,675	\$50,770,099	\$8,498,889
CONTRACTUAL SERVICES		\$16,370,771	\$0	\$0
OPERATING EXPENSES		\$5,683,927	\$894,700	\$605,320
TOTAL ADMINISTRATIVE SUPPORT		\$47,211,372	\$51,664,799	\$9,104,209

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ADMINISTRATIVE SUPPORT BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		GAME ACTIVITY 0000	TOTAL FY 2026-27	CHANGE
PERMANENT POSITIONS		0.00	1,175.00	27.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$8,000,000	\$105,649,379	\$5,356,731
50500	Civil Service Temporary	\$0	\$421,253	(\$667,766)
51000	Overtime Pay	\$0	\$430,144	(\$357,663)
53000	Merit Compensation	\$0	\$3,206,060	(\$54,044)
	Total Salaries and Wages	\$8,000,000	\$109,706,836	\$4,277,258
56001	Salary Savings	\$0	(\$10,741,432)	\$2,526,071
	Net Salaries and Wages	\$8,000,000	\$98,965,404	\$6,803,329
55XXX	Staff Benefits	\$0	\$53,074,010	\$2,146,268
	TOTAL PERSONAL SERVICES	\$8,000,000	\$152,039,414	\$8,949,596
OPERATING EXPENSES				
67000	General Expense	(\$4,000,000)	(\$3,346,155)	(\$1,947,073)
67100	Printing	\$0	\$298,217	(\$96,160)
67500	Telephone	\$0	\$2,270,836	(\$537,464)
67700	Postage	\$0	\$71,057	(\$30,682)
67800	Internal Freight	\$0	\$241,200	(\$288,800)
67900	Insurance	\$0	\$400,638	(\$197,723)
68100	In-State Travel	\$0	\$721,029	(\$125,568)
68300	Out-of-State Travel	\$0	\$180,407	\$99,657
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	(\$200,000)	\$483,987	(\$90,050)
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	(\$10,000)
68900	Facility Maintenance & Operations	\$0	\$1,351,857	(\$217,744)
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$909,500	\$128,050
69500	Pro Rata Expense	\$19,759,401	\$19,759,401	\$5,939,310
69700	Expendable Equipment	\$0	\$3,282,842	(\$498,561)
69900	Vehicle Maintenance & Operations	\$0	\$2,459,072	\$63,842

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
ADMINISTRATIVE SUPPORT BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

		GAME ACTIVITY 0000	TOTAL FY 2026-27	CHANGE
70500	Interest Penalties	\$0	\$5,000	(\$64,996)
70600	Interest Expense	\$0	\$239,415	(\$345,756)
70700	Taxes & Assessments	\$5,000	\$120,932	\$0
70800	Bad Debt Expenses	\$936,000	\$936,000	(\$264,000)
70900	Special Items of Expense	\$43,594	\$328,998	(\$147,941)
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$614,820	(\$157,320)
71400	Reimbursements - Online NSF	(\$60,000)	(\$60,000)	\$0
71400	Reimbursements - Prize Assignment	(\$18,000)	(\$18,000)	\$0
71400	Reimbursements - External Rent	(\$179,003)	(\$179,003)	(\$82,271)
71400	Reimbursements - Charging Stations	(\$48,000)	(\$48,000)	(\$31,000)
60400	Promotions - Consumer	(\$1,440,000)	(\$1,437,000)	(\$720,000)
63200	Prof. Service - External	(\$200,000)	\$26,736,160	(\$4,891,853)
63300	Prof. Service - Interdept.	\$0	\$6,179,034	\$445,153
63400	Attorney Fees - Contracted	\$0	\$31,667	\$0
71400	Reimbursements - Fingerprint	(\$60,000)	(\$60,000)	\$12,000
	TOT. OPER. EXP. AND EQUIP.	\$14,538,992	\$62,473,910	(\$6,293,084)
	TOTAL BUDGET	\$22,538,992	\$214,513,323	\$2,656,513
RECAP				
	PERSONAL SERVICES	\$8,000,000	\$152,039,414	\$8,949,596
	CONTRACTUAL SERVICES	(\$260,000)	\$32,886,860	(\$4,434,700)
	OPERATING EXPENSES	\$14,798,992	\$29,587,049	(\$1,858,384)
	TOTAL ADMINISTRATIVE SUPPORT	\$22,538,992	\$214,513,323	\$2,656,513

Cash Budget

CALIFORNIA LOTTERY SUMMARY BY DIVISION CASH BUDGET

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		COMM. 1000	EXECUTIVE 01	FINANCE 02
PERMANENT POSITIONS		0.00	71.00	148.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$0	\$7,946,677	\$10,959,838
50500	Civil Service Temporary	\$0	\$2,560	\$65,784
51000	Overtime Pay	\$0	\$700	\$48,138
53000	Merit Compensation	\$30,000	\$92,640	\$174,360
	Total Salaries and Wages	\$30,000	\$8,042,577	\$11,248,120
56001	Salary Savings	\$0	(\$874,134)	(\$1,205,582)
	Net Salaries and Wages	\$30,000	\$7,168,443	\$10,042,538
55XXX	Staff Benefits	\$0	\$4,245,062	\$5,892,024
TOTAL PERSONAL SERVICES		\$30,000	\$11,413,504	\$15,934,562
OPERATING EXPENSES				
67000	General Expense	\$1,000	\$121,517	\$13,942
67100	Printing	\$0	\$1,500	\$19,430
67500	Telephone	\$0	\$0	\$0
67700	Postage	\$0	\$0	\$0
67800	Internal Freight	\$0	\$0	\$0
67900	Insurance	\$0	\$0	\$0
68100	In-State Travel	\$15,000	\$22,325	\$41,204
68300	Out-of-State Travel	\$0	\$0	\$180,407
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$0	\$77,162	\$44,310
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$0	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$0	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$0	\$0	\$0
69900	Vehicle Maintenance & Operations	\$0	\$0	\$0
70500	Interest Penalties	\$0	\$0	\$5,000
70600	Interest Expense	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		COMM. 1000	EXECUTIVE 01	FINANCE 02
70700	Taxes & Assessments	\$0	\$0	\$0
70800	Bad Debt Expenses	\$0	\$0	\$0
70900	Special Items of Expense	\$0	\$0	\$0
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$150,000	\$0
71400	Reimbursements - Online NSF	\$0	\$0	\$0
71400	Reimbursements - Prize Assignment	\$0	\$0	\$0
71400	Reimbursements - External Rent	\$0	\$0	\$0
71400	Reimbursements - Charging Stations	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$3,000
63200	Prof. Service - External	\$0	\$7,925,838	\$341,176
63300	Prof. Service - Interdept.	\$0	\$4,411,884	\$55,600
63400	Attorney Fees - Contracted	\$0	\$31,667	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	\$0
64200	Retailer Commission	\$0	\$0	\$0
64202	Retailer Special Handling	\$0	\$0	\$0
64204	Retailer Incentive Bonus	\$0	\$0	\$0
64206	Retailer Cashing Bonus	\$0	\$0	\$0
64300	Gaming System Expenses	\$0	\$0	\$0
64301	Scratchers Ticket Cost	\$0	\$0	\$0
64302	Scratchers Licensing Fees	\$0	\$0	\$0
64303	Scratchers Delivery Fees	\$0	\$0	\$0
64304	Scratchers Destruction Fees	\$0	\$0	\$0
71400	Reimbursements - Online Monitors	\$0	\$0	\$0
71400	Reimbursements - Online Install	\$0	\$0	\$0
71400	Reimbursements - Online Charges	\$0	\$0	\$0
60000	Media	\$0	\$0	\$0
60100	Production	\$0	\$0	\$0
60200	Digital	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
60410	Promotions - Retailer	\$0	\$0	\$0
60475	Point of Sale - Collateral	\$0	\$0	\$0
60500	Point of Sale - Permanent	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		COMM. 1000	EXECUTIVE 01	FINANCE 02
CAPITALIZED EXPENSES				
99998	Equipment & Capitalized Expenses	\$0	\$0	\$0
65110	Dep Exp - Gaming Equipment	\$0	\$0	\$0
65120	Dep Exp - Software	\$0	\$0	\$0
65130	Dep Exp - Audio/Video Equipment	\$0	\$0	\$0
65140	Dep Exp - Vending Machines	\$0	\$0	\$0
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$0	\$0	\$0
65170	Dep Exp - Non Building Improvements	\$0	\$0	\$0
65180	Dep Exp - Data Processing Equipment	\$0	\$0	\$0
65190	Dep Exp - Office Equipment	\$0	\$0	\$0
65200	Dep Exp - Vehicles	\$0	\$0	\$0
65210	Dep Exp - Other Equipment	\$0	\$0	\$0
65220	Dep Exp - Warehouse Equipment	\$0	\$0	\$0
65230	Dep Exp - Mobile Equipment	\$0	\$0	\$0
68775	Lease Asset Amortization of Expense	\$0	\$0	\$0
68875	SBITA Amortization Expense	\$0	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$16,000	\$12,741,892	\$704,069
TOTAL BUDGET		\$46,000	\$24,155,397	\$16,638,631

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		HR 03	OPERATIONS 04	SLED 06
PERMANENT POSITIONS		55.00	81.00	92.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$4,973,524	\$6,612,420	\$9,994,858
50500	Civil Service Temporary	\$38,264	\$0	\$140,193
51000	Overtime Pay	\$306	\$70,000	\$150,000
53000	Merit Compensation	\$150,876	\$76,140	\$95,280
	Total Salaries and Wages	\$5,162,970	\$6,758,560	\$10,380,331
56001	Salary Savings	(\$547,088)	(\$727,366)	(\$1,099,434)
	Net Salaries and Wages	\$4,615,882	\$6,031,194	\$9,280,897
55XXX	Staff Benefits	\$3,678,820	\$3,531,032	\$5,097,859
TOTAL PERSONAL SERVICES		\$8,294,702	\$9,562,227	\$14,378,756
OPERATING EXPENSES				
67000	General Expense	\$15,056	\$317,816	\$65,714
67100	Printing	\$0	\$26,487	\$0
67500	Telephone	\$0	\$0	\$0
67700	Postage	\$0	\$71,057	\$0
67800	Internal Freight	\$0	\$0	\$0
67900	Insurance	\$0	\$400,638	\$0
68100	In-State Travel	\$4,000	\$70,500	\$150,000
68300	Out-of-State Travel	\$0	\$0	\$0
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$41,163	\$46,352	\$100,000
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$1,351,857	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$909,500	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$2,112	\$454,983	\$100,000
69900	Vehicle Maintenance & Operations	\$0	\$2,459,072	\$0
70500	Interest Penalties	\$0	\$0	\$0
70600	Interest Expense	\$0	\$202,871	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		HR 03	OPERATIONS 04	SLED 06
70700	Taxes & Assessments	\$0	\$115,932	\$0
70800	Bad Debt Expenses	\$0	\$0	\$0
70900	Special Items of Expense	\$0	\$3,204	\$0
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$0	\$0
71400	Reimbursements - Online NSF	\$0	\$0	\$0
71400	Reimbursements - Prize Assignment	\$0	\$0	\$0
71400	Reimbursements - External Rent	\$0	\$0	\$0
71400	Reimbursements - Charging Stations	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
63200	Prof. Service - External	\$154,659	\$67,627	\$2,981,689
63300	Prof. Service - Interdept.	\$639,450	\$0	\$166,500
63400	Attorney Fees - Contracted	\$0	\$0	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	\$0
64200	Retailer Commission	\$0	\$0	\$0
64202	Retailer Special Handling	\$0	\$0	\$0
64204	Retailer Incentive Bonus	\$0	\$0	\$0
64206	Retailer Cashing Bonus	\$0	\$0	\$0
64300	Gaming System Expenses	\$0	\$0	\$0
64301	Scratchers Ticket Cost	\$0	\$0	\$0
64302	Scratchers Licensing Fees	\$0	\$0	\$0
64303	Scratchers Delivery Fees	\$0	\$0	\$0
64304	Scratchers Destruction Fees	\$0	\$0	\$0
71400	Reimbursements - Online Monitors	\$0	\$0	\$0
71400	Reimbursements - Online Install	\$0	\$0	\$0
71400	Reimbursements - Online Charges	\$0	\$0	\$0
60000	Media	\$0	\$0	\$0
60100	Production	\$0	\$0	\$0
60200	Digital	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
60410	Promotions - Retailer	\$0	\$0	\$0
60475	Point of Sale - Collateral	\$0	\$0	\$0
60500	Point of Sale - Permanent	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		HR 03	OPERATIONS 04	SLED 06
CAPITALIZED EXPENSES				
99998	Equipment & Capitalized Expenses	\$0	\$7,644,094	\$0
65110	Dep Exp - Gaming Equipment	\$0	\$0	\$0
65120	Dep Exp - Software	\$0	\$0	\$0
65130	Dep Exp - Audio/Video Equipment	\$0	\$0	\$0
65140	Dep Exp - Vending Machines	\$0	\$0	\$0
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$0	\$0	\$0
65170	Dep Exp - Non Building Improvements	\$0	\$0	\$0
65180	Dep Exp - Data Processing Equipment	\$0	\$0	\$0
65190	Dep Exp - Office Equipment	\$0	\$0	\$0
65200	Dep Exp - Vehicles	\$0	\$0	\$0
65210	Dep Exp - Other Equipment	\$0	\$0	\$0
65220	Dep Exp - Warehouse Equipment	\$0	\$0	\$0
65230	Dep Exp - Mobile Equipment	\$0	\$0	\$0
68775	Lease Asset Amortization of Expense	\$0	\$0	\$0
68875	SBITA Amortization Expense	\$0	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$856,440	\$14,141,989	\$3,563,903
TOTAL BUDGET		\$9,151,142	\$23,704,216	\$17,942,659

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		ITSD 07	SALES 08	MARKETING 09
PERMANENT POSITIONS		145.00	521.00	62.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$17,466,142	\$33,784,087	\$5,911,832
50500	Civil Service Temporary	\$86,605	\$87,847	\$0
51000	Overtime Pay	\$10,000	\$135,000	\$16,000
53000	Merit Compensation	\$136,320	\$2,386,004	\$64,440
	Total Salaries and Wages	\$17,699,067	\$36,392,938	\$5,992,272
56001	Salary Savings	(\$1,921,276)	(\$3,716,250)	(\$650,302)
	Net Salaries and Wages	\$15,777,792	\$32,676,688	\$5,341,971
55XXX	Staff Benefits	\$9,378,883	\$18,093,410	\$3,156,918
TOTAL PERSONAL SERVICES		\$25,156,675	\$50,770,099	\$8,498,889
OPERATING EXPENSES				
67000	General Expense	\$5,000	\$56,300	\$57,500
67100	Printing	\$250,800	\$0	\$0
67500	Telephone	\$2,270,836	\$0	\$0
67700	Postage	\$0	\$0	\$0
67800	Internal Freight	\$0	\$241,200	\$0
67900	Insurance	\$0	\$0	\$0
68100	In-State Travel	\$150,000	\$215,000	\$53,000
68300	Out-of-State Travel	\$0	\$0	\$0
68400	Sales & Retailer Conferences	\$0	\$0	\$0
68450	Meetings & Seminars	\$0	\$0	\$0
68500	Training	\$250,000	\$100,000	\$25,000
68700	Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$0	\$0	\$0
68910	Alterations & Remodeling	\$0	\$0	\$0
69300	Utilities	\$0	\$0	\$0
69500	Pro Rata Expense	\$0	\$0	\$0
69700	Expendable Equipment	\$2,720,747	\$0	\$5,000
69900	Vehicle Maintenance & Operations	\$0	\$0	\$0
70500	Interest Penalties	\$0	\$0	\$0
70600	Interest Expense	\$36,544	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		ITSD	SALES	MARKETING
		07	08	09
70700	Taxes & Assessments	\$0	\$0	\$5,000
70800	Bad Debt Expenses	\$0	\$0	\$936,000
70900	Special Items of Expense	\$0	\$282,200	\$43,594
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$0	\$0
71400	Reimbursements - Online NSF	\$0	\$0	(\$60,000)
71400	Reimbursements - Prize Assignment	\$0	\$0	(\$18,000)
71400	Reimbursements - External Rent	\$0	\$0	(\$179,003)
71400	Reimbursements - Charging Stations	\$0	\$0	(\$48,000)
60400	Promotions - Consumer	\$0	\$0	(\$1,440,000)
63200	Prof. Service - External	\$15,465,171	\$0	(\$200,000)
63300	Prof. Service - Interdept.	\$905,600	\$0	\$0
63400	Attorney Fees - Contracted	\$0	\$0	\$0
71400	Reimbursements - Fingerprint	\$0	\$0	(\$60,000)
64200	Retailer Commission	\$0	\$0	\$540,880,000
64202	Retailer Special Handling	\$0	\$0	\$35,126,302
64204	Retailer Incentive Bonus	\$0	\$0	\$4,000,000
64206	Retailer Cashing Bonus	\$0	\$0	\$57,246,832
64300	Gaming System Expenses	\$129,835,253	\$0	\$0
64301	Scratchers Ticket Cost	\$0	\$0	\$54,836,002
64302	Scratchers Licensing Fees	\$0	\$0	\$6,300,000
64303	Scratchers Delivery Fees	\$0	\$10,464,300	\$0
64304	Scratchers Destruction Fees	\$0	\$0	\$400,000
71400	Reimbursements - Online Monitors	\$0	\$0	(\$475,176)
71400	Reimbursements - Online Install	\$0	\$0	(\$737,250)
71400	Reimbursements - Online Charges	\$0	\$0	(\$21,556,080)
60000	Media	\$0	\$0	\$0
60100	Production	\$0	\$0	\$0
60200	Digital	\$0	\$0	\$0
60400	Promotions - Consumer	\$0	\$0	\$0
60410	Promotions - Retailer	\$0	\$130,000	\$0
60475	Point of Sale - Collateral	\$0	\$0	\$0
60500	Point of Sale - Permanent	\$0	\$0	\$0

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		ITSD 07	SALES 08	MARKETING 09
	CAPITALIZED EXPENSES			
99998	Equipment & Capitalized Expenses	\$6,364,845	\$250,000	\$0
65110	Dep Exp - Gaming Equipment	\$0	\$0	\$0
65120	Dep Exp - Software	\$0	\$0	\$0
65130	Dep Exp - Audio/Video Equipment	\$0	\$0	\$0
65140	Dep Exp - Vending Machines	\$0	\$0	\$0
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$0	\$0	\$0
65170	Dep Exp - Non Building Improvements	\$0	\$0	\$0
65180	Dep Exp - Data Processing Equipment	\$0	\$0	\$0
65190	Dep Exp - Office Equipment	\$0	\$0	\$0
65200	Dep Exp - Vehicles	\$0	\$0	\$0
65210	Dep Exp - Other Equipment	\$0	\$0	\$0
65220	Dep Exp - Warehouse Equipment	\$0	\$0	\$0
65230	Dep Exp - Mobile Equipment	\$0	\$0	\$0
68775	Lease Asset Amortization of Expense	\$0	\$0	\$0
68875	SBITA Amortization Expense	\$0	\$0	\$0
	TOT. OPER. EXP. AND EQUIP.	\$158,254,796	\$11,739,000	\$690,559,622
	TOTAL BUDGET	\$183,411,471	\$62,509,099	\$698,559,622

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

	GAME ACTIVITY 0000	TOTAL FY 2026-27	CHANGE
PERMANENT POSITIONS	0.00	1,175.00	27.00
PERSONAL SERVICES			
50100 Civil Service Permanent	\$8,000,000	\$105,649,379	\$5,356,731
50500 Civil Service Temporary	\$0	\$421,253	(\$667,766)
51000 Overtime Pay	\$0	\$430,144	(\$357,663)
53000 Merit Compensation	\$0	\$3,206,060	(\$54,044)
Total Salaries and Wages	\$8,000,000	\$109,706,836	\$4,277,258
56001 Salary Savings	\$0	(\$10,741,432)	\$2,526,071
Net Salaries and Wages	\$8,000,000	\$98,965,404	\$6,803,329
55XXX Staff Benefits	\$0	\$53,074,010	\$2,146,268
TOTAL PERSONAL SERVICES	\$8,000,000	\$152,039,414	\$8,949,596
OPERATING EXPENSES			
67000 General Expense	(\$4,000,000)	(\$3,346,155)	(\$1,947,073)
67100 Printing	\$0	\$298,217	(\$96,160)
67500 Telephone	\$0	\$2,270,836	(\$537,464)
67700 Postage	\$0	\$71,057	(\$30,682)
67800 Internal Freight	\$0	\$241,200	(\$288,800)
67900 Insurance	\$0	\$400,638	(\$197,723)
68100 In-State Travel	\$0	\$721,029	(\$125,568)
68300 Out-of-State Travel	\$0	\$180,407	\$99,657
68400 Sales & Retailer Conferences	\$0	\$0	\$0
68450 Meetings & Seminars	\$0	\$0	\$0
68500 Training	(\$200,000)	\$483,987	(\$90,050)
68700 Rent/Lease - Building & Grounds	\$0	\$0	\$0
68750 Asset Rental Expense	\$0	\$0	(\$10,000)
68900 Facility Maintenance & Operations	\$0	\$1,351,857	(\$217,744)
68910 Alterations & Remodeling	\$0	\$0	\$0
69300 Utilities	\$0	\$909,500	\$128,050
69500 Pro Rata Expense	\$19,759,401	\$19,759,401	\$5,939,310
69700 Expendable Equipment	\$0	\$3,282,842	(\$498,561)
69900 Vehicle Maintenance & Operations	\$0	\$2,459,072	\$63,842
70500 Interest Penalties	\$0	\$5,000	(\$64,996)
70600 Interest Expense	\$0	\$239,415	(\$345,756)

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

		GAME ACTIVITY 0000	TOTAL FY 2026-27	CHANGE
70700	Taxes & Assessments	\$5,000	\$120,932	\$0
70800	Bad Debt Expenses	\$936,000	\$936,000	(\$264,000)
70900	Special Items of Expense	\$43,594	\$328,998	(\$147,941)
71100	Damaged Scratchers Tickets	\$0	\$0	\$0
71200	Event Sponsorship	\$0	\$614,820	(\$157,320)
71400	Reimbursements - Online NSF	(\$60,000)	(\$60,000)	\$0
71400	Reimbursements - Prize Assignment	(\$18,000)	(\$18,000)	\$0
71400	Reimbursements - External Rent	(\$179,003)	(\$179,003)	(\$82,271)
71400	Reimbursements - Charging Stations	(\$48,000)	(\$48,000)	(\$31,000)
60400	Promotions - Consumer	(\$1,440,000)	(\$1,437,000)	(\$720,000)
63200	Prof. Service - External	(\$200,000)	\$26,736,160	(\$4,891,853)
63300	Prof. Service - Interdept.	\$0	\$6,179,034	\$445,153
63400	Attorney Fees - Contracted	\$0	\$31,667	\$0
71400	Reimbursements - Fingerprint	(\$60,000)	(\$60,000)	\$12,000
64200	Retailer Commission	\$540,880,000	\$540,880,000	(\$11,020,000)
64202	Retailer Special Handling	\$35,126,302	\$35,126,302	\$2,044,853
64204	Retailer Incentive Bonus	\$4,000,000	\$4,000,000	(\$2,000,000)
64206	Retailer Cashing Bonus	\$57,246,832	\$57,246,832	(\$1,162,062)
64300	Gaming System Expenses	\$0	\$129,835,253	(\$1,039,747)
64301	Scratchers Ticket Cost	\$54,836,002	\$54,836,002	\$12,055,115
64302	Scratchers Licensing Fees	\$6,300,000	\$6,300,000	(\$1,900,000)
64303	Scratchers Delivery Fees	\$0	\$10,464,300	\$23,150
64304	Scratchers Destruction Fees	\$400,000	\$400,000	(\$350,000)
71400	Reimbursements - Online Monitors	(\$475,176)	(\$475,176)	\$22,308
71400	Reimbursements - Online Install	(\$737,250)	(\$737,250)	(\$115,125)
71400	Reimbursements - Online Charges	(\$21,556,080)	(\$21,556,080)	\$41,184
60000	Media	\$0	\$47,377,500	(\$21,066,955)
60100	Production	\$0	\$22,697,000	(\$1,517,215)
60200	Digital	\$0	\$4,100,000	(\$2,300,000)
60400	Promotions - Consumer	\$0	\$5,984,580	(\$3,234,920)
60410	Promotions - Retailer	\$0	\$220,000	(\$120,420)
60475	Point of Sale - Collateral	\$0	\$1,865,000	(\$1,140,000)
60500	Point of Sale - Permanent	\$0	\$4,475,000	(\$930,000)

**CALIFORNIA LOTTERY
SUMMARY BY DIVISION
CASH BUDGET (CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		GAME ACTIVITY 0000	TOTAL FY 2026-27	CHANGE
CAPITALIZED EXPENSES				
99998	Equipment & Capitalized Expenses	\$0	\$14,258,939	\$8,144,526
65110	Dep Exp - Gaming Equipment	\$0	\$0	\$0
65120	Dep Exp - Software	\$0	\$0	\$0
65130	Dep Exp - Audio/Video Equipment	\$0	\$0	\$0
65140	Dep Exp - Vending Machines	\$0	\$0	\$0
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$0	\$0	\$0
65170	Dep Exp - Non Building Improvements	\$0	\$0	\$0
65180	Dep Exp - Data Processing Equipment	\$0	\$0	\$0
65190	Dep Exp - Office Equipment	\$0	\$0	\$0
65200	Dep Exp - Vehicles	\$0	\$0	\$0
65210	Dep Exp - Other Equipment	\$0	\$0	\$0
65220	Dep Exp - Warehouse Equipment	\$0	\$0	\$0
65230	Dep Exp - Mobile Equipment	\$0	\$0	\$0
68775	Lease Asset Amortization of Expense	\$0	\$0	\$0
68875	SBITA Amortization Expense	\$0	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$690,559,622	\$979,772,111	(\$31,858,391)
TOTAL BUDGET		\$698,559,622	\$1,131,811,525	(\$22,908,795)

Divisional Budgets

Commission

Ensuring integrity, security, fairness and transparency in the operation and administration of the Lottery.

The Commission consists of five members appointed by the Governor with the advice and consent of the Senate. These appointments meet the requirements of the Lottery Act, which specifies that:

- No more than three members can be from the same political party.
- One member must be a certified public accountant.
- One member must have at least five years of experience as a law enforcement officer.

The Commission approves the Lottery's budget and business plans to make sure we achieve our mission—providing supplemental funding for California's public schools and colleges.

LOTTERY COMMISSION - 1000	FY 2026-27 ANNUAL PLAN		DATE:
			July 1, 2026
	Quarter 1	Quarter 2	Quarter 3

PERMANENT POSITIONS

PERSONAL SERVICES

50100	Civil Service Permanent	\$0	\$0	\$0
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0
53000	Merit Compensation	\$7,500	\$7,500	\$7,500
	Total Salaries and Wages	\$7,500	\$7,500	\$7,500
56001	Salary Savings	\$0	\$0	\$0
	Net Salaries and Wages	\$7,500	\$7,500	\$7,500
55XXX	Staff Benefits	\$0	\$0	\$0
	TOTAL PERSONAL SERVICES	\$7,500	\$7,500	\$7,500

OPERATING EXPENSES

67000	General Expense	\$250	\$250	\$250
68100	In-State Travel	\$3,750	\$3,750	\$3,750
	TOT. OPER. EXP. AND EQUIP.	\$4,000	\$4,000	\$4,000
	TOTAL BUDGET	\$11,500	\$11,500	\$11,500

**LOTTERY COMMISSION - 1000
(CONT.)**

DATE:
FY 2026-27 ANNUAL PLAN July 1, 2026

		Quarter 4	TOTAL FY 2026-27	CHANGE
PERMANENT POSITIONS			0.00	0.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$0	\$0	\$0
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0
53000	Merit Compensation	\$7,500	\$30,000	\$0
	Total Salaries and Wages	\$7,500	\$30,000	\$0
56001	Salary Savings	\$0	\$0	\$0
	Net Salaries and Wages	\$7,500	\$30,000	\$0
55XXX	Staff Benefits	\$0	\$0	\$0
	TOTAL PERSONAL SERVICES	\$7,500	\$30,000	\$0
OPERATING EXPENSES				
67000	General Expense	\$250	\$1,000	\$0
68100	In-State Travel	\$3,750	\$15,000	\$0
	TOT. OPER. EXP. AND EQUIP.	\$4,000	\$16,000	\$0
	TOTAL BUDGET	\$11,500	\$46,000	\$0

Executive Division Roll-up

The Executive Division roll-up represents separate budget allocations for each office.

EXECUTIVE DIVISION - 01		FY 2026-27 ANNUAL PLAN			DATE: July 1, 2026
		Directorate 1110	Legal Services 1120	Internal Audits 1130	
PERMANENT POSITIONS		28.00	9.00	11.00	
PERSONAL SERVICES					
50100	Civil Service Permanent	\$3,316,630	\$1,322,512	\$1,037,941	
50500	Civil Service Temporary	\$2,560	\$0	\$0	
51000	Overtime Pay	\$0	\$0	\$0	
53000	Merit Compensation	\$37,560	\$7,920	\$11,040	
	Total Salaries and Wages	\$3,356,750	\$1,330,432	\$1,048,981	
56001	Salary Savings	(\$364,829)	(\$145,476)	(\$114,174)	
	Net Salaries and Wages	\$2,991,921	\$1,184,955	\$934,808	
55XXX	Staff Benefits	\$1,772,617	\$706,221	\$554,261	
	TOTAL PERSONAL SERVICES	\$4,764,538	\$1,891,177	\$1,489,068	
OPERATING EXPENSES					
67000	General Expense	\$59,709	\$45,700	\$5,080	
67100	Printing	\$0	\$0	\$0	
68100	In-State Travel	\$8,700	\$0	\$4,550	
68500	Training	\$28,877	\$2,400	\$35,250	
71200	Event Sponsorship	\$0	\$0	\$0	
63200	Prof. Service - External	\$283,800	\$68,200	\$14,916	
63300	Prof. Service - Interdept.	\$3,000	\$350,000	\$3,643,884	
63400	Attorney Fees - Contracted	\$0	\$31,667	\$0	
	TOT. OPER. EXP. AND EQUIP.	\$384,086	\$497,967	\$3,703,680	
	TOTAL BUDGET	\$5,148,624	\$2,389,143	\$5,192,748	

EXECUTIVE DIVISION - 01 (CONT.)		FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026
		External Affairs 1140	Business Planning & Research 1150	Public Affairs & Communications 1180
PERMANENT POSITIONS		2.00	14.00	7.00
PERSONAL SERVICES				
50100	Civil Service Permanent	\$230,588	\$1,369,088	\$669,918
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$700
53000	Merit Compensation	\$4,320	\$18,360	\$13,440
	Total Salaries and Wages	\$234,908	\$1,387,448	\$684,058
56001	Salary Savings	(\$25,365)	(\$150,600)	(\$73,691)
	Net Salaries and Wages	\$209,543	\$1,236,848	\$610,367
55XXX	Staff Benefits	\$123,134	\$731,093	\$357,736
	TOTAL PERSONAL SERVICES	\$332,677	\$1,967,941	\$968,103
OPERATING EXPENSES				
67000	General Expense	\$4,445	\$4,600	\$1,983
67100	Printing	\$0	\$0	\$1,500
68100	In-State Travel	\$3,975	\$0	\$5,100
68500	Training	\$2,635	\$6,000	\$2,000
71200	Event Sponsorship	\$150,000	\$0	\$0
63200	Prof. Service - External	\$0	\$1,558,980	\$5,999,942
63300	Prof. Service - Interdept.	\$415,000	\$0	\$0
63400	Attorney Fees - Contracted	\$0	\$0	\$0
	TOT. OPER. EXP. AND EQUIP.	\$576,055	\$1,569,580	\$6,010,525
	TOTAL BUDGET	\$908,732	\$3,537,521	\$6,978,628

**EXECUTIVE DIVISION - 01
(CONT.)**

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

	TOTAL EXECUTIVE FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS	71.00	70.00	1.00
PERSONAL SERVICES			
50100 Civil Service Permanent	\$7,946,677	\$8,033,134	(\$86,456)
50500 Civil Service Temporary	\$2,560	\$53,232	(\$50,672)
51000 Overtime Pay	\$700	\$500	\$200
53000 Merit Compensation	\$92,640	\$93,120	(\$480)
Total Salaries and Wages	\$8,042,577	\$8,179,986	(\$137,408)
56001 Salary Savings	(\$874,134)	(\$1,124,638)	\$250,504
Net Salaries and Wages	\$7,168,443	\$7,055,347	\$113,095
55XXX Staff Benefits	\$4,245,062	\$4,107,417	\$137,645
TOTAL PERSONAL SERVICES	\$11,413,504	\$11,162,764	\$250,740
OPERATING EXPENSES			
67000 General Expense	\$121,517	\$175,028	(\$53,511)
67100 Printing	\$1,500	\$0	\$1,500
68100 In-State Travel	\$22,325	\$35,451	(\$13,126)
68500 Training	\$77,162	\$75,440	\$1,722
71200 Event Sponsorship	\$150,000	\$307,320	(\$157,320)
63200 Prof. Service - External	\$7,925,838	\$8,000,726	(\$74,889)
63300 Prof. Service - Interdept.	\$4,411,884	\$3,785,011	\$626,873
63400 Attorney Fees - Contracted	\$31,667	\$31,667	\$0
TOT. OPER. EXP. AND EQUIP.	\$12,741,892	\$12,410,643	\$331,249
TOTAL BUDGET	\$24,155,397	\$23,573,407	\$581,989

Directorate

In addition to the Director's budget, the Directorate office of the Lottery organization oversees various program areas focusing on equity, inclusion, security, and project management. Key offices and their functions include:

- **Enterprise Project Information Compliance (EPIC):** Led by the Chief Information Security Officer, EPIC includes:
 - **Enterprise Project Management Office (EPMO):** Manages project governance using best practices from the Project Management Institute, ensuring successful project implementation.
 - **Information Security & Privacy Office (ISO):** Protects information assets by adhering to laws and best practices in security and privacy, enhancing the organization's public image.
- **Disability Advisory Committee (DAC):** Aims to empower employees with disabilities, advising agency heads on correcting underrepresentation as required by state regulations.
- **Equal Employment Opportunity (EEO) Program:** Ensures a professional and respectful work environment free from discrimination, harassment, retaliation, bullying, and abusive conduct, in line with Lottery policy.

**EXECUTIVE DIVISION
DIRECTORATE - 1110**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

Quarter 1

Quarter 2

Quarter 3

PERMANENT POSITIONS

PERSONAL SERVICES

50100	Civil Service Permanent	\$780,620	\$841,945	\$846,507
50500	Civil Service Temporary	\$2,560	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0
53000	Merit Compensation	\$9,390	\$9,390	\$9,390
	Total Salaries and Wages	\$792,570	\$851,335	\$855,897
56001	Salary Savings	(\$85,868)	(\$92,614)	(\$93,116)
	Net Salaries and Wages	\$706,702	\$758,721	\$762,781
55XXX	Staff Benefits	\$418,387	\$449,599	\$452,035
	TOTAL PERSONAL SERVICES	\$1,125,089	\$1,208,320	\$1,214,816

OPERATING EXPENSES

67000	General Expense	\$19,806	\$13,401	\$13,101
68100	In-State Travel	\$2,300	\$1,800	\$2,300
68500	Training	\$23,477	\$4,200	\$600
63200	Prof. Service - External	\$8,460	\$8,460	\$248,460
63300	Prof. Service - Interdept.	\$0	\$0	\$3,000
	TOT. OPER. EXP. AND EQUIP.	\$54,043	\$27,861	\$267,461

TOTAL BUDGET

\$1,179,132 \$1,236,181 \$1,482,277

**EXECUTIVE DIVISION
DIRECTORATE - 1110
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
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PERMANENT POSITIONS

28.00

27.00

1.00

PERSONAL SERVICES

50100	Civil Service Permanent	\$847,558	\$3,316,630	\$3,331,419	(\$14,789)
50500	Civil Service Temporary	\$0	\$2,560	\$53,232	(\$50,672)
51000	Overtime Pay	\$0	\$0	\$0	\$0
53000	Merit Compensation	\$9,390	\$37,560	\$47,160	(\$9,600)
	Total Salaries and Wages	\$856,948	\$3,356,750	\$3,431,811	(\$75,061)
56001	Salary Savings	(\$93,231)	(\$364,829)	(\$466,399)	\$101,569
	Net Salaries and Wages	\$763,716	\$2,991,921	\$2,965,413	\$26,509
55XXX	Staff Benefits	\$452,596	\$1,772,617	\$1,721,768	\$50,849
	TOTAL PERSONAL SERVICES	\$1,216,312	\$4,764,538	\$4,687,181	\$77,357

OPERATING EXPENSES

67000	General Expense	\$13,401	\$59,709	\$115,445	(\$55,736)
68100	In-State Travel	\$2,300	\$8,700	\$21,050	(\$12,350)
68500	Training	\$600	\$28,877	\$24,090	\$4,787
63200	Prof. Service - External	\$18,420	\$283,800	\$161,000	\$122,800
63300	Prof. Service - Interdept.	\$0	\$3,000	\$10	\$2,990
	TOT. OPER. EXP. AND EQUIP.	\$34,721	\$384,086	\$321,595	\$62,491
	TOTAL BUDGET	\$1,251,033	\$5,148,624	\$5,008,776	\$139,848

Legal Services

The Legal Office plays a crucial role in interpreting and implementing the California State Lottery Act. It drafts necessary regulations to assist the Lottery Commission and senior staff in their decision-making processes. Furthermore, the Legal Office provides guidance on compliance with key legislation, including the Political Reform Act of 1974, the Bagley-Keene Open Meeting Act, the California Public Records Act, and other relevant laws. Beyond these responsibilities, the Legal Office offers comprehensive legal advice to all divisions within the Lottery on a broad range of issues.

EXECUTIVE DIVISION LEGAL SERVICES - 1120		FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026
		Quarter 1	Quarter 2	Quarter 3
PERMANENT POSITIONS				
PERSONAL SERVICES				
50100	Civil Service Permanent	\$330,505	\$330,505	\$330,505
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0
53000	Merit Compensation	\$1,980	\$1,980	\$1,980
	Total Salaries and Wages	\$332,485	\$332,485	\$332,485
56001	Salary Savings	(\$36,356)	(\$36,356)	(\$36,356)
	Net Salaries and Wages	\$296,129	\$296,129	\$296,129
55XXX	Staff Benefits	\$176,489	\$176,490	\$176,490
	TOTAL PERSONAL SERVICES	\$472,619	\$472,619	\$472,619
OPERATING EXPENSES				
67000	General Expense	\$2,800	\$2,800	\$38,300
68100	In-State Travel	\$0	\$0	\$0
68500	Training	\$600	\$600	\$600
63200	Prof. Service - External	\$17,050	\$17,050	\$17,050
63300	Prof. Service - Interdept.	\$87,500	\$87,500	\$87,500
63400	Attorney Fees - Contracted	\$7,917	\$7,917	\$7,917
	TOT. OPER. EXP. AND EQUIP.	\$115,867	\$115,867	\$151,367
	TOTAL BUDGET	\$588,485	\$588,486	\$623,986

**EXECUTIVE DIVISION
LEGAL SERVICES - 1120
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			9.00	9.00	0.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$330,997	\$1,322,512	\$1,305,032	\$17,479
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0	\$0
53000	Merit Compensation	\$1,980	\$7,920	\$6,720	\$1,200
	Total Salaries and Wages	\$332,977	\$1,330,432	\$1,311,752	\$18,679
56001	Salary Savings	(\$36,410)	(\$145,476)	(\$182,704)	\$37,228
	Net Salaries and Wages	\$296,567	\$1,184,955	\$1,129,048	\$55,907
55XXX	Staff Benefits	\$176,752	\$706,221	\$662,173	\$44,048
	TOTAL PERSONAL SERVICES	\$473,320	\$1,891,177	\$1,791,221	\$99,955
OPERATING EXPENSES					
67000	General Expense	\$1,800	\$45,700	\$48,000	(\$2,300)
68100	In-State Travel	\$0	\$0	\$1,200	(\$1,200)
68500	Training	\$600	\$2,400	\$4,500	(\$2,100)
63200	Prof. Service - External	\$17,050	\$68,200	\$39,200	\$29,000
63300	Prof. Service - Interdept.	\$87,500	\$350,000	\$350,000	\$0
63400	Attorney Fees - Contracted	\$7,917	\$31,667	\$31,667	\$0
	TOT. OPER. EXP. AND EQUIP.	\$114,867	\$497,967	\$474,567	\$23,400
	TOTAL BUDGET	\$588,186	\$2,389,143	\$2,265,788	\$123,355

Internal Audits

Internal Audits delivers independent and objective assurance and consulting services aimed at enhancing and safeguarding the Lottery's value. By conducting risk-based assessments, offering insightful recommendations, and performing systematic evaluations, this office supports the Lottery in achieving its business objectives. Additionally, it coordinates external audit activities to reduce duplication of efforts and costs, ensuring timely responses to external audit reports. Key responsibilities of Internal Audits include maintaining the Mega Millions and Powerball Agreed-Upon Procedures, overseeing the Annual WLA Gaming Security Assessment, and managing the Retailer Access Program.

EXECUTIVE DIVISION		FY 2026-27 ANNUAL PLAN			DATE:
INTERNAL AUDITS - 1130					July 1, 2026
		Quarter 1	Quarter 2	Quarter 3	
PERMANENT POSITIONS					
PERSONAL SERVICES					
50100	Civil Service Permanent	\$258,067	\$259,297	\$259,657	
50500	Civil Service Temporary	\$0	\$0	\$0	
51000	Overtime Pay	\$0	\$0	\$0	
53000	Merit Compensation	\$2,760	\$2,760	\$2,760	
	Total Salaries and Wages	\$260,827	\$262,057	\$262,417	
56001	Salary Savings	(\$28,387)	(\$28,523)	(\$28,562)	
	Net Salaries and Wages	\$232,440	\$233,534	\$233,855	
55XXX	Staff Benefits	\$137,808	\$138,465	\$138,657	
	TOTAL PERSONAL SERVICES	\$370,248	\$371,999	\$372,512	
OPERATING EXPENSES					
67000	General Expense	\$3,300	\$200	\$1,080	
68100	In-State Travel	\$300	\$3,650	\$300	
68500	Training	\$8,250	\$10,500	\$8,250	
63200	Prof. Service - External	\$3,729	\$3,729	\$3,729	
63300	Prof. Service - Interdept.	\$910,971	\$910,971	\$910,971	
	TOT. OPER. EXP. AND EQUIP.	\$926,550	\$929,050	\$924,330	
	TOTAL BUDGET	\$1,296,798	\$1,301,049	\$1,296,842	

**EXECUTIVE DIVISION
INTERNAL AUDITS - 1130
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			11.00	11.00	0.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$260,920	\$1,037,941	\$1,073,573	(\$35,632)
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0	\$0
53000	Merit Compensation	\$2,760	\$11,040	\$18,480	(\$7,440)
	Total Salaries and Wages	\$263,680	\$1,048,981	\$1,092,053	(\$43,072)
56001	Salary Savings	(\$28,701)	(\$114,174)	(\$150,300)	\$36,127
	Net Salaries and Wages	\$234,979	\$934,808	\$941,753	(\$6,945)
55XXX	Staff Benefits	\$139,331	\$554,261	\$544,732	\$9,529
	TOTAL PERSONAL SERVICES	\$374,310	\$1,489,068	\$1,486,484	\$2,584
OPERATING EXPENSES					
67000	General Expense	\$500	\$5,080	\$2,110	\$2,970
68100	In-State Travel	\$300	\$4,550	\$472	\$4,078
68500	Training	\$8,250	\$35,250	\$35,250	\$0
63200	Prof. Service - External	\$3,729	\$14,916	\$10,800	\$4,116
63300	Prof. Service - Interdept.	\$910,971	\$3,643,884	\$3,265,000	\$378,884
	TOT. OPER. EXP. AND EQUIP.	\$923,750	\$3,703,680	\$3,313,632	\$390,048
	TOTAL BUDGET	\$1,298,060	\$5,192,748	\$4,800,116	\$392,632

Legislation & External Affairs

The Lottery's Legislation & External Affairs Office oversees the Responsible Gaming program, engages with stakeholder groups, and monitors relevant legislation. A key function of this office is to identify and track legislative developments that could impact the Lottery, whether they pertain specifically to the Lottery or relate to broader areas such as human resources, information technology, operations, or the gaming industry, including tribal casinos, internet gaming, and horse racing.

Additionally, the External Affairs team is tasked with producing the Lottery's quarterly Education Reports. These reports provide a detailed account of disbursements from the Lottery's Education Fund to public education institutions by county and include a breakdown of funding in accordance with Proposition 20. This ballot initiative mandates that 50 percent of funds exceeding the FY 1997-98 benchmark be allocated to instructional materials. The State Controller's Office primarily distributes Lottery funding on an Average Daily Attendance (ADA) basis and, for higher education institutions, based on the equivalency of a full-time student.

**EXECUTIVE DIVISION
LEGISLATION & EXTERNAL AFFAIRS
- 1140**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

Quarter 1

Quarter 2

Quarter 3

PERMANENT POSITIONS

PERSONAL SERVICES

50100	Civil Service Permanent	\$57,647	\$57,647	\$57,647
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0
53000	Merit Compensation	\$1,080	\$1,080	\$1,080
	Total Salaries and Wages	\$58,727	\$58,727	\$58,727
56001	Salary Savings	(\$6,341)	(\$6,341)	(\$6,341)
	Net Salaries and Wages	\$52,386	\$52,386	\$52,386
55XXX	Staff Benefits	\$30,784	\$30,783	\$30,783
	TOTAL PERSONAL SERVICES	\$83,169	\$83,169	\$83,169

OPERATING EXPENSES

67000	General Expense	\$2,170	\$2,275	\$0
68100	In-State Travel	\$0	\$2,300	\$0
68500	Training	\$1,235	\$400	\$400
71200	Event Sponsorship	\$36,330	\$10,000	\$103,670
63300	Prof. Service - Interdept.	\$45,000	\$145,000	\$180,000
	TOT. OPER. EXP. AND EQUIP.	\$84,735	\$159,975	\$284,070
	TOTAL BUDGET	\$167,904	\$243,144	\$367,239

**EXECUTIVE DIVISION
LEGISLATION & EXTERNAL AFFAIRS -
1140
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			2.00	2.00	0.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$57,647	\$230,588	\$230,796	(\$208)
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0	\$0
53000	Merit Compensation	\$1,080	\$4,320	\$3,720	\$600
	Total Salaries and Wages	\$58,727	\$234,908	\$234,516	\$392
56001	Salary Savings	(\$6,341)	(\$25,365)	(\$32,311)	\$6,947
	Net Salaries and Wages	\$52,386	\$209,543	\$202,205	\$7,339
55XXX	Staff Benefits	\$30,783	\$123,134	\$117,104	\$6,030
	TOTAL PERSONAL SERVICES	\$83,169	\$332,677	\$319,308	\$13,369
OPERATING EXPENSES					
67000	General Expense	\$0	\$4,445	\$4,273	\$172
68100	In-State Travel	\$1,675	\$3,975	\$7,929	(\$3,954)
68500	Training	\$600	\$2,635	\$3,600	(\$965)
71200	Event Sponsorship	\$0	\$150,000	\$307,320	(\$157,320)
63300	Prof. Service - Interdept.	\$45,000	\$415,000	\$170,001	\$244,999
	TOT. OPER. EXP. AND EQUIP.	\$47,275	\$576,055	\$493,123	\$82,932
	TOTAL BUDGET	\$130,444	\$908,732	\$812,431	\$96,301

Business Planning & Research

Business Planning & Research staff provide planning and research services which include developing the Lottery's Strategic Plan and Annual Business Plan, conducting market research studies, and developing sales goals. The Business Planning & Research office also facilitates the coordination of Business Plan Proposals by kicking off the annual cross-divisional effort and ensuring timely deliverables.

EXECUTIVE DIVISION		FY 2026-27 ANNUAL PLAN		DATE:
BUSINESS PLANNING & RESEARCH - 1150				July 1, 2026
		Quarter 1	Quarter 2	Quarter 3
PERMANENT POSITIONS				
PERSONAL SERVICES				
50100	Civil Service Permanent	\$336,545	\$341,607	\$344,938
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0
53000	Merit Compensation	\$4,590	\$4,590	\$4,590
	Total Salaries and Wages	\$341,135	\$346,197	\$349,528
56001	Salary Savings	(\$37,020)	(\$37,577)	(\$37,943)
	Net Salaries and Wages	\$304,115	\$308,620	\$311,585
55XXX	Staff Benefits	\$179,715	\$182,418	\$184,197
	TOTAL PERSONAL SERVICES	\$483,830	\$491,039	\$495,781
OPERATING EXPENSES				
67000	General Expense	\$0	\$0	\$2,600
68100	In-State Travel	\$0	\$0	\$0
68500	Training	\$1,500	\$1,500	\$1,500
63200	Prof. Service - External	\$262,460	\$639,460	\$304,860
	TOT. OPER. EXP. AND EQUIP.	\$263,960	\$640,960	\$308,960
	TOTAL BUDGET	\$747,790	\$1,131,999	\$804,741

**EXECUTIVE DIVISION
BUSINESS PLANNING & RESEARCH - 1150
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			14.00	14.00	0.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$345,998	\$1,369,088	\$1,440,221	(\$71,133)
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0	\$0
53000	Merit Compensation	\$4,590	\$18,360	\$14,640	\$3,720
	Total Salaries and Wages	\$350,588	\$1,387,448	\$1,454,861	(\$67,413)
56001	Salary Savings	(\$38,060)	(\$150,600)	(\$201,631)	\$51,031
	Net Salaries and Wages	\$312,528	\$1,236,848	\$1,253,230	(\$16,382)
55XXX	Staff Benefits	\$184,763	\$731,093	\$730,768	\$324
	TOTAL PERSONAL SERVICES	\$497,291	\$1,967,941	\$1,983,999	(\$16,058)
OPERATING EXPENSES					
67000	General Expense	\$2,000	\$4,600	\$4,000	\$600
68100	In-State Travel	\$0	\$0	\$1,500	(\$1,500)
68500	Training	\$1,500	\$6,000	\$6,000	\$0
63200	Prof. Service - External	\$352,200	\$1,558,980	\$1,799,920	(\$240,940)
	TOT. OPER. EXP. AND EQUIP.	\$355,700	\$1,569,580	\$1,811,420	(\$241,840)
	TOTAL BUDGET	\$852,991	\$3,537,521	\$3,795,419	(\$257,898)

Public Affairs & Communications

The Public Affairs & Communications Office acts as the overall “tone and voice” of the Lottery by crafting messages, talking points and fact sheets on all operations. The office also responds to media inquiries, writes press releases and creates press conferences, co-manages related corporate social responsibility functions, produces public service announcements and other Lottery business and corporate video projects, develops content for internal and external websites, and works on overall public relations image and brand. This program area aims to bolster the reputation of the Lottery and educate Californians about our mission to raise additional funds for public education.

EXECUTIVE DIVISION		FY 2026-27 ANNUAL PLAN		DATE:
PUBLIC AFFAIRS & COMMUNICATIONS - 1180				July 1, 2026
		Quarter 1	Quarter 2	Quarter 3
PERMANENT POSITIONS				
PERSONAL SERVICES				
50100	Civil Service Permanent	\$166,700	\$167,002	\$167,766
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$150	\$150	\$150
53000	Merit Compensation	\$3,360	\$3,360	\$3,360
	Total Salaries and Wages	\$170,210	\$170,512	\$171,276
56001	Salary Savings	(\$18,337)	(\$18,370)	(\$18,454)
	Net Salaries and Wages	\$151,873	\$152,142	\$152,822
55XXX	Staff Benefits	\$89,018	\$89,179	\$89,587
	TOTAL PERSONAL SERVICES	\$240,890	\$241,321	\$242,409
OPERATING EXPENSES				
67000	General Expense	\$300	\$840	\$445
67100	Printing	\$0	\$1,500	\$0
68100	In-State Travel	\$1,275	\$1,275	\$1,275
68500	Training	\$500	\$500	\$500
63200	Prof. Service - External	\$1,518,396	\$500,000	\$1,500,000
	TOT. OPER. EXP. AND EQUIP.	\$1,520,471	\$504,115	\$1,502,220
	TOTAL BUDGET	\$1,761,361	\$745,436	\$1,744,629

**EXECUTIVE DIVISION
PUBLIC AFFAIRS & COMMUNICATIONS -
1180
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			7.00	7.00	0.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$168,450	\$669,918	\$652,092	\$17,826
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$250	\$700	\$500	\$200
53000	Merit Compensation	\$3,360	\$13,440	\$2,400	\$11,040
	Total Salaries and Wages	\$172,060	\$684,058	\$654,992	\$29,066
56001	Salary Savings	(\$18,530)	(\$73,691)	(\$91,293)	\$17,602
	Net Salaries and Wages	\$153,531	\$610,367	\$563,699	\$46,668
55XXX	Staff Benefits	\$89,952	\$357,736	\$330,871	\$26,865
	TOTAL PERSONAL SERVICES	\$243,483	\$968,103	\$894,571	\$73,532
OPERATING EXPENSES					
67000	General Expense	\$398	\$1,983	\$1,200	\$783
67100	Printing	\$0	\$1,500	\$0	\$1,500
68100	In-State Travel	\$1,275	\$5,100	\$3,300	\$1,800
68500	Training	\$500	\$2,000	\$2,000	\$0
63200	Prof. Service - External	\$2,481,546	\$5,999,942	\$5,989,806	\$10,135
	TOT. OPER. EXP. AND EQUIP.	\$2,483,719	\$6,010,525	\$5,996,306	\$14,218
	TOTAL BUDGET	\$2,727,202	\$6,978,628	\$6,890,877	\$87,751

Finance Division

The Finance Division of the Lottery oversees all financial activities and is organized into several key functional areas. These include:

- **Accounting Operations, Taxes & Prize Payments**
 - The Accounting Operations & Taxes Unit, which manages accounts payable, accounts receivable, and travel expenses.
 - Prize Payments, which handles statewide prize distribution.
- **Financial Reporting & Systems Management**
 - The Financial Accounting & Reporting section is responsible for financial statements, game accounting, investments, and specialized GAAP reports.
 - Financial Oversight & Fiscal Systems focuses on fiscal systems, quality review, alternative collections, and fiscal report management.
- **Fiscal Management Unit**
 - The Financial Analysis & Risk Management unit is responsible for mitigating the organization's exposure to financial risks and forecasting sales to establish advertised jackpots.
 - The Budgets Office works with stakeholders to develop a comprehensive annual Lottery budget and track expenditures throughout the year.
 - The Retailer Financial Services section supports retailer financial partnerships and retailer financial support.

FINANCE DIVISION - 02		DATE:		
		FY 2026-27 ANNUAL PLAN July 1, 2026		
		Quarter 1	Quarter 2	Quarter 3

PERMANENT POSITIONS

PERSONAL SERVICES				
50100	Civil Service Permanent	\$2,713,677	\$2,730,667	\$2,751,620
50500	Civil Service Temporary	\$16,446	\$16,446	\$16,446
51000	Overtime Pay	\$11,243	\$12,043	\$13,930
53000	Merit Compensation	\$43,590	\$43,590	\$43,590
	Total Salaries and Wages	\$2,784,956	\$2,802,746	\$2,825,586
56001	Salary Savings	(\$298,505)	(\$300,373)	(\$302,678)
	Net Salaries and Wages	\$2,486,452	\$2,502,373	\$2,522,908
55XXX	Staff Benefits	\$1,458,971	\$1,468,044	\$1,479,233
	TOTAL PERSONAL SERVICES	\$3,945,423	\$3,970,417	\$4,002,141
OPERATING EXPENSES				
67000	General Expense	\$2,873	\$3,923	\$2,873
67100	Printing	\$5,255	\$4,725	\$4,725
68100	In-State Travel	\$12,865	\$13,900	\$10,064
68300	Out-of-State Travel	\$45,102	\$45,102	\$45,102
68500	Training	\$10,655	\$16,395	\$7,930
70500	Interest Penalties	\$1,250	\$1,250	\$1,250
60400	Promotions - Consumer	\$750	\$750	\$750
63200	Prof. Service - External	\$38,544	\$221,544	\$54,544
63300	Prof. Service - Interdept.	\$13,800	\$13,800	\$13,800
	TOT. OPER. EXP. AND EQUIP.	\$131,094	\$321,389	\$141,038
	TOTAL BUDGET	\$4,076,517	\$4,291,805	\$4,143,178

**FINANCE DIVISION - 02
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			148.00	144.00	4.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$2,763,874	\$10,959,838	\$10,511,890	\$447,948
50500	Civil Service Temporary	\$16,446	\$65,784	\$316,971	(\$251,187)
51000	Overtime Pay	\$10,922	\$48,138	\$70,691	(\$22,553)
53000	Merit Compensation	\$43,590	\$174,360	\$118,200	\$56,160
	Total Salaries and Wages	\$2,834,832	\$11,248,120	\$11,017,752	\$230,368
56001	Salary Savings	(\$304,026)	(\$1,205,582)	(\$1,471,664)	\$266,082
	Net Salaries and Wages	\$2,530,806	\$10,042,538	\$9,546,088	\$496,450
55XXX	Staff Benefits	\$1,485,776	\$5,892,024	\$5,520,746	\$371,278
	TOTAL PERSONAL SERVICES	\$4,016,582	\$15,934,562	\$15,066,834	\$867,728
OPERATING EXPENSES					
67000	General Expense	\$4,273	\$13,942	\$35,876	(\$21,934)
67100	Printing	\$4,725	\$19,430	\$18,000	\$1,430
68100	In-State Travel	\$4,375	\$41,204	\$24,507	\$16,697
68300	Out-of-State Travel	\$45,102	\$180,407	\$80,750	\$99,657
68500	Training	\$9,330	\$44,310	\$47,635	(\$3,325)
70500	Interest Penalties	\$1,250	\$5,000	\$69,996	(\$64,996)
60400	Promotions - Consumer	\$750	\$3,000	\$3,000	\$0
63200	Prof. Service - External	\$26,544	\$341,176	\$419,996	(\$78,820)
	TOT. OPER. EXP. AND EQUIP.	\$110,549	\$704,069	\$749,360	(\$45,291)
	TOTAL BUDGET	\$4,127,131	\$16,638,631	\$15,816,194	\$822,437

Human Resources Division

The Human Resources Division provides comprehensive support to all Lottery employees across several key areas, including hiring, examinations, payroll and benefits administration, labor relations, health, performance management, and training/workforce development. It is structured into four sections: Personnel Services, Safety and Compliance, Workforce Development, and Labor & Performance Management. Human Resources aligns with the Lottery's mission, vision, and values by partnering with management and staff to achieve strategic goals. The division is committed to resolving workplace issues, ensuring compliance with employment laws and regulations, and fostering a safe, respectful, and professional work environment.

HUMAN RESOURCES DIVISION - 03		DATE: FY 2026-27 ANNUAL PLAN July 1, 2026		
		Quarter 1	Quarter 2	Quarter 3
PERMANENT POSITIONS				
PERSONAL SERVICES				
50100	Civil Service Permanent	\$1,219,533	\$1,246,784	\$1,250,998
50500	Civil Service Temporary	\$11,479	\$11,479	\$11,479
51000	Overtime Pay	\$77	\$77	\$77
53000	Merit Compensation	\$37,719	\$37,719	\$37,719
	Total Salaries and Wages	\$1,268,808	\$1,296,058	\$1,300,272
56001	Salary Savings	(\$134,149)	(\$137,146)	(\$137,610)
	Net Salaries and Wages	\$1,134,659	\$1,158,912	\$1,162,663
55XXX	Staff Benefits	\$908,118	\$922,670	\$924,920
	TOTAL PERSONAL SERVICES	\$2,042,777	\$2,081,582	\$2,087,583
OPERATING EXPENSES				
67000	General Expense	\$3,765	\$3,765	\$3,762
67700	Postage	\$0	\$0	\$0
68100	In-State Travel	\$1,000	\$1,000	\$1,000
68500	Training	\$17,538	\$7,875	\$7,875
69700	Expendable Equipment	\$528	\$528	\$528
63200	Prof. Service - External	\$37,680	\$37,683	\$37,682
63300	Prof. Service - Interdept.	\$163,800	\$159,600	\$158,025
	TOT. OPER. EXP. AND EQUIP.	\$224,311	\$210,451	\$208,872
	TOTAL BUDGET	\$2,267,088	\$2,292,033	\$2,296,455

**HUMAN RESOURCES DIVISION - 03
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

			TOTAL	REVISED	
			Quarter 4	FY 2026-27	FY 2025-26
				BUDGET	CHANGE
PERMANENT POSITIONS			55.00	54.00	1.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$1,256,210	\$4,973,524	\$4,837,457	\$136,067
50500	Civil Service Temporary	\$3,826	\$38,264	\$127,910	(\$89,646)
51000	Overtime Pay	\$77	\$306	\$1,000	(\$694)
53000	Merit Compensation	\$37,719	\$150,876	\$141,920	\$8,956
	Total Salaries and Wages	\$1,297,831	\$5,162,970	\$5,108,287	\$54,683
56001	Salary Savings	(\$138,183)	(\$547,088)	(\$677,244)	\$130,156
	Net Salaries and Wages	\$1,159,648	\$4,615,882	\$4,431,043	\$184,839
55XXX	Staff Benefits	\$923,112	\$3,678,820	\$4,729,993	(\$1,051,173)
	TOTAL PERSONAL SERVICES	\$2,082,760	\$8,294,702	\$9,161,036	(\$866,334)
OPERATING EXPENSES					
67000	General Expense	\$3,764	\$15,056	\$1,000	\$14,056
67700	Postage	\$0	\$0	\$50	(\$50)
68100	In-State Travel	\$1,000	\$4,000	\$3,000	\$1,000
68500	Training	\$7,875	\$41,163	\$47,001	(\$5,838)
63200	Prof. Service - External	\$41,614	\$154,659	\$98,825	\$55,834
63300	Prof. Service - Interdept.	\$158,025	\$639,450	\$609,000	\$30,450
	TOT. OPER. EXP. AND EQUIP.	\$212,806	\$856,440	\$760,876	\$95,564
	TOTAL BUDGET	\$2,295,566	\$9,151,142	\$9,921,912	(\$770,770)

Operations Division

The Operations Division plays a crucial role in managing and overseeing the Lottery's daily operations and activities. Operations ensures comprehensive support across various critical areas, including mail room services, fleet vehicle and driver services, records and asset management, and business continuity planning. Additionally, the division handles policy governance, forms management, the Americans with Disabilities Act (ADA) digital remediation, and reprographics. It also provides budget analysis and support, project management, and oversees the LEED/ sustainability program. Furthermore, Operations manages contracts, procurements, facilities maintenance and management, and implements green cleaning practices.

OPERATIONS DIVISION - 04		FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026
		Quarter 1	Quarter 2	Quarter 3

PERMANENT POSITIONS

PERSONAL SERVICES

50100	Civil Service Permanent	\$1,638,324	\$1,648,721	\$1,658,128
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$17,500	\$17,500	\$17,500
53000	Merit Compensation	\$19,035	\$19,035	\$19,035
	Total Salaries and Wages	\$1,674,859	\$1,685,256	\$1,694,663
56001	Salary Savings	(\$180,216)	(\$181,359)	(\$182,394)
	Net Salaries and Wages	\$1,494,644	\$1,503,897	\$1,512,268
55XXX	Staff Benefits	\$874,865	\$880,417	\$885,440
	TOTAL PERSONAL SERVICES	\$2,369,509	\$2,384,314	\$2,397,709

OPERATING EXPENSES

67000	General Expense	\$79,454	\$79,454	\$79,454
67100	Printing	\$6,622	\$6,622	\$6,622
67700	Postage	\$17,764	\$17,764	\$17,764
67900	Insurance	\$100,160	\$100,160	\$100,160
68100	In-State Travel	\$17,625	\$17,625	\$17,625
68500	Training	\$11,588	\$11,588	\$11,588
68750	Asset Rental Expense	\$0	\$0	\$0
68900	Facility Maintenance & Operations	\$337,964	\$337,964	\$337,964
69300	Utilities	\$318,325	\$136,425	\$136,425
69700	Expendable Equipment	\$113,746	\$113,746	\$113,746
69900	Vehicle Maintenance & Operations	\$614,768	\$614,768	\$614,768
70600	Interest Expense	\$50,718	\$50,718	\$50,718
70700	Taxes & Assessments	\$28,983	\$28,983	\$28,983
70900	Special Items of Expense	\$3,204	\$0	\$0
63200	Prof. Service - External	\$14,157	\$22,657	\$16,657

CAPITALIZED EXPENSES

99998	Equipment & Capitalized Expenses	\$325,000	\$466,667	\$6,325,761
68775	Lease Asset Amortization of Expense	\$202,871	\$202,871	\$202,871
	TOT. OPER. EXP. AND EQUIP.	\$2,242,947	\$2,208,010	\$8,061,104

TOTAL BUDGET

\$4,612,456	\$4,592,324	\$10,458,813
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**OPERATIONS DIVISION - 04
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			81.00	81.00	0.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$1,667,247	\$6,612,420	\$6,449,081	\$163,339
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$17,500	\$70,000	\$64,012	\$5,988
53000	Merit Compensation	\$19,035	\$76,140	\$65,100	\$11,040
	Total Salaries and Wages	\$1,703,782	\$6,758,560	\$6,578,193	\$180,367
56001	Salary Savings	(\$183,397)	(\$727,366)	(\$902,871)	\$175,505
	Net Salaries and Wages	\$1,520,385	\$6,031,194	\$5,675,322	\$355,872
55XXX	Staff Benefits	\$890,310	\$3,531,032	\$3,272,264	\$258,768
	TOTAL PERSONAL SERVICES	\$2,410,695	\$9,562,227	\$8,947,586	\$614,640
OPERATING EXPENSES					
67000	General Expense	\$79,454	\$317,816	\$197,042	\$120,774
67100	Printing	\$6,622	\$26,487	\$13,377	\$13,110
67700	Postage	\$17,764	\$71,057	\$86,689	(\$15,632)
67900	Insurance	\$100,160	\$400,638	\$598,361	(\$197,723)
68100	In-State Travel	\$17,625	\$70,500	\$59,643	\$10,857
68500	Training	\$11,588	\$46,352	\$50,893	(\$4,541)
68750	Asset Rental Expense	\$0	\$0	\$10,000	(\$10,000)
68900	Facility Maintenance & Operations	\$337,964	\$1,351,857	\$1,569,601	(\$217,744)
69300	Utilities	\$318,325	\$909,500	\$781,450	\$128,050
69700	Expendable Equipment	\$113,746	\$454,983	\$778,363	(\$323,380)
69900	Vehicle Maintenance & Operations	\$614,768	\$2,459,072	\$2,395,230	\$63,842
70600	Interest Expense	\$50,718	\$202,871	\$568,177	(\$365,306)
70700	Taxes & Assessments	\$28,983	\$115,932	\$115,931	\$0
70900	Special Items of Expense	\$0	\$3,204	\$3,200	\$4
63200	Prof. Service - External	\$14,157	\$67,627	\$1,316,512	(\$1,248,885)
CAPITALIZED EXPENSES					
99998	Equipment & Capitalized Expenses	\$526,667	\$7,644,094	\$4,664,413	\$2,979,681
68775	Lease Asset Amortization of Expense	\$202,871	\$811,482	\$810,867	\$615
	TOT. OPER. EXP. AND EQUIP.	\$2,441,410	\$14,953,471	\$14,019,748	\$933,723
	TOTAL BUDGET	\$4,852,105	\$24,515,698	\$22,967,335	\$1,548,363

Security & Law Enforcement Division

The Security & Law Enforcement Division (SLED) is dedicated to safeguarding the Lottery's human and fiscal assets while upholding the highest standards of operational integrity, security, honesty, and fairness. SLED is composed of several operational units, including Field Investigations, Theft, Investigative Claims, Emergency Management & Physical Security, Special Investigations & Gaming Security, Draw Management, Retailer Services, and Training, Recruitment & Fleet Services. These units play a critical role in supporting investigative and law enforcement activities by collecting and analyzing information, conducting preliminary investigations, determining the ownership of questionable tickets, ensuring retailer compliance, maintaining a secure physical work environment, and managing draw operations.

SECURITY AND LAW ENFORCEMENT DIVISION - 06		FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026
		Quarter 1	Quarter 2	Quarter 3
PERMANENT POSITIONS				
PERSONAL SERVICES				
50100	Civil Service Permanent	\$2,442,415	\$2,503,280	\$2,518,961
50500	Civil Service Temporary	\$19,773	\$40,140	\$40,140
51000	Overtime Pay	\$37,495	\$37,495	\$37,495
53000	Merit Compensation	\$23,820	\$23,820	\$23,820
	Total Salaries and Wages	\$2,523,503	\$2,604,735	\$2,620,416
56001	Salary Savings	(\$268,666)	(\$275,361)	(\$277,086)
	Net Salaries and Wages	\$2,254,838	\$2,329,374	\$2,343,330
55XXX	Staff Benefits	\$1,227,841	\$1,283,051	\$1,290,750
	TOTAL PERSONAL SERVICES	\$3,482,678	\$3,612,424	\$3,634,080
OPERATING EXPENSES				
67000	General Expense	\$16,429	\$16,429	\$16,429
68100	In-State Travel	\$37,500	\$37,500	\$37,500
68500	Training	\$25,000	\$25,000	\$25,000
69700	Expendable Equipment	\$25,000	\$25,000	\$25,000
63200	Prof. Service - External	\$745,422	\$745,422	\$745,422
63300	Prof. Service - Interdept.	\$41,625	\$41,625	\$41,625
	TOT. OPER. EXP. AND EQUIP.	\$890,975	\$890,975	\$890,975
	TOTAL BUDGET	\$4,373,654	\$4,503,400	\$4,525,056

**SECURITY AND LAW
ENFORCEMENT DIVISION - 06
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			92.00	90.00	2.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$2,530,202	\$9,994,858	\$9,453,292	\$541,566
50500	Civil Service Temporary	\$40,140	\$140,193	\$191,106	(\$50,913)
51000	Overtime Pay	\$37,515	\$150,000	\$515,604	(\$365,604)
53000	Merit Compensation	\$23,820	\$95,280	\$90,060	\$5,220
	Total Salaries and Wages	\$2,631,677	\$10,380,331	\$10,250,062	\$130,269
56001	Salary Savings	(\$278,322)	(\$1,099,434)	(\$1,323,461)	\$224,027
	Net Salaries and Wages	\$2,353,355	\$9,280,897	\$8,926,601	\$354,296
55XXX	Staff Benefits	\$1,296,218	\$5,097,859	\$4,909,355	\$188,505
	TOTAL PERSONAL SERVICES	\$3,649,573	\$14,378,756	\$13,835,956	\$542,800
OPERATING EXPENSES					
67000	General Expense	\$16,429	\$65,714	\$45,272	\$20,442
68100	In-State Travel	\$37,500	\$150,000	\$384,396	(\$234,396)
68500	Training	\$25,001	\$100,000	\$178,068	(\$78,068)
69700	Expendable Equipment	\$25,000	\$100,000	\$159,540	(\$59,540)
63200	Prof. Service - External	\$745,422	\$2,981,689	\$2,943,395	\$38,294
63300	Prof. Service - Interdept.	\$41,625	\$166,500	\$184,670	(\$18,170)
	TOT. OPER. EXP. AND EQUIP.	\$890,976	\$3,563,903	\$3,895,341	(\$331,438)
	TOTAL BUDGET	\$4,540,550	\$17,942,659	\$17,731,296	\$211,362

Information Technology Services Division

As a critical stakeholder and partner to our business customers, the Information Technology Services Division (ITSD) is uniquely positioned to support the Lottery in achieving its business goals. With a team of dedicated and talented IT professionals, ITSD is responsible for the maintenance and operations of the Lottery's mission critical systems and functions. ITSD works collaboratively with our business partners to drive innovation, increase efficiencies, and to find the best technology solutions to meet business needs whether it's engaging players through the release of new features on the mobile app and public website, or working with back-office staff to refine business processes through new automated functions. ITSD plays a vital role in providing the services and technology that enables the Lottery to achieve its mission and goals.

**INFORMATION TECHNOLOGY
SERVICES DIVISION - 07**

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

Quarter 1 Quarter 2 Quarter 3

PERMANENT POSITIONS

PERSONAL SERVICES

50100	Civil Service Permanent	\$4,241,971	\$4,385,031	\$4,406,608
50500	Civil Service Temporary	\$21,651	\$21,651	\$21,651
51000	Overtime Pay	\$2,500	\$2,500	\$2,500
53000	Merit Compensation	\$34,080	\$34,080	\$34,080
	Total Salaries and Wages	\$4,300,202	\$4,443,262	\$4,464,840
56001	Salary Savings	(\$466,617)	(\$482,353)	(\$484,727)
	Net Salaries and Wages	\$3,833,585	\$3,960,909	\$3,980,113
55XXX	Staff Benefits	\$2,278,203	\$2,354,597	\$2,366,120
	TOTAL PERSONAL SERVICES	\$6,111,788	\$6,315,506	\$6,346,232

OPERATING EXPENSES

67000	General Expense	\$1,250	\$1,250	\$1,250
67100	Printing	\$62,700	\$62,700	\$62,700
67500	Telephone	\$567,709	\$567,709	\$567,709
68100	In-State Travel	\$37,500	\$37,500	\$37,500
68500	Training	\$62,500	\$62,500	\$62,500
69700	Expendable Equipment	\$657,687	\$747,687	\$657,687
70600	Interest Expense	\$11,488	\$11,557	\$8,678

63200	Prof. Service - External	\$3,771,002	\$4,096,886	\$3,947,245
63300	Prof. Service - Interdept.	\$226,400	\$226,400	\$226,400

64300	Gaming System Expenses	\$32,992,538	\$32,656,660	\$32,109,489
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CAPITALIZED EXPENSES

99998	Equipment & Capitalized Expenses	\$1,426,000	\$1,688,034	\$1,824,811
68875	SBITA Amortization Expense	\$356,428	\$356,428	\$356,428

TOT. OPER. EXP. AND EQUIP. **\$40,173,202 \$40,515,310 \$39,862,397**

TOTAL BUDGET **\$46,284,990 \$46,830,816 \$46,208,629**

**INFORMATION TECHNOLOGY
SERVICES DIVISION - 07
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			145.00	141.00	4.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$4,432,532	\$17,466,142	\$16,934,044	\$532,099
50500	Civil Service Temporary	\$21,651	\$86,605	\$288,606	(\$202,001)
51000	Overtime Pay	\$2,500	\$10,000	\$10,000	\$0
53000	Merit Compensation	\$34,080	\$136,320	\$327,600	(\$191,280)
	Total Salaries and Wages	\$4,490,763	\$17,699,067	\$17,560,249	\$138,818
56001	Salary Savings	(\$487,579)	(\$1,921,276)	(\$2,370,766)	\$449,490
	Net Salaries and Wages	\$4,003,185	\$15,777,792	\$15,189,483	\$588,309
55XXX	Staff Benefits	\$2,379,963	\$9,378,883	\$8,762,611	\$616,272
	TOTAL PERSONAL SERVICES	\$6,383,148	\$25,156,675	\$23,952,094	\$1,204,581
OPERATING EXPENSES					
67000	General Expense	\$1,250	\$5,000	\$5,000	\$0
67100	Printing	\$62,700	\$250,800	\$363,000	(\$112,200)
67500	Telephone	\$567,709	\$2,270,836	\$2,808,300	(\$537,464)
68100	In-State Travel	\$37,500	\$150,000	\$86,600	\$63,400
68500	Training	\$62,500	\$250,000	\$250,000	\$0
69700	Expendable Equipment	\$657,687	\$2,720,747	\$2,825,500	(\$104,753)
70600	Interest Expense	\$4,822	\$36,544	\$16,994	\$19,550
63200	Prof. Service - External	\$3,650,038	\$15,465,171	\$20,948,127	(\$5,482,956)
63300	Prof. Service - Interdept.	\$226,400	\$905,600	\$1,105,600	(\$200,000)
64300	Gaming System Expenses	\$32,076,567	\$129,835,253	\$130,875,000	(\$1,039,747)
CAPITALIZED EXPENSES					
99998	Equipment & Capitalized Expenses	\$1,426,000	\$6,364,845	\$1,250,000	\$5,114,845
68875	SBITA Amortization Expense	\$356,428	\$1,425,714	\$1,425,268	\$446
	TOT. OPER. EXP. AND EQUIP.	\$39,129,600	\$159,680,510	\$161,959,389	(\$2,278,879)
	TOTAL BUDGET	\$45,512,748	\$184,837,184	\$185,911,483	(\$1,074,298)

Sales Division Roll-up

The Sales Division roll-up represents separate budget allocations for each program area. The Sales Division is the largest within the Lottery, with staff located throughout nine district offices, two distribution centers and the Lottery's headquarter building. The Sales Division is further divided into four sections that operate under the management of the Deputy Director of Sales. These four sections include the Sales Department, Sales Support and Distribution, Business Development, and District Sales. This division is the frontline to our retailer network and is responsible for retailer recruitment, retailer applications, Scratchers orders, and Scratchers distribution and returns, as well as areas providing field support with data collection and management.

SALES DIVISION 08 - 1900-1925

FY 2026-27 ANNUAL PLAN

DATE:
July 1, 2026

	Sales 1900	Sales Support & Distribution 1905	Business Development 1911
PERMANENT POSITIONS	4.00	147.00	87.00
PERSONAL SERVICES			
50100 Civil Service Permanent	\$504,666	\$8,606,415	\$5,539,740
50500 Civil Service Temporary	\$0	\$0	\$87,847
51000 Overtime Pay	\$0	\$125,000	\$0
53000 Merit Compensation	\$2,013,224	\$103,500	\$50,520
Total Salaries and Wages	\$2,517,890	\$8,834,915	\$5,678,107
56001 Salary Savings	(\$55,513)	(\$946,706)	(\$609,371)
Net Salaries and Wages	\$2,462,377	\$7,888,209	\$5,068,735
55XXX Staff Benefits	\$269,492	\$4,595,825	\$3,010,929
TOTAL PERSONAL SERVICES	\$2,731,868	\$12,484,035	\$8,079,665
OPERATING EXPENSES			
67000 General Expense	\$1,000	\$29,600	\$500
67700 Postage	\$0	\$0	\$0
67800 Internal Freight	\$0	\$241,200	\$0
68100 In-State Travel	\$10,000	\$40,000	\$50,000
68500 Training	\$100,000	\$0	\$0
69700 Expendable Equipment	\$0	\$0	\$0
70900 Special Items of Expense	\$0	\$282,200	\$0
64303 Scratchers Delivery Fees	\$0	\$10,464,300	\$0
60410 Promotions - Retailer	\$130,000	\$0	\$0
CAPITALIZED EXPENSES			
99998 Equipment & Capitalized Expenses	\$0	\$250,000	\$0
TOT. OPER. EXP. AND EQUIP.	\$241,000	\$11,307,300	\$50,500
TOTAL BUDGET	\$2,972,868	\$23,791,335	\$8,130,165

SALES DIVISION 08 - 1900-1925 (CONT.)		FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026	
		District Sales 1925	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS		283.00	521.00	506.00	15.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$19,133,266	\$33,784,087	\$32,693,508	\$1,090,578
50500	Civil Service Temporary	\$0	\$87,847	\$86,613	\$1,234
51000	Overtime Pay	\$10,000	\$135,000	\$110,000	\$25,000
53000	Merit Compensation	\$218,760	\$2,386,004	\$2,345,624	\$40,380
Total Salaries and Wages		\$19,362,026	\$36,392,938	\$35,235,745	\$1,157,192
56001	Salary Savings	(\$2,104,659)	(\$3,716,250)	(\$4,577,091)	\$860,842
Net Salaries and Wages		\$17,257,367	\$32,676,688	\$30,658,654	\$2,018,034
55XXX	Staff Benefits	\$10,217,164	\$18,093,410	\$16,639,788	\$1,453,623
TOTAL PERSONAL SERVICES		\$27,474,531	\$50,770,099	\$47,298,442	\$3,471,656
OPERATING EXPENSES					
67000	General Expense	\$25,200	\$56,300	\$68,200	(\$11,900)
67700	Postage	\$0	\$0	\$15,000	(\$15,000)
67800	Internal Freight	\$0	\$241,200	\$530,000	(\$288,800)
68100	In-State Travel	\$115,000	\$215,000	\$190,000	\$25,000
68500	Training	\$0	\$100,000	\$0	\$100,000
69700	Expendable Equipment	\$0	\$0	\$11,000	(\$11,000)
70900	Special Items of Expense	\$0	\$282,200	\$431,000	(\$148,800)
64303	Scratchers Delivery Fees	\$0	\$10,464,300	\$10,441,150	\$23,150
60410	Promotions - Retailer	\$0	\$130,000	\$190,420	(\$60,420)
CAPITALIZED EXPENSES					
99998	Equipment & Capitalized Expenses	\$0	\$250,000	\$200,000	\$50,000
TOT. OPER. EXP. AND EQUIP.		\$140,200	\$11,739,000	\$12,076,770	(\$337,770)
TOTAL BUDGET		\$27,614,731	\$62,509,099	\$59,375,212	\$3,133,886

Sales Department - 1900

The Sales Department primarily encompasses the Deputy Director's Office and its direct reports, as well as division-wide needs such as funding for the Sales Incentive Bonus program and travel.

SALES DIVISION SALES - 1900		FY 2026-27 ANNUAL PLAN			DATE: July 1, 2026
		Quarter 1	Quarter 2	Quarter 3	
PERMANENT POSITIONS					
PERSONAL SERVICES					
50100	Civil Service Permanent	\$124,723	\$126,648	\$126,648	
50500	Civil Service Temporary	\$0	\$0	\$0	
51000	Overtime Pay	\$0	\$0	\$0	
53000	Merit Compensation	\$503,306	\$503,306	\$503,306	
	Total Salaries and Wages	\$628,029	\$629,954	\$629,954	
56001	Salary Savings	(\$13,719)	(\$13,931)	(\$13,931)	
	Net Salaries and Wages	\$614,309	\$616,022	\$616,022	
55XXX	Staff Benefits	\$66,602	\$67,630	\$67,630	
	TOTAL PERSONAL SERVICES	\$680,911	\$683,652	\$683,652	
OPERATING EXPENSES					
67000	General Expense	\$250	\$250	\$250	
68100	In-State Travel	\$2,500	\$2,500	\$2,500	
68500	Training	\$25,000	\$25,000	\$25,000	
60410	Promotions - Retailer	\$32,500	\$32,500	\$32,500	
	TOT. OPER. EXP. AND EQUIP.	\$60,250	\$60,250	\$60,250	
	TOTAL BUDGET	\$741,161	\$743,902	\$743,902	

SALES DIVISION SALES - 1900 (CONT.)		FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026	
		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			4.00	3.00	1.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$126,648	\$504,666	\$317,280	\$187,386
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0	\$0
53000	Merit Compensation	\$503,306	\$2,013,224	\$2,015,144	(\$1,920)
Total Salaries and Wages		\$629,954	\$2,517,890	\$2,332,424	\$185,466
56001	Salary Savings	(\$13,931)	(\$55,513)	(\$44,419)	(\$11,094)
Net Salaries and Wages		\$616,022	\$2,462,377	\$2,288,005	\$174,372
55XXX	Staff Benefits	\$67,630	\$269,492	\$160,988	\$108,504
TOTAL PERSONAL SERVICES		\$683,652	\$2,731,868	\$2,448,993	\$282,875
OPERATING EXPENSES					
67000	General Expense	\$250	\$1,000	\$1,000	\$0
68100	In-State Travel	\$2,500	\$10,000	\$10,000	\$0
68500	Training	\$25,000	\$100,000	\$0	\$100,000
60410	Promotions - Retailer	\$32,500	\$130,000	\$190,420	(\$60,420)
TOT. OPER. EXP. AND EQUIP.		\$60,250	\$241,000	\$201,420	\$39,580
TOTAL BUDGET		\$743,902	\$2,972,868	\$2,650,413	\$322,455

Sales Support & Distribution - 1905

The Sales Support & Distribution program area oversees a variety of crucial functions for the Lottery including Scratchers inventory and distribution, retailer application processing, and the Lottery's Customer Call Center.

- The **Scratchers Inventory Management Center** primarily determines the appropriate amount of Scratchers tickets and mix of games to order for an assigned group of retail locations by evaluating a variety of information such as sales data, trends, and retailer demographics to produce auto-ship orders.
- The primary function of the two **Distribution Centers** is to receive Scratchers game tickets from ticket manufacturers and process ticket orders for shipment to the Lottery's retail partners. A secondary function is receiving and holding shipments of point-of-sale materials, office supplies and equipment until they are shipped to the Lottery's District Sales Offices, retailers, or to Lottery headquarters.
- The **Retailer Network Management Unit** processes new retailer and change of ownership applications to ensure complete packages are entered into the system for evaluation. Additionally, the program area coordinates retailer terminal/equipment installations and terminations.
- The **Customer Service Center** is tasked with taking thousands of player calls and emails per week, dealing with a variety of topics – some of sensitive in nature that require well thought out and researched responses to try and make sure each customer is dealt with in a thorough, professional manner.

SALES DIVISION
SALES SUPPORT & DISTRIBUTION - 1905

FY 2026-27 ANNUAL PLAN

DATE:
July 1, 2026

Quarter 1

Quarter 2

Quarter 3

PERMANENT POSITIONS

PERSONAL SERVICES

50100	Civil Service Permanent	\$2,111,997	\$2,154,100	\$2,164,588
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$31,250	\$31,250	\$31,250
53000	Merit Compensation	\$25,875	\$25,875	\$25,875
	Total Salaries and Wages	\$2,169,122	\$2,211,225	\$2,221,713
56001	Salary Savings	(\$232,320)	(\$236,951)	(\$238,105)
	Net Salaries and Wages	\$1,936,802	\$1,974,274	\$1,983,608
55XXX	Staff Benefits	\$1,127,806	\$1,150,289	\$1,155,890
	TOTAL PERSONAL SERVICES	\$3,064,608	\$3,124,564	\$3,139,498

OPERATING EXPENSES

67000	General Expense	\$7,400	\$7,400	\$7,400
67800	Internal Freight	\$60,300	\$60,300	\$60,300
68100	In-State Travel	\$9,654	\$8,643	\$10,717
70900	Special Items of Expense	\$54,300	\$38,300	\$153,300
64303	Scratchers Delivery Fees	\$2,616,075	\$2,616,075	\$2,616,075

CAPITALIZED EXPENSES

99998	Equipment & Capitalized Expenses	\$0	\$250,000	\$0
	TOT. OPER. EXP. AND EQUIP.	\$2,747,729	\$2,980,718	\$2,847,792

TOTAL BUDGET

\$5,812,337	\$6,105,282	\$5,987,290
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SALES DIVISION SALES SUPPORT & DISTRIBUTION - 1905 (CONT.)		FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026	
				REVISED BUDGET	
				FY 2025-26	CHANGE
		Quarter 4	TOTAL FY 2026-27		
PERMANENT POSITIONS			147.00	145.00	2.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$2,175,730	\$8,606,415	\$8,319,625	\$286,790
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$31,250	\$125,000	\$100,000	\$25,000
53000	Merit Compensation	\$25,875	\$103,500	\$57,000	\$46,500
	Total Salaries and Wages	\$2,232,855	\$8,834,915	\$8,476,625	\$358,290
56001	Salary Savings	(\$239,330)	(\$946,706)	(\$1,164,748)	\$218,042
	Net Salaries and Wages	\$1,993,525	\$7,888,209	\$7,311,878	\$576,332
55XXX	Staff Benefits	\$1,161,840	\$4,595,825	\$4,221,378	\$374,448
TOTAL PERSONAL SERVICES		\$3,155,365	\$12,484,035	\$11,533,255	\$950,779
OPERATING EXPENSES					
67000	General Expense	\$7,400	\$29,600	\$41,500	(\$11,900)
67700	Postage	\$0	\$0	\$15,000	(\$15,000)
67800	Internal Freight	\$60,300	\$241,200	\$530,000	(\$288,800)
68100	In-State Travel	\$10,986	\$40,000	\$40,000	\$0
70900	Special Items of Expense	\$36,300	\$282,200	\$431,000	(\$148,800)
64303	Scratchers Delivery Fees	\$2,616,075	\$10,464,300	\$10,441,150	\$23,150
CAPITALIZED EXPENSES					
99998	Equipment & Capitalized Expenses	\$0	\$250,000	\$200,000	\$50,000
TOT. OPER. EXP. AND EQUIP.		\$2,731,061	\$11,307,300	\$11,698,650	(\$391,350)
TOTAL BUDGET		\$5,886,426	\$23,791,335	\$23,231,905	\$559,429

Business Development Section - 1911

The Business Development Section is comprised of three areas focusing on large corporate accounts, retail recruitment and retention, and growing the Lottery's retail network.

- The role of the **Key Accounts Unit** is to serve as liaison between Lottery Headquarters and Corporate Chain Headquarters. Approximately 30 percent of total sales are attributed to the Lottery's key account sales.
- The **Retailer Recruitment** team functions as the business development sales arm of the Lottery, focusing on identifying new leads and trade styles, and convincing big box retailers to carry California Lottery products. They also manage e-business opportunities from the Lottery's website. Their daily activities include initiating Lottery sell-ins, assisting with applications, evaluating store quality, negotiating equipment placement, and placing initial marketing materials. The team collaborates closely with districts and has introduced a seamless hand-off program to ensure a smooth transition from retailer activation to field management by the District Sales Representative.
- The **Route Sales Unit** staff travel daily to retail locations within their assigned territories to conduct field service visits with Lottery route-model retailers. These retailers only sell Lottery tickets through vending machines managed by Route Sales employees and have a different compensation structure as compared to traditional Lottery retailers. The primary responsibilities of Route Sales staff include stocking Scratchers inventory in Self-Service Terminals, managing the cash, and offering assistance and guidance to enhance the sales and marketing of Lottery products. Through their efforts, they help optimize product visibility and retailer engagement, contributing to overall sales growth.

SALES DIVISION		FY 2026-27 ANNUAL PLAN		DATE:
BUSINESS DEVELOPMENT - 1911				July 1, 2026
		Quarter 1	Quarter 2	Quarter 3

PERMANENT POSITIONS

PERSONAL SERVICES				
50100	Civil Service Permanent	\$1,251,818	\$1,422,434	\$1,428,555
50500	Civil Service Temporary	\$21,962	\$21,962	\$21,962
51000	Overtime Pay	\$0	\$0	\$0
53000	Merit Compensation	\$12,630	\$12,630	\$12,630
	Total Salaries and Wages	\$1,286,409	\$1,457,025	\$1,463,147
56001	Salary Savings	(\$137,700)	(\$156,468)	(\$157,141)
	Net Salaries and Wages	\$1,148,709	\$1,300,558	\$1,306,006
55XXX	Staff Benefits	\$681,648	\$772,757	\$776,025
	TOTAL PERSONAL SERVICES	\$1,830,357	\$2,073,314	\$2,082,031
OPERATING EXPENSES				
67000	General Expense	\$125	\$125	\$125
68100	In-State Travel	\$12,500	\$12,500	\$12,500
	TOT. OPER. EXP. AND EQUIP.	\$12,625	\$12,625	\$12,625
	TOTAL BUDGET	\$1,842,982	\$2,085,939	\$2,094,656

SALES DIVISION		FY 2026-27 ANNUAL PLAN		DATE:	
BUSINESS DEVELOPMENT - 1911				July 1, 2026	
(CONT.)					
		TOTAL	REVISED		
		Quarter 4	FY 2026-27	FY 2025-26	CHANGE
PERMANENT POSITIONS		87.00	75.00	12.00	
PERSONAL SERVICES					
50100	Civil Service Permanent	\$1,436,933	\$5,539,740	\$4,977,459	\$562,281
50500	Civil Service Temporary	\$21,962	\$87,847	\$86,613	\$1,234
51000	Overtime Pay	\$0	\$0	\$0	\$0
53000	Merit Compensation	\$12,630	\$50,520	\$23,160	\$27,360
	Total Salaries and Wages	\$1,471,525	\$5,678,107	\$5,087,232	\$590,875
56001	Salary Savings	(\$158,063)	(\$609,371)	(\$696,844)	\$87,473
	Net Salaries and Wages	\$1,313,463	\$5,068,735	\$4,390,388	\$678,348
55XXX	Staff Benefits	\$780,500	\$3,010,929	\$2,576,664	\$434,265
	TOTAL PERSONAL SERVICES	\$2,093,962	\$8,079,665	\$6,967,052	\$1,112,613
OPERATING EXPENSES					
67000	General Expense	\$125	\$500	\$700	(\$200)
68100	In-State Travel	\$12,500	\$50,000	\$50,000	\$0
	TOT. OPER. EXP. AND EQUIP.	\$12,625	\$50,500	\$50,700	(\$200)
	TOTAL BUDGET	\$2,106,587	\$8,130,165	\$7,017,752	\$1,112,413

District Sales Section - 1925

Sales staff maintain and provide customer service to the more than 23,000 existing Lottery retailer accounts and keep retailers supplied with a full spectrum of marketing merchandise, educate retailers on new games and upcoming promotional events, and solicit new retailer accounts.

Sales field staff serve as the liaison in field contacts between the Lottery and independent authorized Lottery Retailer accounts within an assigned geographic area (determined by postal zip codes). The District Sales Representatives drive to retail locations and conducts field service visits to Lottery Retailers within their assigned territory each day to ensure direct contact is maintained with retailers and to provide assistance and guidance to maximize sales/marketing of Lottery products by maintaining clean and updated Lottery-branded point-of-sale materials and signage.

SALES DIVISION DISTRICT SALES - 1925		FY 2026-27 ANNUAL PLAN			DATE: July 1, 2026
		Quarter 1	Quarter 2	Quarter 3	
PERMANENT POSITIONS					
PERSONAL SERVICES					
50100	Civil Service Permanent	\$4,750,545	\$4,767,818	\$4,798,157	
50500	Civil Service Temporary	\$0	\$0	\$0	
51000	Overtime Pay	\$2,500	\$2,500	\$2,500	
53000	Merit Compensation	\$54,690	\$54,690	\$54,690	
	Total Salaries and Wages	\$4,807,735	\$4,825,008	\$4,855,347	
56001	Salary Savings	(\$522,560)	(\$524,460)	(\$527,797)	
	Net Salaries and Wages	\$4,285,175	\$4,300,548	\$4,327,549	
55XXX	Staff Benefits	\$2,536,791	\$2,546,015	\$2,562,216	
	TOTAL PERSONAL SERVICES	\$6,821,966	\$6,846,562	\$6,889,765	
OPERATING EXPENSES					
67000	General Expense	\$6,300	\$6,300	\$6,300	
68100	In-State Travel	\$28,750	\$28,750	\$28,750	
69700	Expendable Equipment	\$0	\$0	\$0	
	TOT. OPER. EXP. AND EQUIP.	\$35,050	\$35,050	\$35,050	
	TOTAL BUDGET	\$6,857,016	\$6,881,612	\$6,924,815	

**SALES DIVISION
DISTRICT SALES - 1925
(CONT.)**

FY 2026-27 ANNUAL PLAN

**DATE:
July 1, 2026**

		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			283.00	283.00	0.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$4,816,747	\$19,133,266	\$19,079,144	\$54,122
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$2,500	\$10,000	\$10,000	\$0
53000	Merit Compensation	\$54,690	\$218,760	\$250,320	(\$31,560)
	Total Salaries and Wages	\$4,873,937	\$19,362,026	\$19,339,464	\$22,562
56001	Salary Savings	(\$529,842)	(\$2,104,659)	(\$2,671,080)	\$566,421
	Net Salaries and Wages	\$4,344,095	\$17,257,367	\$16,668,384	\$588,983
55XXX	Staff Benefits	\$2,572,143	\$10,217,164	\$9,680,758	\$536,406
	TOTAL PERSONAL SERVICES	\$6,916,237	\$27,474,531	\$26,349,142	\$1,125,389
OPERATING EXPENSES					
67000	General Expense	\$6,300	\$25,200	\$25,000	\$200
68100	In-State Travel	\$28,750	\$115,000	\$90,000	\$25,000
69700	Expendable Equipment	\$0	\$0	\$11,000	(\$11,000)
	TOT. OPER. EXP. AND EQUIP.	\$35,050	\$140,200	\$126,000	\$14,200
	TOTAL BUDGET	\$6,951,287	\$27,614,731	\$26,475,142	\$1,139,589

Marketing Division

The Lottery's Marketing Division and its programs are vital to the success of the Lottery's efforts to fulfill its mission. The Lottery's marketing programs drive product awareness, create brand preference and, ultimately, drive Lottery sales. To work toward the goals identified in the current year's Business Plan, as well as the Lottery's long term Strategic Plan, Marketing will play a key role in executing strategies and campaigns that help raise jackpot game purchase motivation, shift consumer purchase behavior, inject more fun and entertainment into the brand, and continue to grow purchase frequency and new playership.

MARKETING DIVISION - 09**FY 2026-27 ANNUAL PLAN****DATE:**
July 1, 2026**Quarter 1****Quarter 2****Quarter 3****PERMANENT POSITIONS****PERSONAL SERVICES**

50100	Civil Service Permanent	\$1,465,498	\$1,475,503	\$1,483,367
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$4,000	\$4,000	\$4,000
53000	Merit Compensation	\$16,110	\$16,110	\$16,110
	Total Salaries and Wages	\$1,485,608	\$1,495,613	\$1,503,477
56001	Salary Savings	(\$161,205)	(\$162,305)	(\$163,170)
	Net Salaries and Wages	\$1,324,404	\$1,333,308	\$1,340,307
55XXX	Staff Benefits	\$782,576	\$787,919	\$792,118
	TOTAL PERSONAL SERVICES	\$2,106,980	\$2,121,227	\$2,132,425

OPERATING EXPENSES

67000	General Expense	\$31,938	\$21,988	\$1,788
68100	In-State Travel	\$13,250	\$13,250	\$13,250
68500	Training	\$6,250	\$6,250	\$6,250
69700	Expendable Equipment	\$1,250	\$1,250	\$1,250
71200	Event Sponsorship	\$108,000	\$94,000	\$72,270
60000	Media	\$9,022,500	\$14,672,500	\$22,672,500
60100	Production	\$5,910,000	\$6,215,000	\$6,361,000
60200	Digital	\$817,500	\$1,047,500	\$1,233,500
60400	Promotions - Consumer	\$1,310,020	\$1,792,020	\$1,410,520
60410	Promotions - Retailer	\$0	\$55,000	\$10,000
60475	Point of Sale - Collateral	\$325,000	\$870,000	\$325,000
60500	Point of Sale - Permanent	\$665,000	\$2,975,000	\$640,000
	TOT. OPER. EXP. AND EQUIP.	\$18,210,708	\$27,763,758	\$32,747,328

TOTAL BUDGET**\$20,317,687 \$29,884,984 \$34,879,752**

MARKETING DIVISION - 09 (CONT.)			FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026	
			Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS				62.00	54.00	8.00
PERSONAL SERVICES						
50100	Civil Service Permanent	\$1,487,463		\$5,911,832	\$5,076,602	\$835,231
50500	Civil Service Temporary	\$0		\$0	\$24,581	(\$24,581)
51000	Overtime Pay	\$4,000		\$16,000	\$15,000	\$1,000
53000	Merit Compensation	\$16,110		\$64,440	\$40,440	\$24,000
	Total Salaries and Wages	\$1,507,573		\$5,992,272	\$5,156,623	\$835,650
56001	Salary Savings	(\$163,621)		(\$650,302)	(\$710,725)	\$60,423
	Net Salaries and Wages	\$1,343,952		\$5,341,971	\$4,445,898	\$896,073
55XXX	Staff Benefits	\$794,305		\$3,156,918	\$2,590,370	\$566,548
TOTAL PERSONAL SERVICES			\$2,138,258	\$8,498,889	\$7,036,268	\$1,462,621
OPERATING EXPENSES						
67000	General Expense	\$1,788		\$57,500	\$48,500	\$9,000
68100	In-State Travel	\$13,250		\$53,000	\$40,000	\$13,000
68500	Training	\$6,250		\$25,000	\$0	\$25,000
69700	Expendable Equipment	\$1,250		\$5,000	\$5,000	\$0
71200	Event Sponsorship	\$190,550		\$464,820	\$464,820	\$0
60000	Media	\$1,010,000		\$47,377,500	\$68,444,455	(\$21,066,955)
60100	Production	\$4,211,000		\$22,697,000	\$24,214,215	(\$1,517,215)
60200	Digital	\$1,001,500		\$4,100,000	\$6,400,000	(\$2,300,000)
60400	Promotions - Consumer	\$1,472,020		\$5,984,580	\$9,219,500	(\$3,234,920)
60410	Promotions - Retailer	\$25,000		\$90,000	\$150,000	(\$60,000)
60475	Point of Sale - Collateral	\$345,000		\$1,865,000	\$3,005,000	(\$1,140,000)
60500	Point of Sale - Permanent	\$195,000		\$4,475,000	\$5,405,000	(\$930,000)
TOT. OPER. EXP. AND EQUIP.			\$8,472,608	\$87,194,400	\$117,396,490	(\$30,202,090)
TOTAL BUDGET			\$10,610,865	\$95,693,289	\$124,432,757	(\$28,739,468)

Game Activity/Miscellaneous - 0000

The Department 0000 budget schedule includes funding for all non-divisional costs, reimbursements and miscellaneous expenses not otherwise allocated to the Lottery's eight divisions. Budgeted non-divisional expenses classified as gaming activity costs contained in the Department 0000 budget account include retailer compensation as well as costs associated with reimbursements, capitalized items and miscellaneous expenses allocated to the Lottery enterprise.

GAME ACTIVITY/MISCELLANEOUS - 0000	FY 2026-27 ANNUAL PLAN			DATE: July 1, 2026
	Quarter 1	Quarter 2	Quarter 3	

PERMANENT POSITIONS**PERSONAL SERVICES**

50100	Civil Service Permanent	\$2,000,000	\$2,000,000	\$2,000,000
50500	Civil Service Temporary	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0
53000	Merit Compensation	\$0	\$0	\$0
	Total Salaries and Wages	\$2,000,000	\$2,000,000	\$2,000,000
56001	Salary Savings	\$0	\$0	\$0
	Net Salaries and Wages	\$2,000,000	\$2,000,000	\$2,000,000
55XXX	Staff Benefits	\$0	\$0	\$0
	TOTAL PERSONAL SERVICES	\$2,000,000	\$2,000,000	\$2,000,000

OPERATING EXPENSES

67000	General Expense	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
68500	Training	(\$50,000)	(\$50,000)	(\$50,000)
69500	Pro Rata Expense	\$4,939,850	\$4,939,850	\$4,939,850
70700	Taxes & Assessments	\$1,250	\$1,250	\$1,250
70800	Bad Debt Expenses	\$226,474	\$228,380	\$239,078
70900	Special Items of Expense	\$10,899	\$10,899	\$10,899
71400	Reimbursements - Online NSF	(\$15,000)	(\$15,000)	(\$15,000)
71400	Reimbursements - Prize Assignment	(\$4,500)	(\$4,500)	(\$4,500)
71400	Reimbursements - External Rent	(\$44,751)	(\$44,751)	(\$44,751)
71400	Reimbursements - Charging Stations	(\$12,000)	(\$12,000)	(\$12,000)
60400	Promotions - Consumer	(\$360,000)	(\$360,000)	(\$360,000)
63200	Prof. Service - External	(\$50,000)	(\$50,000)	(\$50,000)
71400	Reimbursements - Fingerprint	(\$15,000)	(\$15,000)	(\$15,000)

**GAME ACTIVITY/MISCELLANEOUS - 0000
(CONT.)**

FY 2026-27 ANNUAL PLAN **DATE:**
July 1, 2026

		Quarter 1	Quarter 2	Quarter 3
64200	Retailer Commission	\$130,855,048	\$131,960,417	\$138,165,461
64202	Retailer Special Handling	\$8,499,147	\$8,570,669	\$8,972,157
64204	Retailer Incentive Bonus	\$1,000,000	\$1,000,000	\$1,000,000
64206	Retailer Cashing Bonus	\$13,851,423	\$13,967,984	\$14,622,308
64301	Scratchers Ticket Cost	\$17,849,001	\$12,329,001	\$12,329,001
64302	Scratchers Licensing Fees	\$1,575,000	\$1,575,000	\$1,575,000
64304	Scratchers Destruction Fees	\$100,000	\$100,000	\$100,000
71400	Reimbursements - Online Monitors	(\$118,794)	(\$118,794)	(\$118,794)
71400	Reimbursements - Online Install	(\$184,313)	(\$184,313)	(\$184,313)
71400	Reimbursements - Online Charges	(\$5,389,020)	(\$5,389,020)	(\$5,389,020)
CAPITALIZED EXPENSES				
65110	Dep Exp - Gaming Equipment	\$60,420	\$60,420	\$621,189
65120	Dep Exp - Software	\$866,263	\$786,130	\$687,636
65130	Dep Exp - Audio/Video Equipment	\$52,501	\$52,501	\$52,501
65140	Dep Exp - Vending Machines	\$384,499	\$384,499	\$384,499
65150	Dep Exp - Leasehold Improvements	\$0	\$0	\$0
65160	Dep Exp - Buildings	\$1,117,084	\$1,117,084	\$1,117,084
65170	Dep Exp - Non Building Improvements	\$13,373	\$13,373	\$13,373
65180	Dep Exp - Data Processing Equipment	\$88,564	\$88,564	\$88,564
65190	Dep Exp - Office Equipment	\$26,972	\$26,972	\$86,972
65200	Dep Exp - Vehicles	\$178,802	\$170,266	\$457,394
65210	Dep Exp - Other Equipment	\$59,067	\$59,067	\$59,067
65220	Dep Exp - Warehouse Equipment	\$9,002	\$9,002	\$9,002
65230	Dep Exp - Mobile Equipment	\$195,999	\$195,999	\$195,999
68775	Lease Asset Amortization of Expense	\$0	\$0	\$0
68875	SBITA Amortization Expense	\$0	\$0	\$0
TOT. OPER. EXP. AND EQUIP.		\$174,717,261	\$170,403,950	\$178,484,906
TOTAL BUDGET		\$176,717,261	\$172,403,950	\$180,484,906

GAME ACTIVITY/MISCELLANEOUS - 0000 (CONT.)		FY 2026-27 ANNUAL PLAN		DATE: July 1, 2026	
		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
PERMANENT POSITIONS			0.00	0.00	0.00
PERSONAL SERVICES					
50100	Civil Service Permanent	\$2,000,000	\$8,000,000	\$5,524,770	\$2,475,230
50500	Civil Service Temporary	\$0	\$0	\$0	\$0
51000	Overtime Pay	\$0	\$0	\$0	\$0
53000	Merit Compensation	\$0	\$0	\$0	\$0
	Total Salaries and Wages	\$2,000,000	\$8,000,000	\$5,524,770	\$2,475,230
56001	Salary Savings	\$0	\$0	\$0	\$0
	Net Salaries and Wages	\$2,000,000	\$8,000,000	\$5,524,770	\$2,475,230
55XXX	Staff Benefits	\$0	\$0	\$0	\$0
	TOTAL PERSONAL SERVICES	\$2,000,000	\$8,000,000	\$5,524,770	\$2,475,230
OPERATING EXPENSES					
67000	General Expense	(\$1,000,000)	(\$4,000,000)	(\$2,000,000)	(\$2,000,000)
68500	Training	(\$50,000)	(\$200,000)	(\$200,000)	\$0
69500	Pro Rata Expense	\$4,939,850	\$19,759,401	\$13,820,091	\$5,939,310
70700	Taxes & Assessments	\$1,250	\$5,000	\$5,000	\$0
70800	Bad Debt Expenses	\$242,067	\$936,000	\$1,200,000	(\$264,000)
70900	Special Items of Expense	\$10,899	\$43,594	\$42,739	\$856
71400	Reimbursements - Online NSF	(\$15,000)	(\$60,000)	(\$60,000)	\$0
71400	Reimbursements - Prize Assignment	(\$4,500)	(\$18,000)	(\$18,000)	\$0
71400	Reimbursements - External Rent	(\$44,751)	(\$179,003)	(\$96,732)	(\$82,271)
71400	Reimbursements - Charging Stations	(\$12,000)	(\$48,000)	(\$17,000)	(\$31,000)
60400	Promotions - Consumer	(\$360,000)	(\$1,440,000)	(\$720,000)	(\$720,000)
63200	Prof. Service - External	(\$50,000)	(\$200,000)	(\$2,099,569)	\$1,899,569
71400	Reimbursements - Fingerprint	(\$15,000)	(\$60,000)	(\$72,000)	\$12,000

DATE:
July 1, 2026

GAME ACTIVITY/MISCELLANEOUS - 0000 (CONT.)		FY 2026-27 ANNUAL PLAN			
		Quarter 4	TOTAL FY 2026-27	REVISED BUDGET FY 2025-26	CHANGE
64200	Retailer Commission	\$139,899,074	\$540,880,000	\$551,900,000	(\$11,020,000)
64202	Retailer Special Handling	\$9,084,328	\$35,126,302	\$33,081,448	\$2,044,853
64204	Retailer Incentive Bonus	\$1,000,000	\$4,000,000	\$6,000,000	(\$2,000,000)
64206	Retailer Cashing Bonus	\$14,805,117	\$57,246,832	\$58,408,893	(\$1,162,062)
64301	Scratchers Ticket Cost	\$12,329,001	\$54,836,002	\$42,780,888	\$12,055,115
64302	Scratchers Licensing Fees	\$1,575,000	\$6,300,000	\$8,200,000	(\$1,900,000)
64304	Scratchers Destruction Fees	\$100,000	\$400,000	\$750,000	(\$350,000)
71400	Reimbursements - Online Monitors	(\$118,794)	(\$475,176)	(\$497,484)	\$22,308
71400	Reimbursements - Online Install	(\$184,313)	(\$737,250)	(\$622,125)	(\$115,125)
71400	Reimbursements - Online Charges	(\$5,389,020)	(\$21,556,080)	(\$21,597,264)	\$41,184
CAPITALIZED EXPENSES					
65110	Dep Exp - Gaming Equipment	\$590,514	\$1,332,542	\$1,127,885	\$204,657
65120	Dep Exp - Software	\$687,636	\$3,027,667	\$1,752,897	\$1,274,770
65130	Dep Exp - Audio/Video Equipment	\$52,501	\$210,004	\$23,089	\$186,915
65140	Dep Exp - Vending Machines	\$291,500	\$1,444,997	\$2,471,614	(\$1,026,617)
65160	Dep Exp - Buildings	\$1,117,084	\$4,468,335	\$4,381,727	\$86,609
65170	Dep Exp - Non Building Improvements	\$13,373	\$53,492	\$53,491	\$1
65180	Dep Exp - Data Processing Equipment	\$88,251	\$353,945	\$659,683	(\$305,738)
65190	Dep Exp - Office Equipment	\$86,973	\$227,889	\$99,331	\$128,558
65200	Dep Exp - Vehicles	\$452,699	\$1,259,160	\$782,431	\$476,729
65210	Dep Exp - Other Equipment	\$59,064	\$236,265	\$177,080	\$59,185
65220	Dep Exp - Warehouse Equipment	\$9,001	\$36,007	\$67,600	(\$31,593)
65230	Dep Exp - Mobile Equipment	\$195,999	\$783,996	\$0	\$783,996
TOT. OPER. EXP. AND EQUIP.		\$180,387,804	\$703,993,921	\$699,785,714	\$4,208,207
TOTAL BUDGET		\$182,387,804	\$711,993,921	\$705,310,484	\$6,683,437

Capitalized Items Listing

CALIFORNIA STATE LOTTERY FISCAL YEAR 2026-27 ANNUAL BUDGET CAPITALIZED ITEMS LISTING

<u>Div</u>	<u>Unit</u>	<u>BPP Number</u>	<u>Description</u>	<u>Equipment Type</u>	<u>FY 2026-27 Total</u>
04 OPERATIONS DIVISION					
	—		Vehicle Procurement	VEHICLES	\$ 5,799,094
	—		Electric Vehicle Fast Charging Station Replacement	NON BUILDING IMPROVEMENTS	\$ 425,000
	100008		NDC Remodel	BUILDINGS	\$ 1,300,000
			Modular Furniture and Related Services	OFFICE EQUIPMENT	\$ 120,000
Subtotal, Operations Division					\$ 7,644,094
07 INFORMATION TECHNOLOGY SERVICES DIVISION					
	—		Digital Agency PWS Design, Development and Implementation	SOFTWARE	\$ 5,704,000
	—		HPE ProLiant DL380 Gen11 - Servers	DATA PROCESSING EQUIPMENT	\$ 398,811
	—		Pure Storage Array	DATA PROCESSING EQUIPMENT	\$ 262,034
Subtotal, Information Technology Services Division					\$ 6,364,845
08 SALES DIVISION					
	1905	—	Replacement of Older Forklift Equipment at the NDC & SDC	WAREHOUSE EQUIPMENT	\$ 250,000
Subtotal, Sales Division					\$ 250,000
TOTAL CAPITALIZED ITEMS EXPENSES					\$ 14,258,939

The capitalized items listed above are described in more detail in the Capital Program section of this document (see [page 51](#)).

Consulting & Professional Services Listing

CALIFORNIA LOTTERY FISCAL YEAR 2026-27 ANNUAL BUDGET CONSULTING & PROFESSIONAL SERVICES LISTING

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
EXECUTIVE DIVISION - 01					
1110 Directorate					
<u>External Contracts:</u>					
			Anvaya Solutions	External Independent Security Audit	\$240,000
	PO 102268		Language Link	(EEO) Telephone and Written Translations	\$5,000
			NQA	(ERM) External ISO 27001 Internet Security Audit	\$10,000
			Smart Secure Solutions	KnowBe4 Security Training and Awareness	\$28,800
Subtotal, External Contracts, Directorate					\$ 283,800
<u>Interagency Agreements:</u>					
			CalHR	(EEO) Discrimination Complaint Tracking System (DCTS)	\$ 3,000
Subtotal, Interagency Contracts, Directorate					\$ 3,000
1120 Legal Services					
<u>External Contracts:</u>					
			Westlaw	Online Legal Library Service	\$ 25,200
			Netfile	E-filing Service for Legal Documents	\$ 18,000
			Shaw Law, BakerBotts	Employment Law Legal Group and Global Law Firm	\$ 25,000
Subtotal, External Contracts, Legal Services					\$ 68,200
<u>Interagency Agreements:</u>					
			Department of Justice	Miscellaneous Legal Services	\$ 350,000

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
Subtotal, Interagency Agreements, Legal Services					\$ 350,000
<u>Contracted Attorney Fees:</u>					
			Diepenbrock Elkin Dauer McCandless LLP	Law Firm	\$ 31,667
Subtotal, Contracted Attorney Fees, Legal Services					\$ 31,667
1130 Internal Audits					
<u>External Contracts:</u>					
	102296		Gaming Labs Int. LLC	Mandated Audit of Securities WLA Recertification	\$ 14,916
Subtotal, External Contracts, Internal Audits					\$ 14,916
<u>Interagency Agreements:</u>					
			Department of Rehabilitation	RAP Compliance Program for Retailers	\$ 403,884
			State Controller's Office	Multiple Audits	\$ 3,240,000
Subtotal, Interagency Agreement, Internal Audits					\$ 3,643,884
1140 Legislation & External Affairs					
<u>Interagency Agreements:</u>					
			California Department of Public Health	Office of Problem Gambling - Helpline Maintenance	\$ 180,000
				Problem Gambling Awareness Month and Gift Responsibly	\$ 235,000
Subtotal, Interagency Contracts, Legislation & External Affairs					\$ 415,000
1150 Business Planning & Research					
<u>External Contracts:</u>					
			Alcone	Retailer Satisfaction Survey	\$ 63,000
	102791		Alter Agents	Tracking Study	\$ 446,400

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	101610, 101614, 101611, 101613		Dialogue/Element 54/ Culturati/Element 54	Advertising Pre-Testing Research	\$ 60,000
	101038		Ipsos	Advertising Tracking Services	\$ 162,180
	102728		Luth	Panel Sample	\$ 47,400
			N/A	Shopper/Retail Studies	\$ 85,000
			N/A	Consumer Insights	\$ 160,000
		102714	N/A	Customer Experience	\$ 80,000
		102401	N/A	In-Lane Sales BPP Research	\$ 50,000
			N/A	Multicultural Research	\$ 90,000
			N/A	Scratchers Concept Research	\$ 130,000
			N/A	Draw Game Research	\$ 75,000
			N/A	Scratchers Insights Research	\$ 100,000
	102771		Russel Research	Russel Research - Omnibus Surveys	\$ 10,000
Subtotal, External Contracts, Business Planning & Research					\$ 1,558,980
1180 Public Affairs & Communications					
<u>External Contracts:</u>					
	102537		Meltwater	Web-based Software for Earned Media	\$ 18,396
		102315	Consensus, Inc	David & Goliath/ Pending RFP Mission to Education Advertising	\$ 5,981,546
Subtotal, External Contracts, Public Affairs & Communications					\$ 5,999,942
Total, External Contracts, Executive Division					\$ 7,925,838
Total, Interagency Agreements, Executive Division					\$ 4,411,884

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
Total, Attorney Fees, Executive Division					\$ 31,667
FINANCE DIVISION- 02					
<u>External Contracts:</u>					
	101803		US Bank	Banking Contract - Retailer Financial Services	\$ 30,000
	102589		Bank of America	Banking Services - Accounting Operations	\$ 6,576
			Verliance, Inc	Financial Oversight & Fiscal Systems	\$ 69,600
			Weaver Financial Audit	Financial Accounting & Reporting	\$ 235,000
Subtotal, External Contracts, Finance Division					\$ 341,176
<u>Interagency Agreements:</u>					
			State Controller's Office	FTB Offset Program - Financial Reporting and Systems Management	\$ 400
	101577		State Controller's Office	Expedited Claim Schedule Services- AO	\$ 31,200
			State Treasurer's Office	Financial Reporting and Systems Management	\$ 24,000
Subtotal, Interagency Agreements, Finance Division					\$ 55,600
HUMAN RESOURCES DIVISION - 03					
<u>External Contracts:</u>					
			CalHR	Employee Assistance Program	\$ 3,939
			CPS HR Consulting	Employee Engagement Services	\$ 21,528
			CPS HR Consulting	Department-wide Training Services	\$ 12,600
			Crucial Learning	Crucial Conversations Leadership Development	\$ 85,000

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
		N/A		No vendor at this time - Pulse Surveys	\$ 20,000
			Prosci, Inc.	Change Management Training Program	\$ 11,592
Subtotal, External Contracts, Human Resources Division					\$ 154,659
<u>Interagency Agreements:</u>					
		CalHR		Labor Relations	\$ 42,000
		CalHR		HR Net Subscription	\$ 2,100
		CalHR		Legal Services	\$ 7,344
		CalHR		Controlled Substance Abuse Testing - CSAT	\$ 5,256
		CalHR		Physical Exams	\$ 21,000
		CalHR		Psychological Screening	\$ 30,456
		CalHR		Selection Services (Exam Services)	\$ 42,000
		CalHR		Statewide Training Services (CalHR courses for all divisions)	\$ 99,756
		Department of Industrial Relations		Assessment for Self- Insurance Plans	\$ 157,500
		Employment Development Department		Unemployment Insurance	\$ 26,244
		Los Angeles Unified School District		Bilingual Testing	\$ 1,572
		State Controller's Office		Annual Reports and Leave Balance (MIRS and CLAS) Access	\$ 3,675
		State Controller's Office		Quarterly Data Requests	\$ 1,572
		State Controller's Office		Retroactive Services	\$ 18,900
		State Controller's Office		W2 Direct Mailing	\$ 1,575

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
			State Controller's Office	CSPS DART Funding Allocation Plan	\$ 112,000
			State Controller's Office	CSPS DART Funding Allocation Plan Reimbursement	\$ (112,000)
			State Personnel Board	Evidentiary Appeals	\$ 10,500
			State Personnel Board	Merit Appeals	\$ 10,500
			University Enterprises, Inc.	Student Assistants	\$ 157,500
			Subtotal, Interagency Agreements, Human Resources Division		\$ 639,450

OPERATIONS DIVISION - 04

External Contracts:

		N/A	600 Lot Solar Field Study (currently no contract)	\$ 5,000
		Energy Star	Energy Star Certifications	\$ 6,000
		LEED	HQ Eco Efficiency Rating	\$ 24,996
		LEED	SDC Eco Efficiency Rating	\$ 24,996
		Pitney Bowes	Mailing Tracking System	\$ 4,727
		Quadient	Annual Machine Maintenance Fee for Printers	\$ 1,908
			Subtotal, External Contracts, Operations Division	\$ 67,627

SECURITY/LAW ENFORCEMENT DIVISION - 06

External Contracts:

101234	CitiGuard	Security Guard Services	\$ 2,500,000
102839	GHA Technologies Inc.	POST Alerts	\$ 17,689
10079	NJNM CONSULTING	Hot Spot Statistician Certification	\$ 1,000

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	100097		Preston CPA	Draw Compliance Offices	\$ 400,000
	101938		SmartPlay Intl	3 SLP Criterion Machines	\$ 30,000
	101939		SmartPlay Intl	4 Origin Machines	\$ 8,000
	100668		SmartPlay Intl	Maintenance (3 Origin Machines) Draw Ball Retrieval Machines	\$ 25,000
Subtotal, External Contracts, Security/Law Enforcement Division					\$ 2,981,689
<u>Interagency Agreements:</u>					
	101671		CHP	Critical Incident	\$ 0
	50121		CHP	Radio Dispatch Services Agreement	\$ 1,000
	50230		City of Fairfield	Fairfield Police Dept - Shooting Ranges	\$ 5,000
	100270		County of San Bernardino	San Bernardino County Sheriff's Dept - Shooting Ranges	\$ 5,000
	102227		DOJ	CLETS Access	\$ 28,500
	102105		DOJ	Fingerprint Services	\$ 122,000
	TBD		TBD	Potential Indoor Firearms/D-tac Training Facility in Southern CA - Shooting Ranges	\$ 5,000
Subtotal, Interagency Agreements, Security/ Law Enforcement Division					\$ 166,500

INFORMATION TECHNOLOGY SERVICES DIVISION - 07

<u>External Contracts:</u>					
	TBD		TBD	Chargepoint	\$ 41,990
	TBD		TBD	Credit Reporting Services	\$ 16,500
	TBD		TBD	GeoTabs	\$ 122,010
	TBD		3SI Security Systems Inc.	Cash Tracker	\$ 6,732

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	102269		AbleGov	Advance Maintenance Management System (AMMS)	\$ 12,934
	102766		AbleGov	Attachmate - Attachmate Software Maintenance (Attachmate aka Micro Focus Reflection Desktop)	\$ 8,047
	102163		AbleGov	Burp Suite - Burp Suite Professional	\$ 4,840
	102782		AbleGov	Canva Enterprise Software	\$ 16,406
	102890		AbleGov	Capture Tech On-Site Service Contract	\$ 1,383
	102861		AbleGov	Fleetio	\$ 62,034
	102840		AbleGov	Grammarly Enterprise	\$ 10,710
	103002		AbleGov	JAMF for Intune	\$ 16,527
	102275		AbleGov	LexiPol	\$ 16,811
	102913		AbleGov	Translation Services	\$ 106,750
	102951		AbleGov	Liquid Files	\$ 1,833
	102555		AbleGov	Maxon Cinema 4D S22 Subscription	\$ 2,685
	102610		AbleGov	Morpho Manager Subscription	\$ 1,248
	102890		AbleGov	Right Click Tools	\$ 12,768
	102781		AbleGov	Sharegate Licenses	\$ 6,491
	102899		AbleGov	Shavlik-Ivanti	\$ 8,485
	102001		AbleGov	SiteCore	\$ 0
	100893		AbleGov	Snagit 2019	\$ 688
	102291		AbleGov	Spider-Spider License	\$ 393
	102573 & 102635		AbleGov	Zebra-Scanner Warranty/ Maintenance	\$ 3,010
	102535		Actnet Advanced Technology	Zapier Software	\$ 301

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	102430		Acuity Technical Solutions	Diligent Audit Essentials for Executive	\$ 40,834
	102453		Acuity Technical Solutions	Figma Team Licenses	\$ 396
	102876		Acuity Technical Solutions	Google Maps	\$ 18,698
	102273		Acuity Technical Solutions	Security Training Module	\$ 18,498
	102794		Acuity Technical Solutions	Ninjaone-Software	\$ 31,448
	102707		Advanced Technical Solutions	Posit	\$ 34,411
	102765		Advanced Technical Solutions	Workiva Software	\$ 200,000
	102772		Advanced Technical Solutions	Barcode Reader License	\$ 49,600
	102946		Advanced Technical Solutions	Hamina Network Planner Wi-Fi	\$ 995
	102930		Advanced Technical Solutions	Perfecto-Mobile Testing Tool	\$ 66,439
	102592		Advanced Technical Solutions	Rapid7	\$ 234,979
	102960		Advanced Technical Solutions	SolarWinds Server Lic (Incl Network Topology/ Mapper)	\$ 90,933
	102839		Alert Media	AlertMedia Threat Intelligence	\$ 12,722
	102318A1		Allied Network Solutions	Adobe Campaign Services	\$ 40,000
	TBD		Allied Network Solutions	Support: Juniper Maintenance	\$ 200,000
	TBD		Allied Network Solutions	Support Juniper QFX5100	\$ 53,395

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	102909		Allied Network Solutions	Adobe-Digital Communication Solution Tool (Adobe Campaign)	\$ 473,496
	102889		Allied Network Solutions	DocuSign	\$ 326,468
	101421		Allied Network Solutions	Veeam Backup/Recovery	\$ 52,815
	102711		Allied Network Solutions	Veeam Data Platform Premium 10	\$ 13,853
	102769		Allied Network Solutions	Support: Juniper QFX5700 Network Core	\$ 62,666
	101618		American National Standards Institute	ISO (ANSI)	\$ 9,276
	102539		Apple Inc	Apple-Mobile Development Subscription (Apple Development Maintenance)	\$ 299
	102539/ 102895/ 102949		Apple/Verizon/Insight Public Sector	Apple/Verizon/Insight Public Sector-Apple-Care (Various)	\$ 20,462
	TBD		Aprio Advisory Group	Simple Escheat Annual Subscription - Enterprise Plan	\$ 5,000
	101227A01	102332	Astute	BIBA-DAR IT Consulting	\$ 350,000
	102820		Axon Enterprise Inc	Axon-Axon Evidence Software	\$ 49,560
	102413		Badger Maps	Badger Maps	\$ 7,325
	101303		Big Bang LLC	Universal Image Utility	\$ 4,197
	101809		BioMetrics4All	BioMetrics4All	\$ 577
	101615		Bloomberg	Bloomberg Contract-Allows remote access	\$ 459
	TBD		Bloomberg	Bloomberg Terminal License	\$ 33,550

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	Form 20			Broadcast Pix Cloud Connect/ Consulting	\$ 5,417
	102640		Carahsoft Technologies	PWS Email Delivery Service	\$ 1,371
	102530		CDNetworks	PWS CDNetworks	\$ 100,000
	101567		CDW Government	HPE-HPE ProLiant DL380 Gen10 (Backup VMS and Alarm Center)	\$ 515
	101196		CDW Government	HPE-Server Warranty HPE ProLiant DL380 Gen11 (Backup VMS and Alarm Center)	\$ 25,324
	Various		CISSP	CISSP Certification and Renewals (annual) Various individuals	\$ 1,800
	CC		CompTIA	CompTIA Security Cert for Lucky	\$ 54
	102906		Crayon Software Experts LLC	Azure (Microsoft Software Assurance/ Upgrades for Desktop/ Server/ Develop Platform)	\$ 2,420,004
	101902		Critical Research	APBnet	\$ 425
	CC			CUTE FTP Server (Quantity: One) renewal (GlobalSCAPE)	\$ 40
	TBD		Delinea	Centrify Security Maintenance	\$ 15,395
	CC		Digicert	CERT: Jabber	\$ 273
	CC		Digicert	CERT: Wildcard	\$ 749
	102486		Digicert	Domain-DNS Annual Renewal	\$ 58,040
	100960		Elsym-Internal	Elsym-Internal Control Services and Tax System Services (Elsym)	\$ 450,771

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	100873		Enterprise Network Solutions	Support: Palo Alto Bundle Premium Support	\$ 27,163
	TBD			Epicor (Consultant Services)	\$ 150,000
	101226		Epicor Software Corporation	Epicor-Epicor10	\$ 250,000
	101670		Fortra	EFT Servers & SSM Module Maintenance	\$ 1,549
	102637		Future Data Systems	Sync Server Support	\$ 1,839
	102380		Granite Data Solution	Manage Engine AD-Manager Plus Professional	\$ 4,341
	101931		Grey Matter	Secure CRT	\$ 367
	102425		HF Tech Services Inc	LinkedIn	\$ 41,090
	102192		HFT Tech Solutions	Alarm Center-Alarm Center Software Maintenance & Support	\$ 2,182
	101769		HFT Tech Solutions	BatchPatch-BatchPatch Software	\$ 727
	101824		HFT Tech Solutions	LiveAction	\$ 9,908
	101852		Honeywell International	Honeywell-Honeywell Support	\$ 92,118
	102374		Horizon Business Solutions Inc.	Canva for Ops	\$ 0
	101291		HSB Solutions	Pure Storage Maintenance	\$ 25,324
	101007		ICF Next	Digital Agency Services-PWS Website	\$ 7,000,000
	101007		ICF Next	Digital Agency Services-PWS Website - Estimated Reduction for Fixed Assets Costs due to DDI	\$ (5,704,000)
	102093		Impex Technologies Inc.	Dell-Support: Dell PowerEdge R440 - P-ICS 1/C-ICS 1	\$ 1,844

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
0		102302	ICF Next	2nd Chance	\$ 750,000
	TBD			Infoblox Blox DNS and Threat Defense (NEW)	\$ 100,000
	102246		InfoTech	IT Research Advise	\$ 0
	TBD		Integrhythm dba INRY	Service Now Enterprise Software (ITSM/Health and Safety (Renewal)	\$ 840,000
	101427		Intervision Systems	Juniper EX4400 Switches (for old secure cards)	\$ 5,501
	101674		Intervision Systems	Support: Juniper Mist Wireless	\$ 27,261
	10686		KIP America Inc	KIP Copier Usage	\$ 600
	101429		Kovarus-Dell	Dell Physical Security B/U Server Maintenance R660 and R450	\$ 6,307
	100205		Kovarus-Dell	Dell PowerEdge R750 and R450 (Physical Security) Server Maintenance	\$ 48,706
	102867		Kovarus	VxRail-Support: VxRail Serve Maintenance	\$ 48,665
	TBD			Learning Management System Software Licenses	\$ 120,766
	101996		LEHR Auto Electric & Emergency Equipment	Vigilant-Vigilant LEARN	\$ 2,714
	102371	100018	LUME Consulting Group	HR Service Center Consultant Implementation	\$ 1,250,000
	102537		Meltwater News US Inc.	Meltwater	\$ 18,396
	103014		Microbiz Security Company	Bosch-Bosch Alarm System	\$ 7,639
	102212		Miller Mindel	eSoph	\$ 1,049

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	CC		Network Solutions-Domain	DOMAIN: (californiastatelottery.info)	\$ 66
	102875		Network Solutions-Domain	Domain-DOMAIN: (calottery.com)	\$ 45
	CC		Network Solutions-Domain	DOMAIN: (calottery.info, californialottery.info)	\$ 41
	CC		Network Solutions-Domain	DOMAIN: (calottery.info, californialottery.info)	\$ 80
	102874		Network Solutions-Domain	DOMAIN: (calottery.org)	\$ 50
	CC		Network Solutions-Domain	DOMAIN: (californialottery.biz, calottery.biz)	\$ 100
	CC		Network Solutions-Domain	DOMAIN: (calottery.website)	\$ 26
	102868		Network Solutions-Domain	DOMAIN: private Registration	\$ 72
	102438		Noted Technology Solutions	Articulate-Articulate Software/ Licenses	\$ 4,822
	102466		Noted Technology Solutions	Litmus-Email services	\$ 86,855
	102585		NWN Corporation	Aruba-Aruba Clear Pass	\$ 4,364
	102270		NWN Corporation	Network Resiliency Equinix CoLocation	\$ 247,764
	102790		NWN Corporation	HP Proactive Insights	\$ 44,330
	102094		NWN Corporation	INTUNE Software	\$ 225
	102284		NWN Corporation	Xmedius Digital Fax Solution	\$ 902
	TBD		NWN	Palo Alto-Support: Palo Alto Maintenance Support for Subscriptions and Services	\$ 666,667

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	TBD			Palo Alto Firewalls (Network Resiliency Backup site)	\$ 99,547
	101860		Patriot IT Corporation	Netfile	\$ 5,305
	101149		Patriot IT Corporation	ObserveIT Maintenance & Support	\$ 4,530
	102627		Patriot IT Corporation	VMWare vSphere Support	\$ 113,917
	TBD		PlateSmart	License Plate Reader	\$ 92,944
	CC		PMI	PMI/PMP Memberships (annual) -Various Individuals	\$ 2,650
	102674		Procogia	Posit Consulting	\$ 19,104
	101596		QuestionPro	Question Pro Licenses	\$ 45,455
	102388		Record Management Software	Silverline-Web Application Firewall	\$ 185,497
	102388		Record Management Software	Web Simple-Records Management	\$ 661
	101827		RELX Inc.	Accurint/Lexis Nexis	\$ 23,016
	101394		Secure Smart Solutions	Crowdstrike Falcon Endpoint Protection	\$ 82,755
	101478		Security Information Systems, Inc.	Alarm Center Software (NEW)	\$ 5,522
	CC		Sitecore	Razl License	\$ 221
	102619		SMILE Business Products	Papercut	\$ 10,753
	102416		Softchoice Corporation	Unified Support Performance Level (Microsoft Premier)	\$ 500,000
	102276		Solutions Simplified	Infoblox Blox DNS and Threat Defense	\$ 39,474
	101833		SunRidge Systems	RIMS Software	\$ 31,398
	TBD		Sunstone IT	Risk Analytics	\$ 82,798
	102796		Taborda Solutions dba OPTM	G-Suite (Google Workspace)	\$ 3,384
	102202		Taborda Solutions	SIEM Subscription	\$ 239,530

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
	TBD			TBD 26/27-ClearPass Replacement	\$ 100,000
	TBD			TBD 26/27-Contract Review Training Support	\$ 0
	TBD			TBD 26/27-Digital Signage Upgrade	\$ 160,000
	TBD			TBD 26/27-EA tools	\$ 100,000
	TBD	102602		TBD 26/27-Email Platform Replacement	\$ 500,000
	TBD	102359		TBD 26/27-Market Research Consultant	\$ 150,000
	TBD			TBD 26/27-Security Software (IDS/IPS/ SIEM) Enhancements (NEW)	\$ 400,000
	TBD	102603		TBD 26/27-Veeam Credits	\$ 35,000
	102964		Tech Masters LLC	Articulate 360	\$ 3,100
	100476		Technology Integration Group	Dell ICS (3) and FTP (2) Server Maintenance R440 to R450	\$ 2,214
	102214		The State Store	Blazemeter-Runscope	\$ 11,070
	102398		The State Store	Informacast	\$ 532
	102164		The State Store	Informacast	\$ 5,080
	101592		TransUnion Risk Data Solutions Inc.	TransUnion Risk and Alternative Data Solutions	\$ 7,064
	101563A01		UltraEdit	UltraEdit Software License	\$ 1,044
	102129		Unicom Systems	Unicom-SPSS	\$ 8,430
	101990		Video Vets	Brandwatch	\$ 39,608
	TBD		Zembula	Zembula Software	\$ 100,000
Subtotal, External Contracts, Information Technology Services Division					\$ 15,465,171

**CALIFORNIA LOTTERY
FISCAL YEAR 2026-27 ANNUAL BUDGET
CONSULTING & PROFESSIONAL SERVICES LISTING**

Unit	Contract/ PO Number	BPP Number	Vendor	Description	Total Fiscal Year 2026-27
<u>Interagency Agreements:</u>					
			CDT	CDT - O365	\$ 800,000
			CDT	CDT (Ongoing- No Term date)	\$ 105,600
			Subtotal, Interagency Agreement, Information Technology Services Division		\$ 905,600
MARKETING DIVISION - 09					
<u>External Contracts:</u>					
			Subtotal, External Contracts, Marketing Division		\$ 0
REIMBURSABLE COSTS					
			Reimbursable Fingerprint Costs		\$ (60,000)
			Reimbursable Scratchers Research - Sci Games, Pollard, Brightstar		\$ (200,000)
			Historical Spending Reduction - Contractual Services		\$ 0
			Total, External Contracts		\$ 26,936,160
			Total, Interagency Agreements		\$ 6,179,034
			Total, Contracted Legal Fees		\$ 31,667
			Total, Reimbursable Costs, Spending Reduction		\$ (260,000)
			TOTAL, FY2026-27 CONTRACTUAL SERVICES		\$ 32,886,860

Depreciation Costs

FY 2026-27 ANNUAL DEPRECIATION & AMORTIZATION COSTS				
(Dollars in Thousands)				
Actual Costs for Existing Assets:				
Account Code	Description	Asset Cost	TOTAL	
65110	GAMING EQUIPMENT	\$ 211	\$	211
65140	VENDING MACHINES	\$ 1,445	\$	1,445
Subtotal Gaming		\$ 1,656	\$	1,625
65120	SOFTWARE	\$ 2,370	\$	2,370
65130	AUDIO/VIDEO EQUIPMENT	\$ 210	\$	210
65150	LEASEHOLD IMPROVEMENTS	\$ 0	\$	0
	LAND	\$ 0	\$	0
65160	BUILDINGS	\$ 4,435	\$	4,435
65170	NON BUILDING IMPROVEMENTS	\$ 53	\$	53
65180	DATA PROCESSING EQUIPMENT	\$ 134	\$	134
65190	OFFICE EQUIPMENT	\$ 108	\$	108
65200	VEHICLES	\$ 679	\$	679
65210	OTHER EQUIPMENT	\$ 236	\$	236
65220	WAREHOUSE EQUIPMENT	\$ 36	\$	36
65230	MOBILE EQUIPMENT	\$ 784	\$	784
68775	LEASE ASSET AMORTIZATION EXPENSE	\$ 811	\$	811
68875	SBITA AMORTIZATION EXPENSE	\$ 1,426	\$	1,426
	CAPITALIZED LABOR COSTS	\$ 0	\$	0
Total, Actual Costs		\$ 12,939	\$	12,908
Forecasted Costs for New Assets:				
Account Code	Description	Asset Cost	TOTAL	
65110	GAMING EQUIPMENT	\$ 11,215	\$	1,122
65140	VENDING MACHINES	\$ 0	\$	0
Subtotal Gaming		\$ 11,215	\$	1,122
65120	SOFTWARE	\$ 5,704	\$	658
65130	AUDIO/VIDEO EQUIPMENT	\$ 0	\$	0
65150	LEASEHOLD IMPROVEMENTS	\$ 0	\$	0
	LAND	\$ 0	\$	0
65160	BUILDINGS	\$ 1,300	\$	33
65170	NON BUILDING IMPROVEMENTS	\$ 425	\$	0
65180	DATA PROCESSING EQUIPMENT	\$ 661	\$	220
65190	OFFICE EQUIPMENT	\$ 1,680	\$	120
65200	VEHICLES	\$ 5,799	\$	580
65210	OTHER EQUIPMENT	\$ 0	\$	0
65220	WAREHOUSE EQUIPMENT	\$ 250	\$	0
65230	MOBILE EQUIPMENT	\$ 0	\$	0

FY 2026-27 ANNUAL DEPRECIATION & AMORTIZATION COSTS				
(Dollars in Thousands)				
68775	LEASE ASSET AMORTIZATION EXPENSE	\$	0	\$ 0
68875	SBITA AMORTIZATION EXPENSE	\$	0	\$ 0
Total, Forecasted Costs		\$	27,034	\$ 2,733
GRAND TOTAL				
Account Code	Description		Asset Cost	TOTAL
65110	GAMING EQUIPMENT	\$	11,426	\$ 1,333
65140	VENDING MACHINES	\$	1,445	\$ 1,445
Subtotal Gaming		\$	12,871	\$ 2,778
65120	SOFTWARE	\$	8,074	\$ 3,028
65130	AUDIO/VIDEO EQUIPMENT	\$	210	\$ 210
65150	LEASEHOLD IMPROVEMENTS	\$	0	\$ 0
	LAND	\$	—	\$ 0
65160	BUILDINGS	\$	5,735	\$ 4,468
65170	NON BUILDING IMPROVEMENTS	\$	478	\$ 53
65180	DATA PROCESSING EQUIPMENT	\$	795	\$ 354
65190	OFFICE EQUIPMENT	\$	1,788	\$ 228
65200	VEHICLES	\$	6,478	\$ 1,259
65210	OTHER EQUIPMENT	\$	236	\$ 236
65220	WAREHOUSE EQUIPMENT	\$	286	\$ 36
65230	MOBILE EQUIPMENT	\$	784	\$ 784
68775	LEASE ASSET AMORTIZATION EXPENSE	\$	811	\$ 811
68875	SBITA AMORTIZATION EXPENSE	\$	1,426	\$ 1,426
	CAPITALIZED LABOR COSTS	\$	27,034	\$ 0
GRAND TOTAL		\$	67,007	\$ 15,671

Performance Measures

Industry Recognition



In 2026, the Mega Millions Consortium announced that Harjinder Shergill Chima has been elected as its new Lead Director.

The Mega Millions Consortium oversees the multi-state Mega Millions lottery, setting rules, prize structures, and marketing. Made up of directors from nine original member lotteries, it operates without a central headquarters, with member states handling operations and one director serving as Lead Director. The consortium determines game odds and advertised jackpots based on projected sales and bond pricing, but prize payouts may vary by state due to local laws, such as California's requirement for parimutuel payouts.

As she accepted this role, Director Shergill-Chima expressed her gratitude to those who held the position before her. "The directors who have served in this role before me have set a high bar, and I am thankful for their leadership, service, and guidance. It's a true honor to build on the foundation they created, and the California Lottery is committed to carrying their work forward in collaboration with our partners across the country in service to California public education."

Measuring Campaign Effectiveness

Ad Tracker surveys are conducted in the designated marketing viewing areas immediately following the campaigns. The Ad Tracker is a separate study conducted after select TV ad campaigns to compare the effectiveness of different spots. It provides insights into the effectiveness, recall and recognition of our television advertising spots. Outside research vendor, Ipsos, currently conducts these studies with direction from our Business Planning and Research office. Interviews occur usually over a two-week period immediately following the campaign in the designated marketing viewing areas, in English and Spanish. Sample sizes range from 500-900 CA adults. Reports are presented to Marketing typically six weeks after the campaign for:

- Awareness (recall) of specific elements of the ad campaign (TV, Out-of-Home, radio, digital, social)
- Brand link (remember the ad and remember that it was for Scratchers/Lottery)
- Main message clarity and perceptions of the advertising
- Impact of the advertising on Lottery perceptions and behaviors

Additionally, the Lottery's "Tracking Study" includes continuous surveys conducted 365 days a year from over 300 CA adults per month. It is used for looking at the longer-term impact of advertising. Since the Tracking Study data is collected before, during and after the advertising, we can measure any changes in awareness, playership or attitudes due to marketing efforts including:

- Awareness of games and advertising
- Playership of games
- Perceptions of the Lottery and our games
- Among the CA adult population and our players

Furthermore, the Lottery utilizes Econometrics Modelling as an Advanced analytic modelling to estimate sales' return on investment from advertising over a full year and leverages its 2nd Chance player database to conduct surveys amongst players.

Utilization of Budgeted Funds

The Lottery's financial performance can be measured by the full utilization of its annual administrative funding (capped at 13 percent of sales revenue), on the theory that no funding should be held back from marketing lottery products. Another perspective would be to measure success by administrative savings left over, assuming that all business objectives were achieved and that excess funding remained beneath the cap. As reflected in the History of Lottery Sales tracking document, average administrative costs over the 40-year period since the inception of the Lottery are 12.5 percent, which equates to a 96.2 percent success rate in spending the funding available to operate the Lottery and promote its products.



Individual Department Goals

Divisional spending performance is measured in terms of budget utilization for each of the Lottery's divisions over the course of the entire fiscal year, with success defined as spending the entire division budget. Analysis is conducted monthly to monitor progress and drive spending activities.

In addition to anticipated operational costs, divisions assess their program areas annually to identify projects that support the organization's business strategies and objectives. Projects may be completed within a single fiscal year or divided into phases spanning multiple years. Funding for each project is allocated according to its timeline, which means not every project receives funding each year. During the initial research and analysis phase, a project may require only staff resources, covered by the existing salary budget. Furthermore, not all projects proceed beyond this phase; if research determines that a project is not feasible or does not align with the Lottery's mission to increase contributions to education, it may not advance to implementation. Projects are submitted as Business Plan Proposals (BPPs) and are expected to follow the timelines and cost projections provided by each division. Effective oversight from multiple divisions is required to ensure that projects are completed on schedule and within budget.

Conversely, successful performance for operating the Lottery is measured in terms of restricting spending to less than the mandated 13 percent cap of total sales revenue.

FY 2026-27 Business Plan Proposals:

Executive Division					
BPP Title	Continuing/New	Type of BPP	Sponsor(s)	Overall Priority	Status
Customer Experience Framework and Roadmap Development	New	Research & Analysis	Executive	High	In Progress
Modernization Framework and Roadmap Development	New	Research & Analysis	Executive	High	In Progress
Reimagining CLIC	New	Implementation	PAC	Lower	In Progress
PR / Public Affairs Agency Procurement	Continuing	Implementation	PAC	Moderate	In Progress

Customer Experience Framework and Roadmap Development

The aim of this project is to create a Lottery-wide prioritization framework and strategic roadmap to improve customer experience for players, retailers, and staff. Building on previous research, the effort will include further research, analysis, and cross-division discussions to identify, prioritize, and document strategies for

enhancing the customer experience across the Lottery, aimed at addressing the new strategic objective “Elevate the customer experience for players, retailers, and internal customers.”

Modernization Framework and Roadmap Development

This project aims to form a cross-divisional team of managers to develop a Lottery-wide prioritization framework and recommend which processes to modernize. Since current processes were developed when sales volume was less than half of what it is today, streamlining and updating them will help staff focus on business growth. The team will analyze processes and produce a report with recommendations for modernization.

Reimagining CLIC

This BPP will modernize the CLIC platform employees use to access mission-critical information and resources. Key objectives include modernizing the look, improving accessibility, providing employees with clearer navigation resources, and improving agency health through better communication. This coincides with the Business Plan objectives, which include elevating the customer experience for internal stakeholders and modernizing the Lottery to become nimbler and driven by continuous improvement.

Finance Division					
BPP Title	Continuing /New	Type of BPP	Sponsor(s)	Overall Priority	Status
Claims & Payment Automation	New	Implementation	Finance	Critical with conditions	In Progress
Retailer Business Name and TIN Mismatch Process	New	Implementation	Finance	Moderate	Not Started
Los Angeles County Prize Payment Center	New	Research & Analysis	Finance	Moderate with conditions	Not Started
Increase Pay at the DO Prize Payments Threshold	New	Implementation	Finance	Moderate with conditions	In Progress

Claims and Payment Automation

The California Lottery plans to modernize its mid-tier prize claim process by introducing electronic options for submitting claims and receiving payments, including digital claim submission, identity verification, ticket uploads, electronic payments, and real-time status updates. This will speed up processing, enhance fraud detection, increase transparency, and improve efficiency. The initiative involves

multiple divisions and aligns with the Lottery's goals of elevating customer experience and modernizing operations through automation.

Retailer Business Name and TIN Mismatch Process

This proposal aims to address a gap in the California Lottery's compliance with IRS backup withholding requirements for retailers whose tax name or ID does not match IRS records. The plan involves the Finance Tax Unit initiating a process to require retailers to correct their IRS information or face termination from selling Lottery products. The goal is to reduce the risk of IRS penalties, which could divert funds from education and harm public trust. This initiative supports the Lottery's objective to modernize operations and ensure continuous improvement.

Los Angeles County Prize Payment Center

The California Lottery is evaluating whether to open a new Prize Payment Claim Center in Los Angeles County to improve service for claimants, particularly because two existing Lottery District Offices handle 40 percent of statewide claims and are experiencing longer wait times due to increased demand. The study aims to determine whether a new location would reduce travel and wait times, boost Lottery playership, and meet the operational needs of other Lottery divisions. Research will include demographic analysis, claimant surveys, and assessment of operational requirements. The expected outcome is to determine the feasibility of the new center and whether other Lottery functions can be integrated without affecting customer experience.

Increase Pay at the District Office Prize Payment Threshold

To improve player experience, the Lottery secured legislation through SB 859 (2025), amending Gov. Code, § 16401.5, raising the prize payment threshold at District Offices from \$1,000 to as high as \$100,000. The implementation plan involves forming a project team to manage this change, including gradual increases, assessing staffing needs, updating systems, and adjusting accounting processes to support the higher threshold.

Human Resources Division					
BPP Title	Continuing/New	Type of BPP	Sponsor(s)	Overall Priority	Status
SCO New CA State Payroll System	Continuing	Implementation	Human Resources	Lower	In Progress

SCO New CA State Payroll System

The State Controller's Office is starting a project to replace its old mainframe HR, travel, expense, and payroll system with a cloud-based solution, set to launch in 2031. This change will affect all California State Agencies, including the Lottery, which must participate and assign resources. The new system is expected to offer features like self-service and new timesheets for employees. The EPMO is working with ITSD and HRD to help the Lottery prepare for this mandatory transition.

Operations Division					
BPP Title	Continuing/New	Type of BPP	Sponsor(s)	Overall Priority	Status
NDC Remodel Project	Continuing	Implementation	Operations	Critical	In Progress
Identifying new location for Richmond DO	Continuing	Implementation	Operations	High with conditions	In Progress

Northern Distribution Center Remodel

The NDC remodel project includes replacing a section of the existing storefront to relocate and expand the Pick and Pack area; replacing the roof and skylights and installing new heating, ventilation, and air conditioning (HVAC); and adding warehouse racking in the unoccupied section of the warehouse that was previously leased to a tenant. The added scope includes the design and installation of a dedicated fire pump and enclosure for proper fire suppression.

Identifying new location for Richmond District Office

The Lottery is seeking to purchase an 11,000 – 13,000 square foot existing commercial mixed-use office/warehouse building to relocate its District Office currently located in Richmond, California. The Financial and Risk Management unit's analysis recommends considering relocation to Oakland, Berkeley, Piedmont, or Emeryville, with secondary consideration given to Daly City, San Francisco, or South San Francisco. The purpose of the relocation is to better serve staff, players, and retailers in the Greater San Francisco Bay Area. As an alternative to relocating, the Lottery is also exploring renovating the existing office.

Information Technology Services					
BPP Title	Continuing/New	Type of BPP	Sponsor(s)	Overall Priority	Status
Player Direct / 2nd Chance Infrastructure Replacement	Continuing	Implementation	ITSD	Critical	In Progress
BIBA Migration to Cloud	Continuing	Implementation	ITSD	High	In Progress
Market Research Analysis for Gaming Contract	Continuing	Research & Analysis	ITSD	High	In Progress
Divisional File Share Migration	Continuing	Implementation	ITSD	Moderate	In Progress
Lottery Office Digital Signage Upgrades	New	Implementation	ITSD	Moderate with conditions	In Progress
HR Service Center	Continuing	Implementation	ITSD & Human Resources	Moderate with conditions	In Progress
Public Website Content Management Solution Research	New	Research & Analysis	ITSD & Marketing	High	In Progress
FI\$Cal Implementation	New	Implementation	ITSD, Finance, Operations	Lower	In Progress

Player Direct 2nd Chance Infrastructure Replacement

The Lottery is replacing its outdated and insecure Player Direct/2nd Chance platform with Brightstar's latest cloud-based solution, improving security, flexibility, and innovation. The project also involves migrating mobile ticket checking, mobile Hot Spot draws, and Draw Game APIs to the cloud. The upgrade is organized into three phases: Phase 0 moves Hot Spot and Check-A-Ticket APIs to the cloud; Phase 1 adds new security features, a back-office portal, and improved account management; and Phase 2 introduces Multi-Factor Authentication and express email. Phases 1 and 2 are further divided into 8 feature sets to improve software development management.

Business Intelligence and Business Analytics (BIBA) Migration to Cloud

The project will result in a complete migration of the current on-premises BIBA infrastructure to a cloud-based infrastructure. The BIBA application consists of several components, including data loading, data storage, data transformation, and data/report presentation. The project includes the full transfer of existing BIBA components and their operation from on-premises to the cloud. This will be achieved by changing the as-is on-premises stack of technologies to a cloud native Azure stack of technologies.

Market Research Analysis for Gaming Contract

The Lottery has not conducted a competitive bid for gaming system services in over 20 years. This project will produce information to assist the Lottery in developing a formal gaming system vendor acquisition strategy. The goal of the project is to ensure that the Lottery has a clearly defined process in place to make informed decisions to acquire and negotiate the most favorable terms, conditions, products, services, equipment, and compensation structures for the Lottery's gaming system provider(s).

Divisional File Share Migration

The Lottery's current network file-sharing system (CL-Share) is outdated and relies on physical infrastructure, resulting in high maintenance costs and limited features. To address these issues, ITSD will migrate the divisional file shares (like the L drive) to Microsoft 365, creating a modern, cloud-based platform with improved security, efficiency, collaboration, and disaster recovery. Migration will occur in phases to minimize disruption, starting with the development of a standardized process during an ITSD pilot, followed by the migration of each division. ITSD will work with data owners for assessment, access, cleanup, training, and support, ultimately decommissioning the legacy servers. The project focuses solely on updating file-sharing capabilities.

Lottery Office Digital Signage Upgrades

The proposal aims to upgrade audio-visual equipment in the pavilions and headquarters lobby and expand digital display and content management capabilities to nine district offices and two distribution centers. Improvements include enhancing audio acoustics and meeting-room capabilities, upgrading digital signage in remote offices, adding new signage as needed, and enabling dynamic content delivery at each location. These upgrades will enhance the customer and staff experience, improve marketing to players, promote the Lottery's mission and beneficiaries, and facilitate better information sharing among remote staff.

HR Service Center

The Human Resources Division (HRD) is moving forward with automating and modernizing its manual processes using Service Now. In this second phase, HRD will analyze and prioritize processes for automation, focusing on digitizing official personnel files and creating a centralized service portal. These improvements will streamline HR functions, enhance efficiency, and provide Lottery staff with a unified portal for accessing HR, Operations, SLED, IT, and other internal services. The estimated time of completion is June 2028.

Public Website Content Management Solution (CMS) Research

This project involves researching and analyzing options for migrating the Lottery's public website from Sitecore to a new platform, either using an off-the-shelf CMS or a custom solution. It also includes evaluating procurement methods, identifying potential vendor partners, and considering the use of in-house staff with contractor support for the transition. The estimated time of completion is February 2027.

Fi\$Cal Implementation

This BPP proposes transitioning the Lottery's core financial management processes from the Epicor 10 system to the FI\$Cal system. After recent analysis, FI\$Cal can now meet most needs, with some process changes and supplemental functionality required for certain gaps. The project will include onboarding, training, and process workshops, and is expected to take three years, beginning with planning and training.

Sales Division					
BPP Title	Continuing/New	Type of BPP	Sponsor(s)	Overall Priority	Status
Cashless Vending Pilot	Continuing	Implementation	Sales	Critical	In Progress
Vending Reinvestment Feature	New	Implementation	Sales	High	In Progress
Retailer Fee Review	New	Research & Analysis	Sales	Moderate	Not Started
Digital Retailer Application Process	New	Implementation	Sales	Moderate	In Progress
In-Lane Sales - Phase 1	Continuing	Implementation	Sales & ITSD	Critical	In Progress

Cashless Vending Pilot

Investigate solutions and launch a 50-machine pilot to evaluate the sales results of adding a cashless option to vending. Cashless technologies allow transactions to be completed without cash, charging them directly to a player's debit card. This solution will be a cross-divisional and retail-partner effort and aims to deliver quick purchase solutions, breaking down barriers for consumers and retailers to help drive sales and capture impulse purchases. It also aims to minimize the amount of cash stored in the vending machine, helping to mitigate theft and machine damage.

Vending Reinvestment Feature

The Sales Division is working with internal teams and Brightstar Lottery to add a winning ticket reinvestment feature to self-service Lottery Vending Machines (LVM), allowing players to use their winnings to buy more games. This feature, already used by about 20 lotteries and accounting for around 19.3 percent of LVM sales elsewhere, aims to boost sales and increase funding for public education.

Retailer Fee Review

The Sales Division recommends reviewing the current retailer fee and commission structure, which has not changed in over a decade, to ensure it reflects the costs of servicing retailers. Despite significant operational changes and increased costs from new contracts and technology, the Lottery's fees have remained unchanged. The proposal suggests evaluating both ongoing and one-time fees to align them with current economic conditions and operational expenses.

Digital Retailer Application Process

The Retailer Network Services team, in collaboration with ITSD, is finalizing a digital Retailer Application via DocuSign, set to launch in FY 2026-27. The rollout will need significant support from Sales & Marketing and will involve thorough change management, including stakeholder communication, training, and processing documentation. The new application aims to reduce errors, speed up processing, decrease paper use, and better protect personal information.

In-Lane Sales – Phase 1

This proposal is a two-phase project to enable draw game sales at retail checkout registers and improve retail distribution. The initiative includes developing technical and operational systems, integrating with Brightstar Lottery's LotteryLink solution, onboarding retailers, and preparing hardware for a pilot program. Phase 1 covers planning, software development, and initial implementation, while Phase 2 focuses on hardware installation, retailer integration, pilot launch, and performance evaluation. The goal is to create a compliant, scalable sales model, based on pilot results, to guide a possible statewide expansion. The estimated time of completion is April/May 2027.

Marketing Division					
BPP Title	Continuing/New	Type of BPP	Sponsor(s)	Overall Priority	Status
SuperLotto Plus Enhancements	New	Implementation	Marketing	Critical	In Progress
Email Platform Procurement & Implementation	Continuing	Implementation	Marketing	High	Not Started
Hispanic Segment Marketing Agency RFP	Continuing	Implementation	Marketing	High	In Progress
Daily Games Optimization	New	Implementation	Marketing	High with conditions	In Progress
NFL Powerball draw game	Continuing	Research & Analysis	Marketing	Moderate	In Progress
Scratchers Inventory Management Optimization	New	Research & Analysis	Marketing	Moderate	In Progress

SuperLotto Plus Enhancements

Implement enhancements to SuperLotto Plus, including a third draw day and changes to the game's prize structure, to drive player engagement, sales, and profits in the California Lottery's original jackpot game, which supports the objective of growing draw game sales outside of \$1 billion+ jackpots.

Email Platform Procurement and Implementation

This effort is a follow-up to the previous research & analysis BPP. Pending the outcome of the research and demos, this new BPP will implement the selected email platform, which will be more functional, robust, and state-of-the-art, allowing Lottery to continue to leverage email effectively and efficiently and to evolve and optimize this critical communication channel.

Hispanic Segment Marketing Agency Request for Proposal (RFP)

This project aims to formalize and allocate resources for an RFP to secure a new Hispanic Advertising and Marketing Services contract for the Lottery, starting July 2027. The procurement process requires significant staff involvement across multiple units to ensure a successful contract award, and this BPP is designed to support those efforts. The estimated time of completion is November 2027.

Daily Games Optimization

Enhance the Lottery's daily games, including Daily 3, Daily 4, Daily Derby and Fantasy 5 by adding mid-day and later draw cutoffs to drive additional opportunities for sales and profits, which supports the objective growing draw game sales outside of \$1 billion+ jackpots.

NFL Powerball draw game

Create evaluation and provide decision on potential future participation in the launch of a new national draw game, NFL X's and O's by Powerball, and its corresponding app, developed by MUSL to leverage the popular NFL brand and consumer interest in sports, while driving player engagement by expanding the diversity of the Lottery's gaming portfolio. The estimated time of completion is July 2027.

Scratchers Inventory Management Optimization

Review and assess methods of Scratchers inventory management to optimize and modernize the Lottery's current system to maximize efficiencies, which supports the objective to modernize the Lottery to become nimbler and driven by continuous improvement.

California Public Schools Benefit

The impact of budgeting to control costs and manage reserve funds is witnessed by the Lottery business resulting in approximately 95 cents for every dollar in sales being returned to the community in the form of contributions to education, prizes, and payments to California businesses that act as retail outlets for Lottery products. Thank you to our players and our retail partners for making it all possible!

The mission of the California Lottery is to *raise supplemental funding for public education*.

As of June 2025, the Lottery has generated more than \$48 billion for California's public schools since we began in 1985. While that's an unprecedented figure, it's a modest number for the state's annual budget for public schools. Remember, Lottery funds are meant to supplement public education, not replace state and local funding.

Since Lottery funds are largely discretionary, they help schools do things they otherwise couldn't, such as attracting and retaining more quality teachers, buying state-of-the-art equipment, enhancing learning environments, and keeping critical programs running.

Positively impacting communities across California is just part of our commitment to corporate social responsibility, and every member of the Lottery team shares this dedication.

Allocation of Lottery Funding

The State Controller's Office determines how much Lottery funds are dispersed to public education institutions. Lottery funding is based on the Average Daily Attendance (ADA) for K-12 and community college school districts and by full-time enrollment for higher education and other specialized institutions. These are the educational entities that have received funds, along with their percentages of cumulative distributions through FY 2024-25:

GRADE LEVEL	DISTRIBUTION PERCENTAGE
K-12th Grade	79.9%
Community Colleges	14.0%
California State University System	3.7%
University of California	2.3%
Other Educational Entities	0.1%



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Economic Outlook*

In 2025, both the U.S. and California economies continued to expand at a moderate pace, with their respective Gross Domestic Products (GDP) growing by 2.1 percent and 2.5 percent, a 0.7-percentage point deceleration from 2024 for both economies. California's 2025 growth was supported in part by stronger-than-expected personal income growth due mainly to stronger wage growth in high-paying sectors, particularly information and professional and business services, as well as upward revisions to historical data. Together, these factors indicate stronger underlying economic momentum and a more limited near-term impact of tariffs on labor market conditions.

Despite the stronger-than-projected economic performance in 2025, the outlook has weakened in the near term reflecting broader global and national pressures, including higher global energy prices associated with geopolitical developments, most notably the Iran war, and the delayed impacts of tariffs. The Iran war significantly increased the price of crude oil futures. California is not immune to these global pressures: they are projected to suppress economic activity in 2026, which is expected to be the slowest year for California personal income growth before improving from 2028 through 2030 as productivity is projected to improve, particularly from broader adoption and more effective use of artificial intelligence.

Higher global energy prices are projected to lead to higher broad-based inflation and reduce real purchasing power, while tariffs are still expected to continue to raise costs for businesses and consumers. Oil prices projected to remain elevated in the near term and remain higher than pre-Iran war levels through the end of 2030. This is projected to cause inflation to accelerate before gradually slowing as global oil prices fall after the war ends. Both U.S. and California Consumer Price Index (CPI) inflation is projected to accelerate in 2026 before decelerating in 2027. The decline in purchasing power that results from higher inflation is projected to weaken consumer demand and overall economic activity.

Trade policy unpredictability remains high, creating significant uncertainty for businesses as they make pricing and investment choices. Therefore, tariffs are expected to continue affecting prices, trade flows, and business decisions through 2026 and into early 2027. These pressures are occurring alongside a labor market where job growth remains modest and concentrated in a limited number of sectors for both the U.S. and California. Projected growth in California employment has particularly weakened for low-wage sectors, contributing to a softer outlook for both employment and personal income growth.

Monetary policy is also expected to remain restrictive. Due to inflationary pressures from the Iran war, the Federal Reserve is now assumed to hold interest rates steady until March 2027, maintaining tight financial conditions that limit growth in interest-sensitive sectors such as housing and business investment.

Risks have increased as the Iran war adds to the ongoing uncertainty around federal trade and immigration policies. The outlook continues to be shaped by federal

administration policy uncertainty and risks, particularly in the near term, including geopolitical pressures affecting energy prices, the timing and magnitude of tariff impacts, and the path of monetary policy.

**Department of Finance, excerpted from the 2026 2027 May Revision to the Governor's Budget Summary, Economic Outlook section.*



Budget Tools



Out-of-State Travel Plan

FY 2026-27 Out-of-State Travel Schedule

California State Lottery | Travel Authorization Document #: CSL 26-27

Mission-Critical Criteria

[A] Training: Job-required training necessary to maintain licensure or similar standards required for holding a position; comparable training is not available in California, and no virtual option is offered.

[B] Inspection: Equipment inspection as required by contract.

Abbreviations

NASPL = North American Association of State and Provincial Lotteries; PGRI = Public Gaming Research Institute; MUSL = Multi-State Lottery Association; ANA = Association of National Advertisers; NRF = National Retail Federation; NACS = National Association of Convenience Stores; EEO = Equal Employment Opportunity; SLED = Security and Law Enforcement Division (CSL); SMD = Sales and Marketing Division (CSL); ITSD = Information Technology Services Division (CSL); CSL = California State Lottery.

Section 1 - Equipment Inspection Trips [Mission-Critical Criteria B]

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
Press Check — Scratchers® Tickets Printing Facility	Austin, TX	TBD	4 travelers IT Manager II (ITSD); Deputy Director (SLED); Supervising Lottery Agent (SLED); Gaming Services Manager (SLED)	\$5,748 <i>Lottery Fund</i>	[B] INSPECTION Contractually obligated physical inspection of the Scratchers printing facility to ensure compliance with contract terms and Multi-State Lottery Association (MUSL) Rule 2 requirements covering product quality, security, and integrity.
Press Check — Scratchers® Tickets Printing Facility	West Greenwich, RI	TBD	1 traveler IT Specialist II (ITSD)	\$1,587 <i>Lottery Fund</i>	[B] INSPECTION Contractually obligated physical inspection of the Scratchers printing facility to ensure compliance with contract terms and Multi-State Lottery Association (MUSL) Rule 2 requirements covering product quality, security, and integrity.

Event	Destination	Dates	Travelers & Roles	Cost & Source	
Press Check — Scratchers® Tickets Printing Facility	Atlanta, GA	TBD	5 travelers Deputy Director (SLED); Supervising Lottery Agent (SLED); Gaming Services Manager (SLED); Deputy Director of Marketing (SMD); Deputy Director of Sales (SMD)	\$5,130 <i>Lottery Fund</i>	[B] INSPECTION Contractually obligated physical inspection of the Scratchers printing facility to ensure compliance with contract terms and Multi-State Lottery Association (MUSL) Rule 2 requirements covering product quality, security, and integrity.
Press Check — Scratchers® Tickets Printing Facility	Winnipeg, Canada	TBD	7 travelers Deputy Director (SLED); Supervising Lottery Agent (SLED); Gaming Services Manager (SLED); Deputy Director of Marketing (SMD); Deputy Director of Sales (SMD); Director of the CSL, Chief Deputy Director of the CSL	\$9,909 <i>Lottery Fund</i>	[B] INSPECTION Contractually obligated physical inspection of the Scratchers printing facility to ensure compliance with contract terms and Multi-State Lottery Association (MUSL) Rule 2 requirements covering product quality, security, and integrity.
Press Check — Scratchers® Tickets Printing Facility	Montréal, Canada	TBD	5 travelers Deputy Director (SLED); Supervising Lottery Agent (SLED); Gaming Services Manager (SLED); Deputy Director of Marketing (SMD); Deputy Director of Sales (SMD)	\$7,135 <i>Lottery Fund</i>	[B] INSPECTION Contractually obligated physical inspection of the Scratchers printing facility to ensure compliance with contract terms and Multi-State Lottery Association (MUSL) Rule 2 requirements covering product quality, security, and integrity.

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
Press Check — Scratchers® Tickets Printing Facility	Sault Ste. Marie, Canada	TBD	7 travelers Deputy Director (SLED); Supervising Lottery Agent (SLED); Gaming Services Manager (SLED); Deputy Director of Marketing (SMD); Deputy Director of Sales (SMD); Director of the CSL, Chief Deputy Director of the CSL	\$9,909 <i>Lottery Fund</i>	[B] INSPECTION Contractually obligated physical inspection of the Scratchers printing facility to ensure compliance with contract terms and Multi-State Lottery Association (MUSL) Rule 2 requirements covering product quality, security, and integrity.
INSPECTION SUBTOTAL				\$39,418	

Section 2 - Training & Conference Trips [Mission-Critical Criteria A]

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
NASPL Professional Development Seminar / NASPL Responsible Gaming Seminar	Seattle, WA	(07/27 – 07/30) / (07/29 – 07/31)	15 travelers Director; Chief Deputy Director; Deputy Director of Legislative and External Affairs; Analyst II (Executive); Deputy Director of Marketing; Assistant Deputy Director of Marketing; Chief of Product; Chief, Engagement & Retention Marketing; Chief, Consumer Marketing; Deputy Director of Sales; Chief, Field Sales; Business Development Manager; Sales Support & Distribution Manager; Deputy Director (SLED); Supervising Lottery Agent (SLED)	\$19,628 <i>Lottery Fund</i>	[A] TRAINING Cornerstone national event hosted by the North American Association of State and Provincial Lotteries (NASPL) for advancing responsible gaming. Attendance keeps the Lottery aligned with evolving responsible gaming standards, research, and best practices, directly supporting player protection and compliance obligations across the Executive, Sales & Marketing, and Security and Law Enforcement divisions. Necessary to prevent loss of revenue. The Director is invited to be on panel and share their perspective on growing sales and building retail relationships.
Black Hat 2026 Security Conference	Las Vegas, NV	08/01 – 08/06	2 travelers Information Technology Specialist I/II (2)	\$11,380 <i>Lottery Fund</i>	[A] TRAINING Premier international cybersecurity conference offering technical briefings on the latest security research, exploit development, and defense techniques. Essential to maintaining the Lottery's IT security posture and protecting critical systems. Necessary to prevent loss of revenue.

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
2026 Corporate Researchers Conference (Insights Association)	Chicago, IL	09/15 – 09/17	1 traveler C.E.A. Executive Division (Business Planning & Research) Assistant Deputy Director	\$2,983 <i>Lottery Fund</i>	[A] TRAINING Largest market research industry event, hosted by the Insights Association, featuring leaders from major research firms and many of the Lottery's existing vendor partners. Provides direct exposure to current research challenges, trends, and impact strategies used by peer lotteries. Necessary to maximize revenue generation.
NASPL 2026 Annual Conference & Trade Show	Orlando, FL	09/21 – 09/24	11 travelers Director; Chief Deputy Director; Analyst I and II (Executive); Deputy Director of Marketing; Assistant Deputy Director of Marketing; Deputy Director of Sales; Assistant Deputy Director of Sales; Deputy Director (SLED); Supervising Lottery Agent (SLED); Gaming Services Manager (SLED)	\$28,123 <i>Lottery Fund</i>	[A] TRAINING Largest and most comprehensive gathering in the lottery industry, hosted by the North American Association of State and Provincial Lotteries (NASPL). Includes NASPL and Mega Millions Consortium business meetings, executive-level sessions on regulatory and digital issues, and a trade show featuring vendors relevant to modernization. The Director will participate as a panelist and participate in Mega Millions meetings as the Lead Director. Given the size and scope of the conference, NASPL hand-selected two volunteers from the California Lottery to assist in key operational areas throughout the week (NASPL has not requested cross-jurisdictional volunteers for an Annual Conference in more than 20 years); NASPL will cover the volunteers' conference registration, hotel accommodations, and hosted meals for the week. Necessary to generate additional revenue.

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
National Association of Convenience Stores (NACS) Show	Las Vegas, NV	10/06 – 10/09	3 travelers Deputy Director of Sales; Business Development Manager; Key Accounts Manager	\$0 <i>Reimbursed by Vendor</i>	[A] TRAINING Premier event hosted by the National Association of Convenience Stores (NACS) for the convenience and fuel retailing industry, which represents the majority of Lottery retail sales. Provides education, networking, and exposure to emerging retail technology, products, and category management practices. Necessary to generate additional revenue.
2026 Association of Workplace Investigators	Seattle, WA	10/14 – 10/16	3 travelers Manager II (Executive – EEO); Supervisor I (Executive – EEO); Supervisor I (Executive – EEO)	\$8,414 <i>Lottery Fund</i>	[A] TRAINING Specialized Equal Employment Opportunity (EEO) and workplace investigations conference covering credibility assessment, EEO compliance, witness handling, and bias in investigations. Strengthens the Lottery's EEO program through skill development, knowledge transfer, and peer networking. Necessary to prevent loss of revenue.
La Fleur's Fall Conference	Texas (TBD)	10/18 – 10/20	10 travelers Director; Chief Deputy Director; Deputy Director of Marketing; Assistant Deputy Director of Marketing; Chief of Product; Chief, Engagement & Retention Marketing; Deputy Director of Sales; Assistant Deputy Director of Sales; Deputy Director (SLED); Supervising Lottery Agent (SLED)	\$9,952 <i>Lottery Fund</i>	[A] TRAINING Senior-level industry conference covering performance strategies, sales growth, marketing innovation, and digital modernization. The Director is a confirmed speaker, reinforcing the Lottery's national leadership presence. Necessary to generate additional revenue.

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
PGRI Lottery Expo	Nashville, TN	10/20 – 10/22	4 travelers Director; Chief Deputy Director; Deputy Director of Marketing; Deputy Director of Sales	\$3,776 <i>Lottery Fund</i>	[A] TRAINING Executive-level forum hosted by Public Gaming Research Institute (PGRI) focused on lottery innovation, public policy, and industry challenges. The Director is slated to speak, strengthening the Lottery's national presence and providing peer insights that inform strategic planning and modernization. Necessary to generate additional revenue.
ANA Masters of Marketing	Orlando, FL	10/20 – 10/23	1 traveler Deputy Director of Marketing	\$2,389 <i>Lottery Fund</i>	[A] TRAINING Flagship marketing leadership conference hosted by the Association of National Advertisers (ANA) for senior marketing executives, covering brand growth, creative excellence, and marketing transformation. CSL's existing ANA membership eliminates registration fees. Necessary to maximize revenue generation.

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
World Lottery Summit	Sydney, Australia	11/07 – 11/12	5 travelers Director; Chief Deputy Director; Deputy Director of Marketing; Assistant Deputy Director of Marketing; Deputy Director of Sales	\$13,400 <i>Lottery Fund</i>	[A] TRAINING Premier international lottery forum for government-regulated lotteries, held only once every two years, covering governance, risk management, security certification, responsible gaming, and global trends. Participation supports the CSL mission by providing access to best practices, peer collaboration in gaming and player protection initiatives, omnichannel player engagement, cybersecurity and fraud prevention strategies as well as revenue growth strategies. Includes WLA, NASPL and Mega Millions Consortium business meetings Provides exposure to advanced international markets and innovations not addressed in U.S.-focused conferences, It also provides direct access to key vendors, technology providers and regulatory experts. Necessary to maximize revenue generation and to ensure CSL remains competitive, innovative and aligned with global best practices
NRF 2027 / Retail's Big Show	New York City, NY	01/10 – 01/12	3 travelers Deputy Director, Sales & Marketing Division; Deputy Director of Sales; Business Development Manager	\$0 <i>Reimbursed by Vendor</i>	[A] TRAINING Largest retail industry conference, hosted by the National Retail Federation (NRF), providing the Sales and Marketing team with direct exposure to emerging retail trends, consumer engagement strategies, and technology innovations that inform the Lottery's retailer engagement and product programs. Necessary to generate additional revenue.

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
PGRI Smart Tech	Ft. Lauderdale, FL	Spring 2027	3 travelers Director; Deputy Director of Marketing; Deputy Director of Sales	\$1,988 <i>Lottery Fund</i>	[A] TRAINING Public Gaming Research Institute (PGRI) forum focused on lottery technology, retail innovation, and the vendor ecosystem. Smaller, more intimate settings to gather market intelligence, assess solutions, and exchange best practices supporting retail and technology modernization. The Director will serve as speaker and moderator at this event. Necessary to generate additional revenue.
Miami Marketing Conference & Expo	Miami, FL	04/04 – 04/08	1 traveler Deputy Director of Marketing	\$2,790 <i>Lottery Fund</i>	[A] TRAINING Leading technology, marketing, and media conference focused on artificial intelligence–driven marketing, creator marketing, and data/technology integration. Includes an executive marketing track with curated meetings with solution partners for ideas and partnership opportunities. Necessary to maximize revenue generation.
NASPL Leadership Institute	Cleveland, OH	04/13 – 04/15	8 travelers Marketing Specialist / Senior Marketing Specialist (SMD); Supervisor – Specialist (SMD); Analyst III/IV (SMD); Deputy Director (SLED); Supervising Lottery Agent (SLED)	\$8,176 <i>Lottery Fund</i>	[A] TRAINING Three-day, lottery-industry-specific, instructor-led leadership training hosted by the North American Association of State and Provincial Lotteries (NASPL) for new leaders and staff new to the lottery industry. Delivers actionable tools to accelerate leadership effectiveness, team performance, and industry knowledge. Necessary to maximize revenue generation.

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
La Fleur's Spring Conference	TBD	05/2027 (TBD)	10 travelers Director; Chief Deputy Director; Deputy Director of Marketing; Assistant Deputy Director of Marketing; Chief of Product; Chief, Engagement & Retention Marketing; Deputy Director of Sales; Assistant Deputy Director of Sales; Deputy Director (SLED); Supervising Lottery Agent (SLED)	\$9,952 <i>Lottery Fund</i>	[A] TRAINING Industry conference focused on marketing, analytics, and strategic growth. Keeps Lottery leadership informed on national sales trends, consumer behavior, and product innovation, with collaboration opportunities with peer lotteries. Necessary to generate additional revenue.
Licensing Expo 2027	Las Vegas, NV	05/2027 (TBD)	4 travelers Chief of Product; Scratchers Product Manager; Assistant Deputy Director of Marketing; Deputy Director of Marketing	\$7,712 <i>Lottery Fund</i>	[A] TRAINING Premier forum to secure rights to top-tier intellectual property across TV, film, gaming, sports, and art for use in future Scratchers and draw games. Allows the product team to meet decision-makers and preview upcoming properties. Necessary to maximize revenue generation.
Directors Meeting & Dialogue Burlington, VT 06/14 – 06/17			1 travelers Director	\$4,578 <i>Lottery Fund</i>	[A] TRAINING Closed-door meeting exclusive to state lottery directors covering confidential discussions on regulatory issues, risk, security, legislation, and national policy. The format allows candid, strategic conversations unavailable in broader settings. Necessary to maximize revenue generation.

Event	Destination	Dates	Travelers & Roles	Cost & Source	Criteria & Purpose
Texas Lottery/ Brightstar Lottery Warehouse Operations	Austin, TX	05/2027 (TBD)	4 travelers Deputy Director of Sales, Sales Support & Distribution Manager, Distribution Manager, Warehouse Manager	\$5,748 <i>Lottery Fund</i>	[A] TRAINING Attendees will meet with Brightstar and Texas Lottery distribution management and staff to observe operations and processes related to their instant ticket distribution and returns functions to help inform CSL's plan to optimize Scratchers distribution operations.
TRAINING SUBTOTAL				\$140,989	
TOTAL COST TO LOTTERY FUND				\$180,407	

How to choose the correct accounting code when creating a procurement, paying a vendor invoice, or submitting a CalCard statement for payment.

If you need assistance to determine the proper coding, please contact Budgets Intake at budgets@calottery.com.

The key to providing an accounting coding for procurement processing or expenditure payment is understanding its components. The first part of the code is a five (5) digit number that defines what type of expense it is:

A chart of accounts (COA) is a financial organizational tool that provides a complete listing of every account used in an accounting system. An account is a unique record for each type of asset, liability, equity, revenue and expense. The ARM procurement system requires the use of an account code for this purpose. Furthermore, each Lottery program area is allotted funds each fiscal year to use for procuring goods and services. Choosing the correct code is important for the following reasons:

1. It provides direction and information for all related departments (program, accounting, budgets, audits, etc.), as to what type of product or service is being procured.
2. The purchase is being identified so that the correct budget allocation or line-item is used to draw funds from for accounting purposes.
3. Provides that an accurate history of expenditures exists to guide the monitoring of the current budget and the building of future departmental budgets.

It is the responsibility of all Lottery program areas to identify and use the correct account code for goods and services procured.

* * Account codes for marketing expenditures have not been included below as they are strictly used by the Marketing Division and should not be used prior to consulting with Budgets staff.

FY 2026-27

67000 - General Expense	Office supplies, janitorial supplies, and other administrative expenses which include dues or membership fees, professional periodical subscriptions fees that support work-related efforts and/or provide useful information.
67100 - Printing	Expenses such as copier supplies, copier maintenance, stationery, and pre-printed forms. Examples: Reams of copier paper, toner, preprinting for letterhead stationery and envelopes, copier repair.
67700 - Postage	Mailing expense such as stamps, postage meter refills, and meter maintenance. Other postage related expenses are parcel delivery via United Parcel Service or other such vendors.
67900 - Insurance	Building, vehicle, technological, and liability insurance.
68100 - In-State Travel	Expenses for travel In-State which would include car rental, vehicle expense reimbursement (mileage), air fare, meals, and lodging.
68500 - Training	The cost of training classes and professional education for Lottery employees.
68900 - Facility Maintenance & Operations	Repair and maintenance activities include keeping spaces, structures and infrastructure in proper operating condition in a routine, scheduled, or anticipated fashion to prevent failure and/or degradation. This includes one-to-one replacement of components and systems not requiring professional engineering or permitting.
68910 - Alterations & Remodeling	Costs to changes in building structures that cannot be capitalized by accounting rule or law. As an example, a change to the floor plan of the Northern Distribution Center through a change to the front façade will be charged to this account.
69300 – Utilities	Vendors providing for services of electric, gas, water, etc. Refuse collection or paper shredding is not considered a utility.
69700 - Expendable Equipment	Items with Unit costs under \$5,000. These are tangible long-term assets that typically benefit the Lottery for a year or more. Examples: Janitorial or maintenance equipment (i.e., a floor machine); cubicle parts, tables, and chairs (office furniture). These are items that do not meet the \$5,000 threshold for depreciable items (fixed assets).

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69900 - Vehicle Maintenance & Operations	Vehicle Fuel, maintenance, repairs, parts, and other types of vehicle operation expenses. Example: Just about any expense that has to do with the operation and maintenance of the Lottery's fleet. Brakes, batteries, wiper blades, tires, fuel, parts, repair, and labor.
70900 - Special Items of Expense	Examples include Scratchers packaging materials and providing Lottery branded clothing for Sales Division staff and Custodial Staff and Engineering staff Footwear per Bargaining Unit contracts.
63200 - Professional Service - External	Contractual services provided by external vendors such as facility security services. Other Examples include consulting services for LEED certification, IT maintenance & support, legal services, accounting/auditing services.
63300 - Professional Service – Interdepartmental	Services provided by other state agencies including training provided by CalHR, auditing provided by CA State Controller, or Legal services provided by CA Department of Justice.
63400 – Legal Services – Contracted	Legal services contracted as needed for representation by outside legal professionals who provide a service that the Lottery requires. Used by only by Legal Services.
64300 - Gaming System Contract	Contracted costs for the Lottery's gaming system (ITSD only) .
64303 - Scratchers Delivery Fees	Delivery services to distribute Lottery products to participating retailers (Sales Div. only).
64304 - Scratchers Destruction Fees	This is a non-divisional (0000) gaming cost for the shredding and recycling of discontinued or damaged Lottery Scratchers tickets (non-Divisional only)
99997 – Lease Asset Clearing	This code is used when procuring for leased vehicle assets, primarily for Enterprise Fleet Management vehicles. Financial Accounting and Reporting uses this account to reclass costs into various accounts.
99998 – Fixed Asset Clearing	Capitalized equipment - individual or group asset which cost over \$5,000. Examples are Lottery owned vehicles, technical equipment (computers), audio/video equipment, gaming equipment.

FY 2026-27 ACCOUNT CODE CHART

LOTTERY DIVISIONS		DIRECTORATE	LEGAL SERVICES	INTERNAL AUDITS	EXTERNAL AFFAIRS	BUSINESS PLANNING & RESEARCH	PUBLIC AFFAIRS & COMMUNICATIONS	FINANCE	HUMAN RESOURCES
DIVISION CODE		01	01	01	01	01	01	02	03
DIVISION UNIT CODE		1110	1120	1130	1140	1150	1180	1200	1300
COA	OPERATING EXPENSES								
67000	General Expense	X	X	X	X	X	X	X	X
67100	Printing						X	X	
67500	Telephone								
67700	Postage								
67800	Internal Freight - Shipping								
67900	Insurance								
68100	In-State Travel	X		X	X	X	X	X	X
68300	Out-of-State Travel							X	
68500	Training	X	X	X	X	X	X	X	X
68750	Asset Rental Expense								
68775	Lease Asset Amortization of Expense								
68875	SBITA Amortization Expense								
68900	Facility Maintenance & Operations								
69300	Utilities								
69700	Expendable Equipment								X
69900	Vehicle Maintenance & Operations								
70600	Interest Expense								
70700	Taxes and Assessments								
70900	Special Items of Expense								
71200	Event Sponsorship				X				
63200	Professional Services - External	X	X	X		X	X	X	X
63300	Professional Services - Interdepartmental	X	X	X	X			X	X
63400	Attorney Fees - Contracted		X						
64300	Gaming Systems Expenses								
64303	Scratchers Delivery Fees								
64304	Scratchers Destruction Fees								
99997	Lease Asset Clearing								
99998	Fixed Asset Clearing								

FY 2026-27 ACCOUNT CODE CHART (CONT.)

LOTTERY DIVISIONS		OPERATIONS	SECURITY & LAW ENFORCEMENT	INFORMATION TECHNOLOGY SERVICES	SALES	MARKETING	NON-DIVISIONAL
DIVISION CODE		04	06	07	08	09	00
DIVISION UNIT CODE		1400	1600	1700	1900	1805	0000
COA	OPERATING EXPENSES						
67000	General Expense	X	X	X	X	X	X
67100	Printing	X		X			
67500	Telephone			X			
67700	Postage	X					
67800	Internal Freight - Shipping				X		
67900	Insurance	X					
68100	In-State Travel	X	X	X	X	X	
68300	Out-of-State Travel						
68500	Training	X	X	X	X	X	X
68750	Asset Rental Expense						
68775	Lease Asset Amortization of Expense	X					
68875	SBITA Amortization Expense			X			
68900	Facility Maintenance & Operations	X					
69300	Utilities	X					
69700	Expendable Equipment	X	X	X		X	
69900	Vehicle Maintenance & Operations	X					
70600	Interest Expense	X		X			
70700	Taxes and Assessments	X					X
70900	Special Items of Expense	X			X		X
71200	Event Sponsorship					X	
63200	Professional Services - External	X	X	X			X
63300	Professional Services - Interdepartmental		X	X			
63400	Attorney Fees - Contracted						
64300	Gaming Systems Expenses			X			
64303	Scratchers Delivery Fees						
64304	Scratchers Destruction Fees						X
99997	Lease Asset Clearing						X
99998	Fixed Asset Clearing						X

FY 2025-26 ACCOUNT CODE CHART (CONT.)

Segment Coding

<u>Division Codes / Division Unit Codes</u>			<u>Division Codes (Continued)</u>			<u>Location Codes</u>	
Division	Div. Code	Unit Code	Division	Div. Code	Unit Code	Location	Code
Executive - Directorate	01	1110	Security & Law Enforcement	06	1600	General Location	00
Executive - Legal Services	01	1120	Information Technology Services	07	1700	Headquarters	10
Executive - Internal Audits	01	1130	Sales	08	1900	Milpitas District Office	20
Executive - External Affairs	01	1140	Sales Support & Distribution	08	1905	Sacramento District Office	21
Executive - Business Planning & Research	01	1150	Business Development	08	1911	Richmond District Office	22
Executive - Public Affairs & Communications	01	1180	District Sales	08	1925	Fresno District Office	23
Finance	02	1200	Marketing	09	1805	Chatsworth District Office	30
Human Resources	03	1300	Non-Divisional	00	0000	Rancho Cucamonga District Office	31
Operations	04	1400				Santa Fe Springs District Office	32
						Costa Mesa District Office	33
						San Diego District Office	34
						Northern Distribution Center	50
						Southern Distribution Center	51

Coding structure - A Complete code has four segments: Natural Account - Division - Location - Unit Code (ex., 67000-04-10-1400)

Natural Account (5 digit number)	Division (2 digit number)	Location (2 digit number)	Unit (4 digit number)
67000 - General Expense	04 - Operations Division	10 - Headquarters	1400 - Operations Deputy Director

Statistical Section



WEEKLY SALES ACTIVITY

DATE	SALES	EXPENSES	PROFIT	PERCENTAGE
01/01	100.00	20.00	80.00	80%
01/02	120.00	24.00	96.00	80%
01/03	150.00	30.00	120.00	80%
01/04	180.00	36.00	144.00	80%
01/05	200.00	40.00	160.00	80%
01/06	220.00	44.00	176.00	80%
01/07	250.00	50.00	200.00	80%
01/08	280.00	56.00	224.00	80%
01/09	300.00	60.00	240.00	80%
01/10	320.00	64.00	256.00	80%
01/11	350.00	70.00	280.00	80%
01/12	380.00	76.00	304.00	80%
01/13	400.00	80.00	320.00	80%
01/14	420.00	84.00	336.00	80%
01/15	450.00	90.00	360.00	80%
01/16	480.00	96.00	384.00	80%
01/17	500.00	100.00	400.00	80%
01/18	520.00	104.00	416.00	80%
01/19	550.00	110.00	440.00	80%
01/20	580.00	116.00	464.00	80%
01/21	600.00	120.00	480.00	80%
01/22	620.00	124.00	496.00	80%
01/23	650.00	130.00	520.00	80%
01/24	680.00	136.00	544.00	80%
01/25	700.00	140.00	560.00	80%
01/26	720.00	144.00	576.00	80%
01/27	750.00	150.00	600.00	80%
01/28	780.00	156.00	624.00	80%
01/29	800.00	160.00	640.00	80%
01/30	820.00	164.00	656.00	80%
01/31	850.00	170.00	680.00	80%
01/32	880.00	176.00	704.00	80%
01/33	900.00	180.00	720.00	80%
01/34	920.00	184.00	736.00	80%
01/35	950.00	190.00	760.00	80%
01/36	980.00	196.00	784.00	80%
01/37	1000.00	200.00	800.00	80%

Monthly Report



Financial & Demographic Data

CALIFORNIA STATE LOTTERY Change in Net Position Last Ten Fiscal Years

Revenues, Costs, Expenses	2016	2017	2018	2019
Operating revenues:				
Lotto games	1,337,129,994	1,041,071,687	1,234,092,648	1,526,370,543
Scratchers® games	4,351,826,436	4,576,028,713	5,077,397,175	5,170,791,532
Hot Spot®	232,286,264	255,808,131	288,701,169	313,779,077
Daily games	354,354,594	360,559,892	365,601,121	377,109,164
Total operating revenues	6,275,597,288	6,233,468,423	6,965,792,113	7,388,050,316
Prizes	3,955,791,373	3,963,453,360	4,476,580,353	4,715,592,673
Game costs:				
Retailer costs	432,985,606	433,656,258	480,545,143	505,903,081
Gaming system costs	78,276,791	81,566,527	90,998,838	92,088,597
Scratchers game costs	36,485,518	34,819,169	36,600,840	39,207,904
Total game costs	547,747,915	550,041,954	608,144,821	637,199,582
Operating expenses:				
Salaries, wages and benefits	79,415,769	91,254,303	101,054,859	99,664,223
Advertising	74,280,130	76,690,663	68,113,747	66,773,171
Promotion, public relations and point of sale	10,990,631	8,657,038	9,552,414	9,305,841
Other professional services	14,367,836	14,266,695	15,321,484	16,898,286
Depreciation and amortization	13,528,573	16,889,648	18,310,965	18,814,684
Other general and administrative expenses	19,806,524	18,036,889	12,658,281	14,080,465
Total operating expenses	212,389,463	225,795,236	225,011,750	225,536,670
Operating income	1,559,668,537	1,494,177,874	1,656,055,189	1,809,721,391
Non-operating (expenses) revenues:				
Investment earnings ²	55,232,507	(54,067,894)	(22,715,200)	53,177,645
Other income	193,432	93,932	124,554	22,036
Allocation to Education Fund ³	(1,563,149,876)	(1,499,004,485)	(1,664,887,295)	(1,825,224,100)
Total non-operating (expenses) revenues	(1,507,723,937)	(1,552,978,447)	(1,687,477,941)	(1,772,024,419)
Total change in net position	51,944,600	(58,800,573)	(31,422,752)	37,696,972

(1) Beginning net position was reduced \$155,152,000 in fiscal year 2017-18 due to changes in net OPEB liability reporting requirements. Please refer to Note 10 of the financial statements.

(2) Investment earnings include interest expense imputed on annuitized prize liability.

(3) For more information on the total allocation to Education Fund, please refer to Note 7 of the financial statements.

CALIFORNIA STATE LOTTERY
Change in Net Position
Last Ten Fiscal Years

2020	2021	2022	2023	2024	2025
888,372,887	1,198,771,157	1,185,499,008	1,819,304,484	1,861,671,725	1,189,825,216
5,029,765,509	6,409,463,025	6,830,109,188	6,574,494,639	6,561,264,485	6,892,391,897
311,848,814	373,301,793	401,837,336	410,942,023	424,739,564	424,355,620
392,016,195	436,407,842	435,804,636	434,612,165	427,438,318	426,139,390
6,622,003,405	8,417,943,817	8,853,250,168	9,239,353,311	9,275,114,092	8,932,712,123
4,403,715,159	5,610,605,541	5,825,673,018	5,960,301,724	6,031,571,558	5,994,177,466
460,706,639	585,861,906	614,710,750	633,200,226	632,678,900	614,805,168
82,692,866	97,963,148	102,320,421	109,720,587	110,124,193	104,430,041
36,567,321	44,601,524	41,836,793	50,428,558	42,411,509	49,950,790
579,966,826	728,426,578	758,867,964	793,349,371	785,214,602	769,185,999
111,146,383	104,757,919	101,243,980	100,871,997	123,281,104	142,049,639
40,856,926	59,135,920	92,849,859	89,181,811	101,755,246	108,469,821
9,385,619	7,490,496	8,529,662	11,095,793	12,229,984	13,310,553
16,225,755	17,728,391	18,129,419	18,072,617	21,662,247	21,753,318
18,428,535	16,765,127	15,982,732	14,961,644	14,518,446	15,274,619
17,123,347	15,302,967	16,924,217	20,464,419	26,712,119	24,262,568
213,166,565	221,180,820	253,659,869	254,648,281	300,159,146	325,120,518
1,425,154,855	1,857,730,878	2,015,049,317	2,231,053,935	2,158,168,786	1,844,228,140
82,091,722	(53,382,892)	(95,791,722)	(15,049,106)	45,912,870	49,493,535
195,722	1,823,112	611,692	6,897	194,418	127,593
(1,437,183,846)	(1,863,146,589)	(2,019,682,408)	(2,256,837,541)	(2,220,804,693)	(1,886,607,184)
(1,354,896,402)	(1,914,706,369)	(2,114,862,438)	(2,271,879,750)	(2,174,697,405)	(1,836,986,056)
70,258,453	(56,975,491)	(99,813,121)	(40,825,815)	(16,528,619)	7,242,084

Note: Individual wagers for all SuperLotto Plus®, Hot Spot, and all daily games, with the exception of Daily Derby®, are \$1 each. Daily Derby and Powerball® wagers are \$2 each. Mega Millions® wagers changed from \$2 to \$5 each in April of 2025. Scratchers games have price points of \$1, \$2, \$3, \$5, \$10, \$20, \$25, \$30, and \$40.

CALIFORNIA STATE LOTTERY
Net Position by Component
Last Ten Fiscal Years

Component	2016	2017	2018	2019
Invested in capital assets	163,916,171	185,709,466	197,306,299	208,971,820
Restricted by legislation	146,172,959	87,372,386	55,949,634	93,646,606
Unrestricted deficit	(254,126,583)	(275,919,878)	(442,668,711)	(454,334,232)
Total net position¹	55,962,547	(2,838,026)	(189,412,778)	(151,715,806)

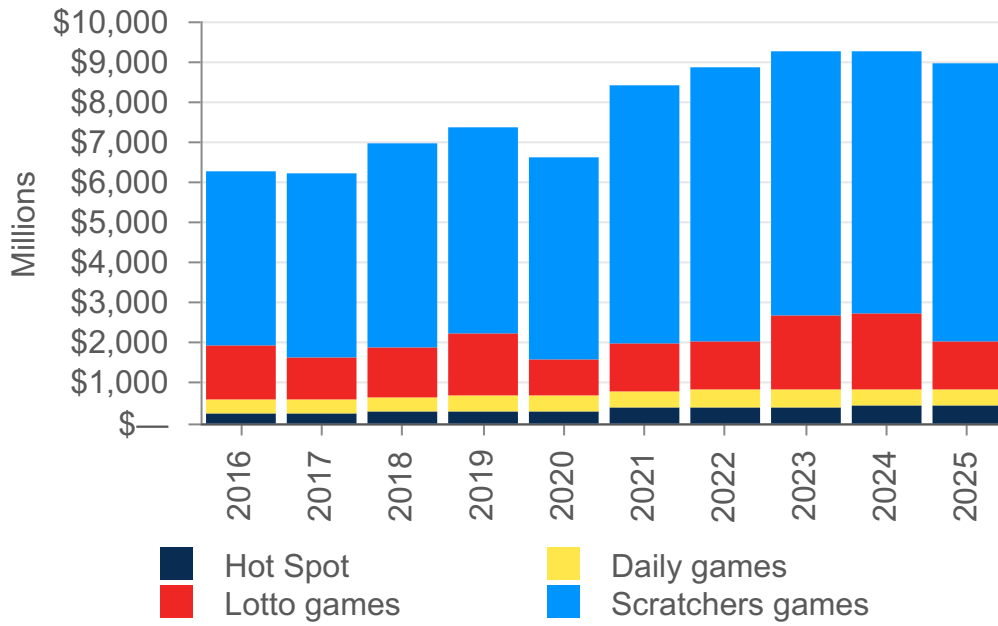
2020	2021	2022	2023	2024	2025
214,519,651	204,847,726	191,966,405	179,671,839	171,072,647	168,873,761
163,905,059	106,929,568	7,116,447	(33,709,368)	(50,237,987)	—
(459,882,063)	(450,210,138)	(437,328,817)	(425,034,251)	(416,435,059)	(457,232,076)
(81,457,353)	(138,432,844)	(238,245,965)	(279,071,780)	(295,600,399)	(288,358,315)



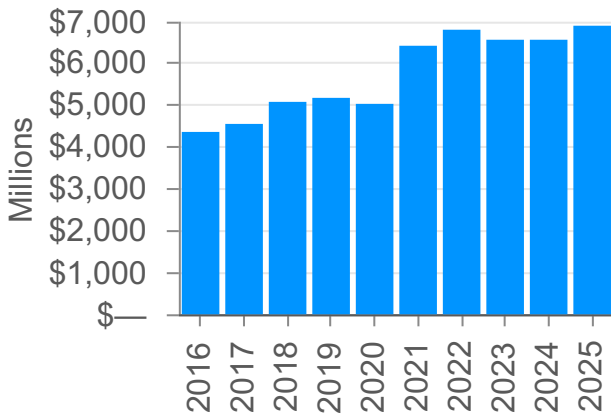
CALIFORNIA STATE LOTTERY

Sales by Product

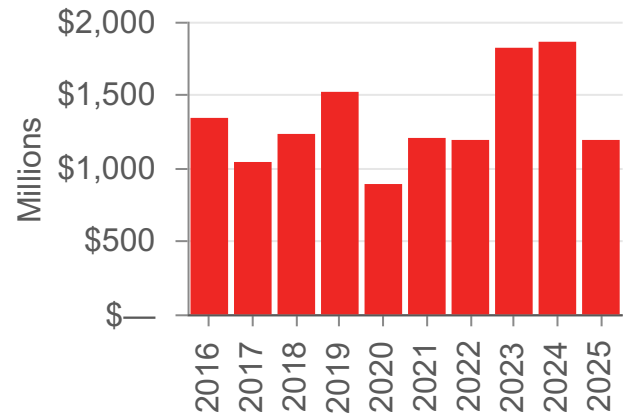
Last Ten Fiscal Years



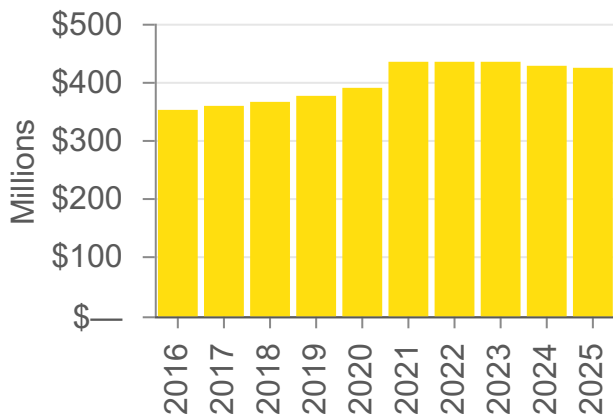
Scratchers Games



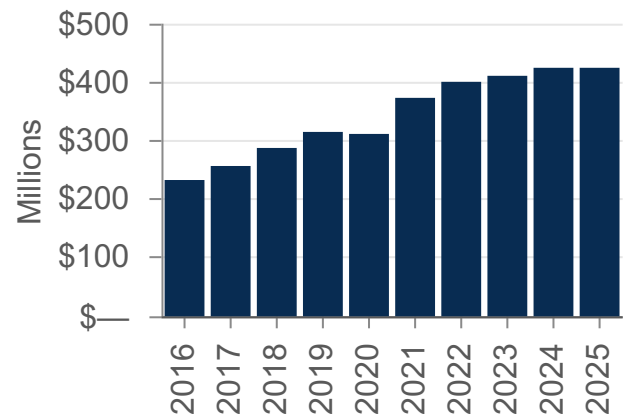
Lotto Games



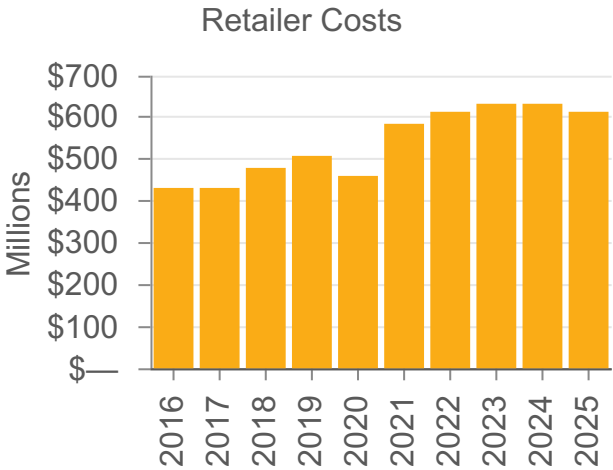
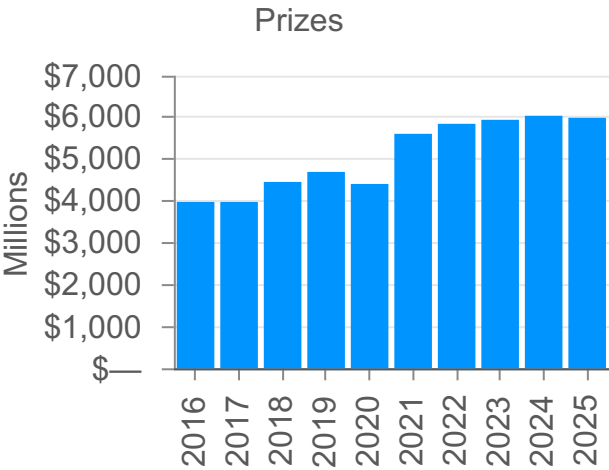
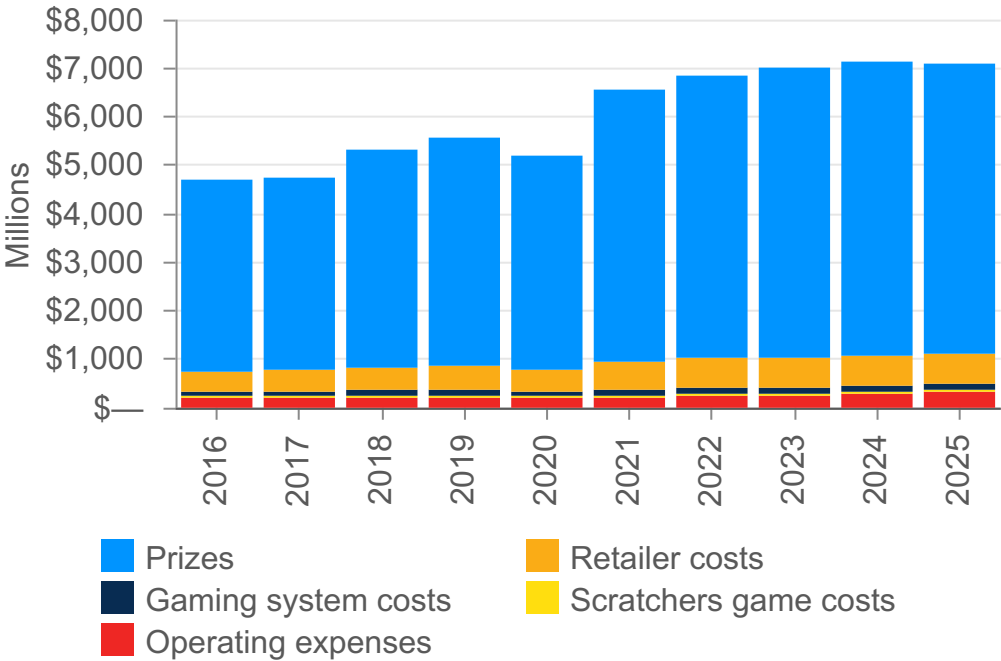
Daily Games



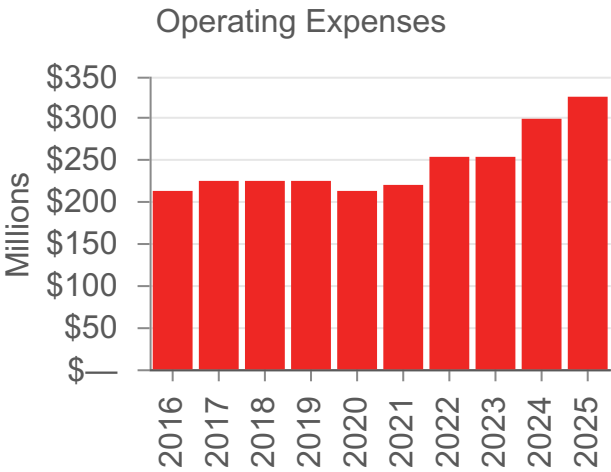
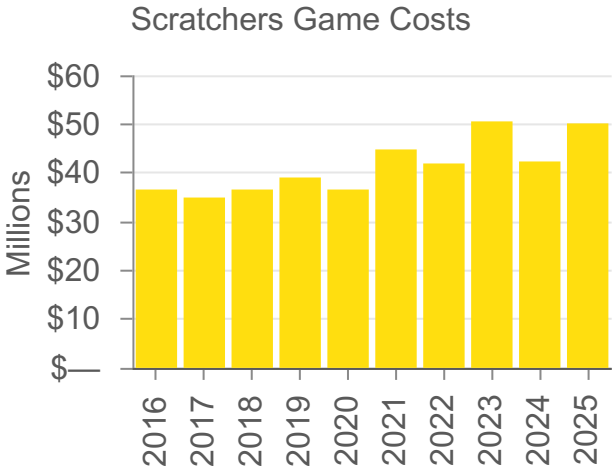
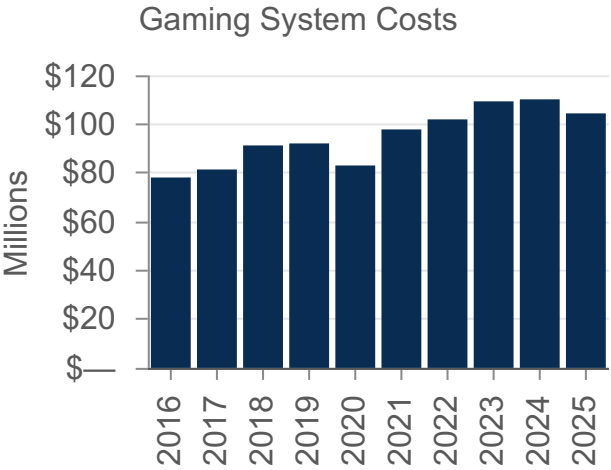
Hot Spot



CALIFORNIA STATE LOTTERY **Expenses by Type** **Last Ten Fiscal Years**



CALIFORNIA STATE LOTTERY
Expenses by Type
Last Ten Fiscal Years



CALIFORNIA STATE LOTTERY
California Demographics & Economic Information
2015-2024

Year	Population (in thousands)	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2015	39,145	\$2,103,669	\$53,741	5.7%
2016	39,250	\$2,212,691	\$56,374	5.0%
2017	39,636	\$2,409,537	\$60,792	4.2%
2018	39,625	\$2,558,708	\$64,574	4.1%
2019	39,545	\$2,673,410	\$67,603	3.7%
2020	39,349	\$2,769,079	\$70,372	9.1%
2021	39,171	\$2,983,478	\$76,166	5.0%
2022	38,988	\$3,058,731	\$78,454	4.8%
2023	38,953	\$3,210,090	\$82,408	5.1%
2024	39,458	\$3,482,071	\$88,247	5.2%

Source: All data except unemployment rate is from the Bureau of Economic Analysis, United States Department of Commerce; unemployment rates from Labor Market Information Division, California Employment Development Department. Note: 2025 information is not available and therefore not presented.



CALIFORNIA STATE LOTTERY
California Industry Number of Employees by Size Category
2015-2024

Industry	2015	2016	2017	2018	2019
Agriculture, Forestry, Fishing, Hunting	471,566	474,766	473,554	410,315	408,703
Mining	25,668	21,218	20,130	20,614	19,920
Utilities	57,577	58,008	57,766	56,068	56,963
Construction	748,872	789,841	830,446	877,644	901,215
Manufacturing	1,303,651	1,304,915	1,318,709	1,324,696	1,319,877
Wholesale Trade	719,576	718,853	723,984	705,541	693,780
Retail Trade	1,645,332	1,654,247	1,670,450	1,728,821	1,706,454
Transportation and Warehousing	488,428	517,790	553,571	619,572	670,993
Information	486,838	517,275	526,390	550,261	573,610
Finance and Insurance	523,933	540,844	544,423	540,296	543,498
Real Estate and Rental and Leasing	271,617	278,001	285,957	299,221	309,413
Services	7,247,138	7,442,898	7,630,490	7,969,114	8,154,351
Nonclassifiable Establishment	102,851	119,680	82,201	1,807	985
Federal, State and Local Government	2,388,336	2,434,565	2,346,343	2,520,424	2,548,014
Total for All Industries	16,481,383	16,872,901	17,064,414	17,624,394	17,907,776

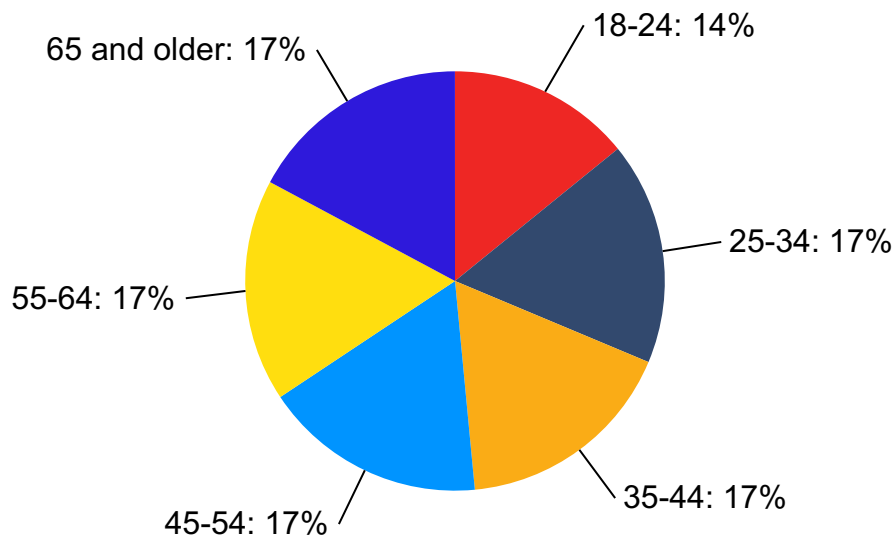
Industry	2020	2021	2022	2023	2024
Agriculture, Forestry, Fishing, Hunting	397,377	404,736	396,541	405,183	394,044
Mining	16,797	16,980	17,402	16,953	16,186
Utilities	59,571	60,113	62,469	65,920	67,468
Construction	872,915	896,376	912,111	925,510	910,741
Manufacturing	1,255,814	1,299,211	1,341,547	1,318,188	1,230,642
Wholesale Trade	644,899	660,675	673,841	666,062	657,436
Retail Trade	1,608,512	1,659,808	1,650,348	1,638,839	1,621,077
Transportation and Warehousing	714,235	773,084	794,536	779,399	781,565
Information	539,790	587,668	605,429	540,338	533,804
Finance and Insurance	538,676	544,205	528,784	504,375	492,400
Real Estate and Rental and Leasing	281,141	302,754	310,240	307,037	311,019
Services	7,179,567	7,968,242	8,310,307	8,440,970	8,654,627
Nonclassifiable Establishment	661	3,878	1,760	1,606	1,549
Federal, State and Local Government	2,389,784	2,454,756	2,518,775	2,607,840	2,690,569
Total for All Industries	16,499,739	17,632,486	18,124,090	18,218,220	18,363,127

Source: California Employment Development Department.

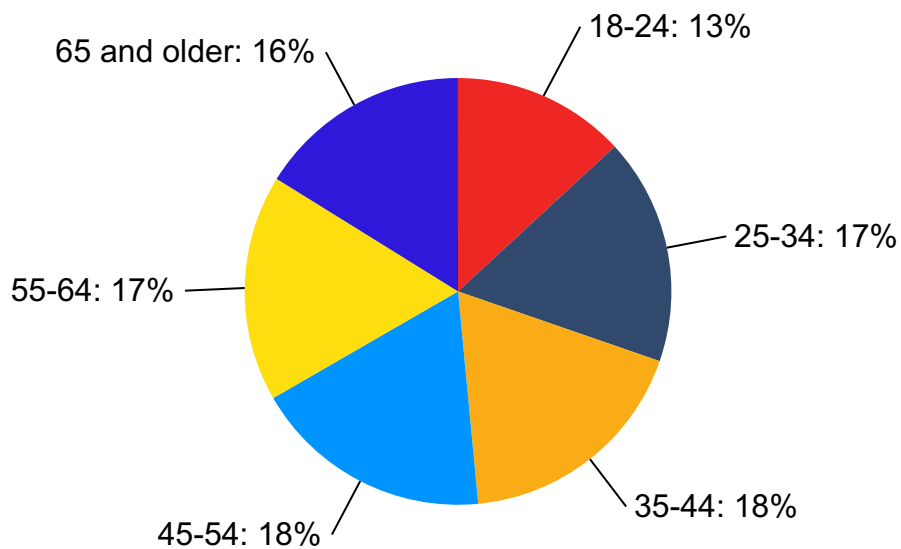
Definitions of Terms and Source Notes at www.labormarketinfo.edd.ca.gov. The industry data provided are intended to provide similar alternative information regarding the concentration of employment in various sectors of the California economy. Due to confidentiality issues, the names of the top individual employers are not available.

Note: Businesses are designated as “Non classifiable Establishments” when there is insufficient information to determine the appropriate industry classification.

CALIFORNIA STATE LOTTERY
California Demographics for Population and Players
Age of Adult Population

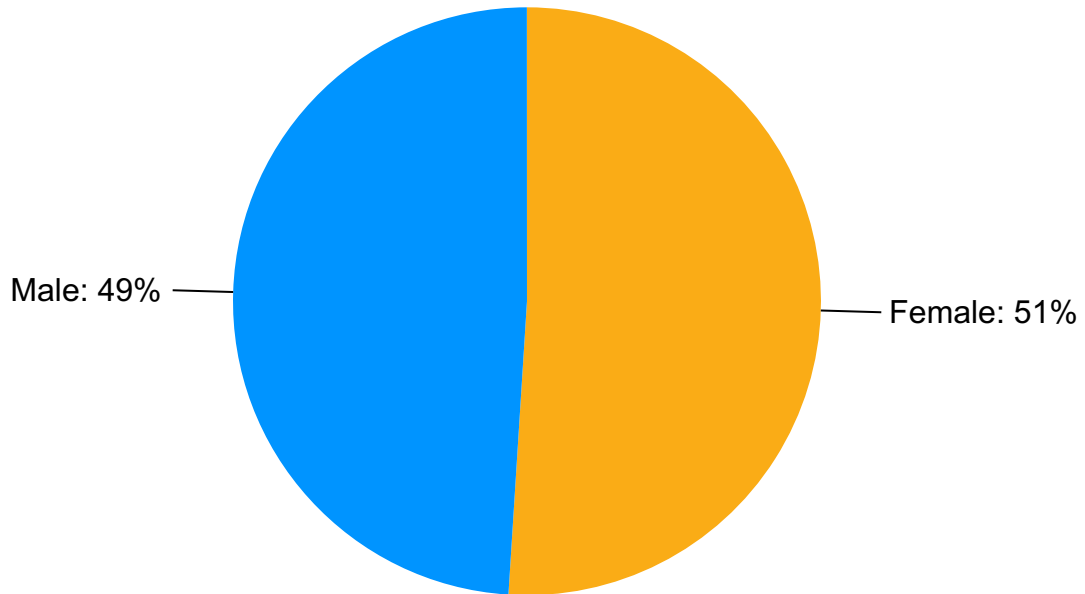


Age of Lottery Players

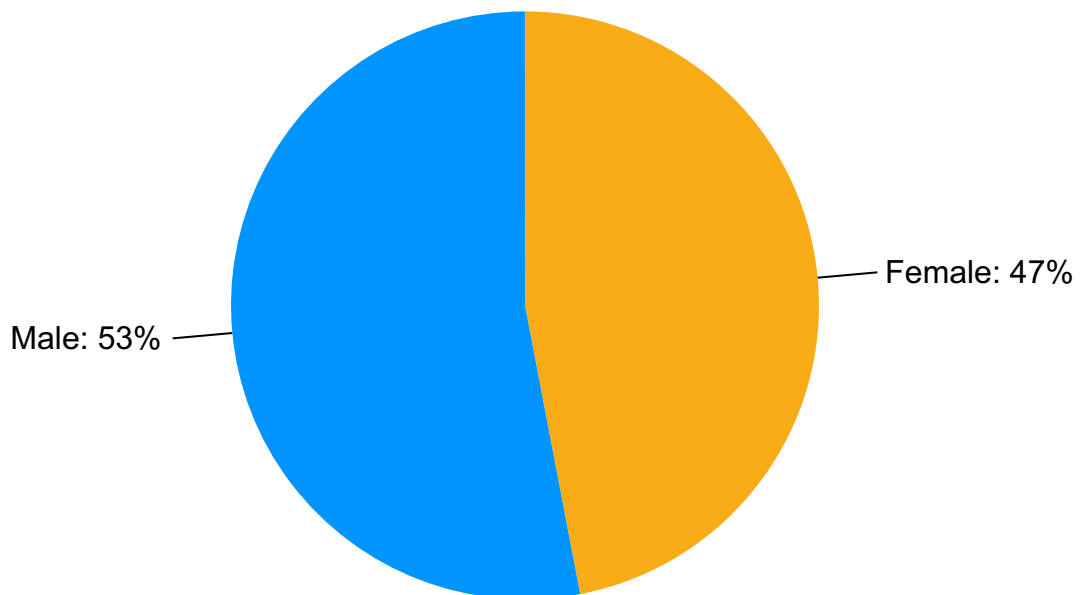


Note: All data are from the Continuous Tracking Study commissioned by the Lottery and provided by an external vendor for fiscal year 2024-25. Percentages are based on self-reported information from the respondents and may not equal to 100% of the total.

CALIFORNIA STATE LOTTERY
California Demographics for Population and Players
Gender of Adult Population

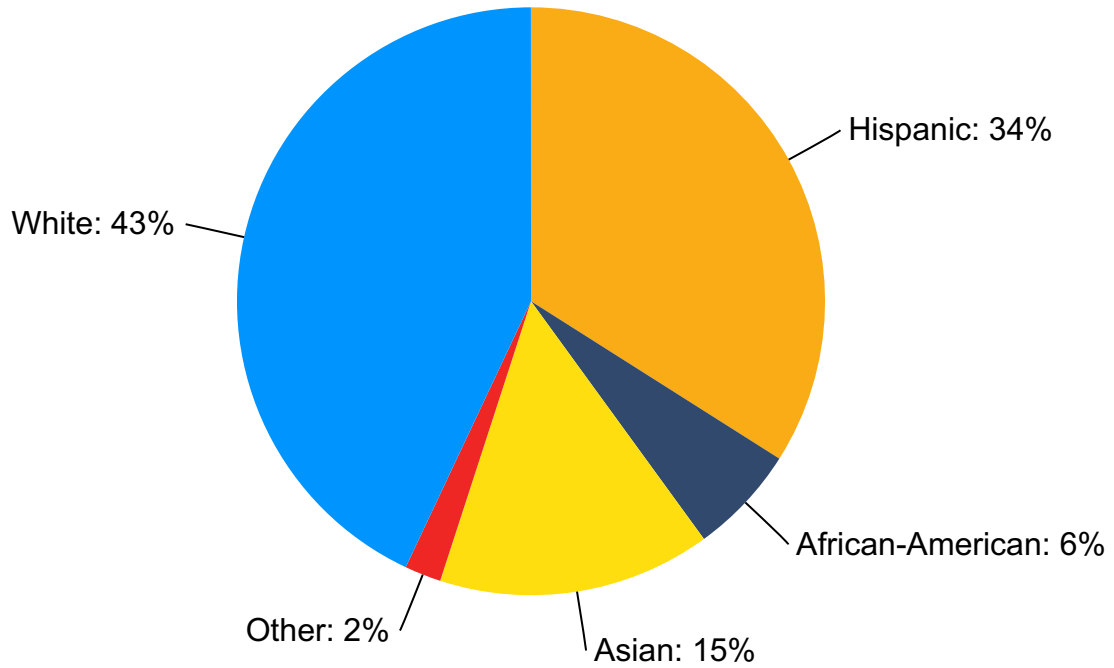


Gender of Lottery Players

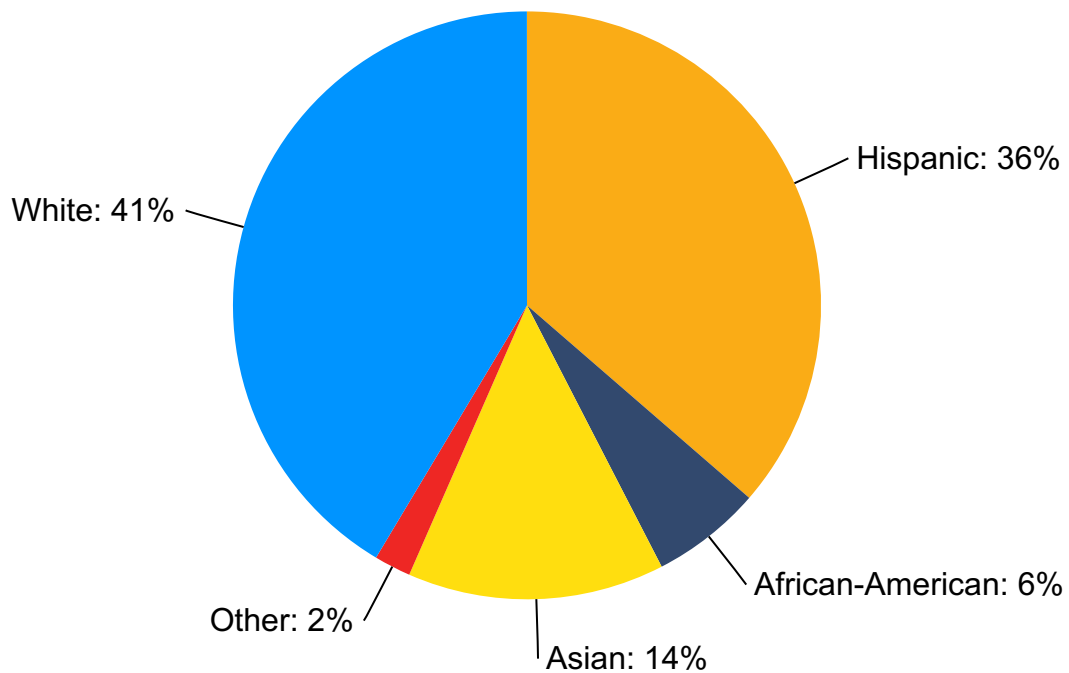


Note: All data are from the Continuous Tracking Study commissioned by the Lottery and provided by an external vendor for fiscal year 2024-25. Percentages are based on self-reported information from the respondents and may not equal to 100% of the total.

CALIFORNIA STATE LOTTERY
California Demographics for Population and Players
Ethnicity of Adult Population

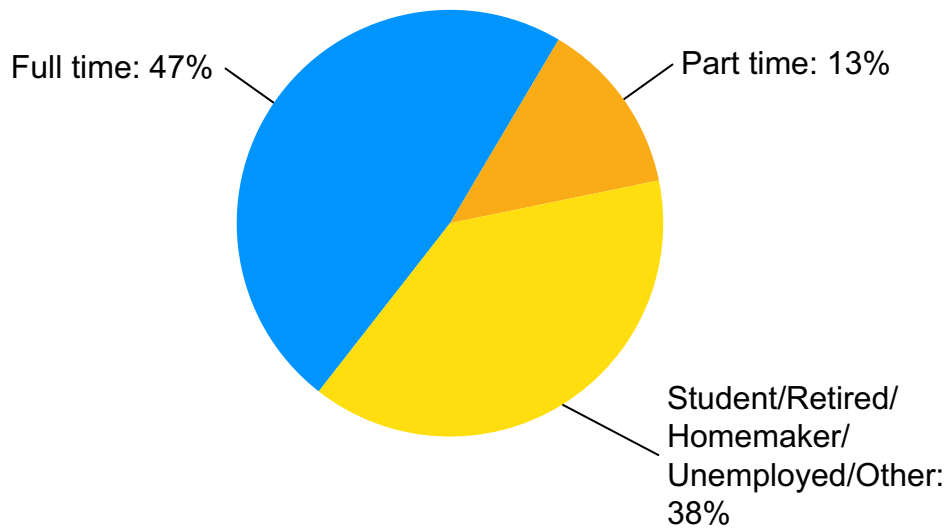


Ethnicity of Lottery Players

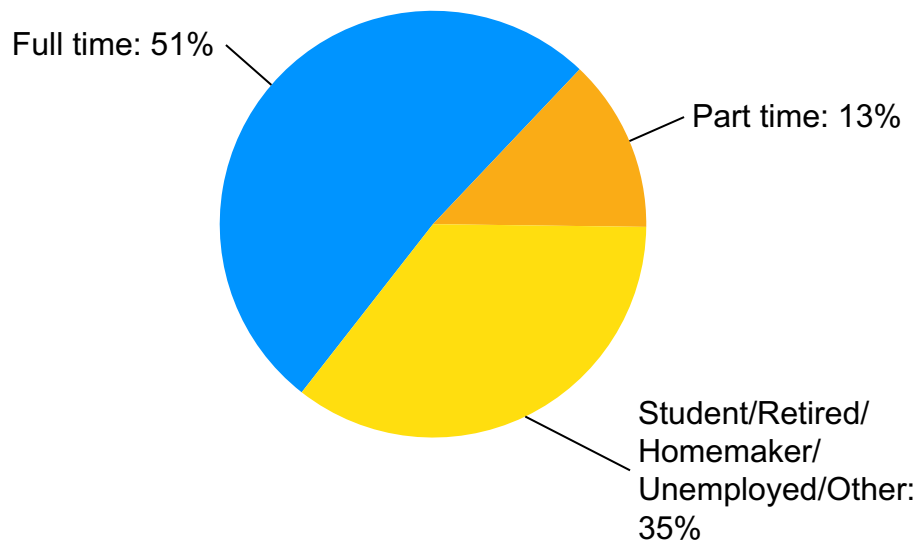


Note: All data are from the Continuous Tracking Study commissioned by the Lottery and provided by an external vendor for fiscal year 2024-25. Percentages are based on self-reported information from the respondents and may not equal to 100% of the total.

CALIFORNIA STATE LOTTERY
California Demographics for Population and Players
Employment Status of Adult Population

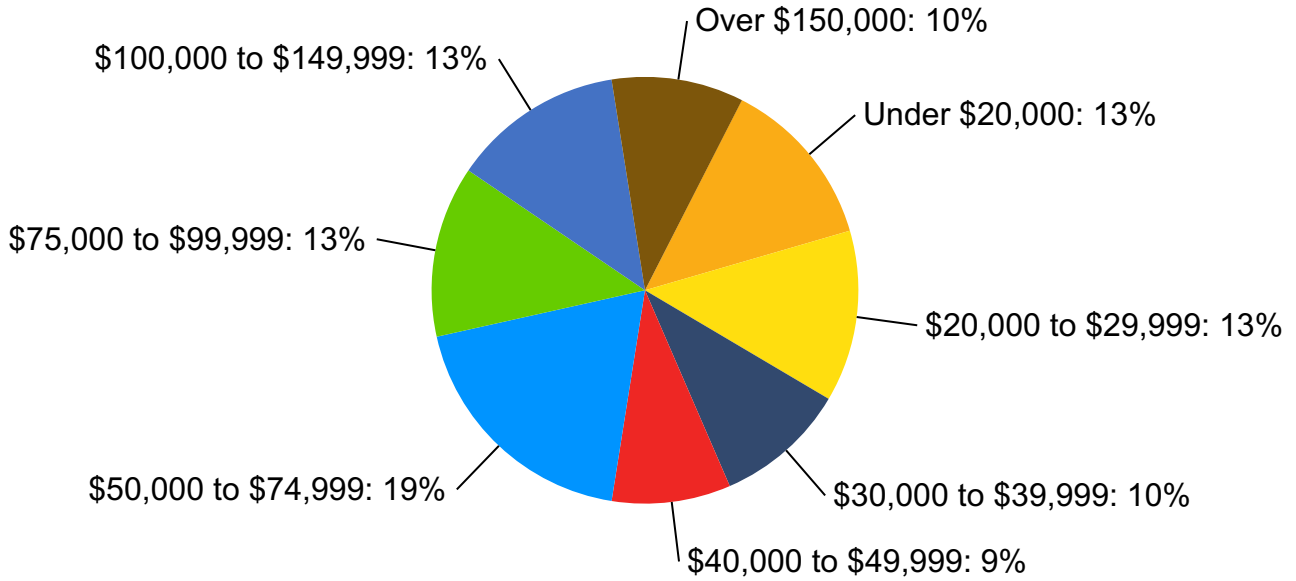


Employment Status of Lottery Players

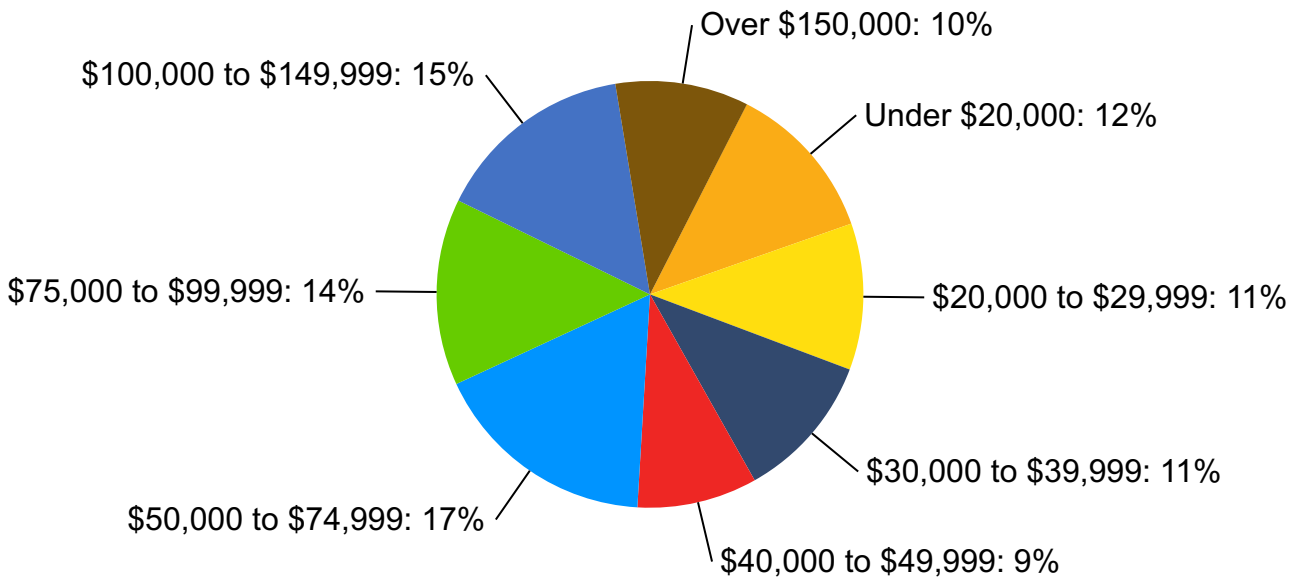


Note: All data are from the Continuous Tracking Study commissioned by the Lottery and provided by an external vendor for fiscal year 2024-25. Percentages are based on self-reported information from the respondents and may not equal to 100% of the total.

CALIFORNIA STATE LOTTERY
California Demographics for Population and Players
Household Income of Adult Population



Household Income of Lottery Players



Note: All data are from the Continuous Tracking Study commissioned by the Lottery and provided by an external vendor for fiscal year 2024-25. Percentages are based on self-reported information from the respondents and may not equal to 100% of the total.

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U.S. Lottery Data For Fiscal Year 2024
Excludes Video Lottery Terminal (VLT) sales
(in millions)

States	Population	Sales	Prizes	Profit	Sales/Capita
Arizona	7.4	\$1,528.2	\$1,027.9	\$—	\$206
Arkansas	3.1	613.0	420.0	129.2	200
California++	39.0	9,275.1	6,031.6	2,287.9	238
Colorado	5.9	900.8	577.8	196.4	153
Connecticut	3.6	1,414.6	1,136.5	387.0	391
Delaware ^{2, 3}	1.0	251.4	145.5	246.3	244
District of Columbia ⁴	0.7	196.1	—	—	289
Florida	22.6	9,417.5	6,374.7	2,386.6	417
Georgia	11.0	5,355.3	3,798.6	1,490.7	486
Idaho	2.0	421.6	282.5	84.0	215
Illinois	12.5	3,857.7	2,585.5	883.8	307
Indiana	6.9	1,744.2	1,141.7	373.1	254
Iowa	3.2	490.0	274.7	106.6	153
Kansas	2.9	350.1	202.4	88.5	119
Kentucky	4.5	1,463.0	963.0	405.4	323
Louisiana	4.6	639.6	370.1	204.8	140
Maine	1.4	430.2	288.8	90.1	308
Maryland ^{2, 3}	6.2	2,715.7	1,715.5	699.6	439
Massachusetts	7.0	6,129.8	4,525.2	1,156.6	876
Michigan ^{1, 4}	10.0	4,630.0	3,026.1	1,257.7	461
Minnesota	5.7	775.7	476.2	196.5	135
Mississippi	2.9	477.6	264.3	125.1	162
Missouri	6.2	1,605.9	1,069.2	389.8	259
Montana	1.1	92.5	54.9	19.5	82
Nebraska	2.0	220.6	129.1	55.3	112
New Hampshire	1.4	520.9	338.4	203.7	372
New Jersey	9.3	3,818.0	2,157.8	1,100.0	411
New Mexico	2.1	170.2	93.6	51.1	81
New York ^{2, 3, 4}	19.6	8,197.9	4,917.9	3,775.4	419
North Carolina	10.8	4,241.3	2,811.6	1,092.3	391
North Dakota	0.8	40.1	20.8	—	51
Ohio ^{2, 3}	11.8	4,543.9	3,018.7	1,477.7	386
Oklahoma	4.1	354.7	219.9	—	87
Oregon ^{2, 3}	4.2	460.6	282.7	—	109
Pennsylvania	13.0	4,861.0	3,215.4	1,220.5	375
Rhode Island ^{2, 3}	1.1	321.0	—	425.5	293
South Carolina	5.4	2,384.7	1,571.7	593.4	444
South Dakota ^{2, 3}	0.9	86.7	42.9	184.0	94

U.S. Lottery Data For Fiscal Year 2024
Excludes Video Lottery Terminal (VLT) sales (cont.)
(in millions)

States	Population	Sales	Prizes	Profit	Sales/Capita
Texas ^{1, 4}	30.5	8,389.8	5,655.5	2,007.3	275
Vermont	0.6	168.6	—	—	261
Virginia	8.7	2,617.0	1,649.9	934.1	300
Washington	7.8	1,029.0	636.3	392.7	132
West Virginia ^{2, 3}	1.8	258.0	156.7	—	146
Wisconsin	5.9	954.8	588.8	—	162
Wyoming	0.6	41.1	15.9	6.1	70

2024 data source: La Fleur's Magazine September/October 2024

Footnotes:

¹ Estimated Sales

² Doesn't include VLT prizes

³ Includes Lottery and VLT profit

⁴ Fiscal year ends June 30 except New York (March 31), Texas (August 31), District of Columbia and Michigan (September 30)

⁺⁺ Audited figures with the exception of population/sales per capita

U.S. Lottery Data For Fiscal Year 2025
Excludes Video Lottery Terminal (VLT) sales
(in millions)

States	Population	Sales	Prizes	Profit	Sales/Capita
Arizona	7.6	\$1,403.4	\$962.5	\$440.9	\$185
Arkansas	3.1	578.0	400.3	111.3	187
California++	39.4	8,932.7	5,994.2	1,931.6	227
Colorado	6.0	827.9	539.6	169.8	139
Connecticut	3.7	1,331.7	1,252.6	361.6	362
Delaware ^{2, 3}	1.1	224.8	138.0	223.8	214
District of Columbia ⁴	0.7	169.9	—	—	242
Florida	23.4	9,132.9	6,331.9	2,161.3	391
Georgia	11.2	5,143.0	3,917.4	1,471.4	460
Idaho	2.0	401.7	272.9	75.0	201
Illinois	12.7	3,755.9	2,592.7	796.1	296
Indiana	6.9	1,605.9	1,061.8	340.7	232
Iowa	3.2	434.9	283.5	151.4	134
Kansas	3.0	316.1	239.0	91.4	106
Kentucky	4.6	1,357.4	903.1	382.5	296
Louisiana	4.6	581.2	340.4	181.5	126
Maine	1.4	408.1	278.3	79.9	290
Maryland ^{2, 3}	6.3	2,616.0	1,672.6	667.2	418
Massachusetts	7.1	5,936.5	4,416.1	1,066.0	832
Michigan ^{1, 4}	10.1	4,533.7	2,947.7	1,165.2	447
Minnesota	5.8	708.3	444.8	161.6	122
Mississippi	2.9	444.4	270.4	113.0	151
Missouri	6.2	1,482.6	1,004.4	337.5	237
Montana	1.1	83.8	23.0	60.9	74
Nebraska	2.0	185.0	108.9	45.7	92
New Hampshire	1.4	468.7	318.4	195.3	333
New Jersey	9.5	3,514.3	2,026.0	—	370
New Mexico	2.1	148.9	79.6	44.7	70
New York ^{2, 3, 4}	19.9	7,812.0	4,751.6	3,584.5	393
North Carolina	11.0	3,987.7	—	1,070.0	361
North Dakota	0.8	26.9	14.1	6.2	34
Ohio ^{2, 3}	11.9	4,376.3	2,970.4	1,405.9	368
Oklahoma	4.1	305.1	188.8	—	75
Oregon ²	4.3	431.8	272.3	89.8	101
Pennsylvania	13.1	4,360.5	2,914.9	1,052.0	333
Rhode Island ^{2, 3}	1.1	284.4	1,790.0	433.6	256
South Carolina	5.5	2,299.8	1,534.2	549.0	420
South Dakota ^{2, 3}	0.9	72.6	38.7	182.5	78

U.S. Lottery Data For Fiscal Year 2025
Excludes Video Lottery Terminal (VLT) sales (cont.)
(in millions)

States	Population	Sales	Prizes	Profit	Sales/Capita
Texas ⁴	31.3	7,912.3	5,381.1	1,809.5	253
Vermont	0.6	155.5	111.0	—	240
Virginia	8.8	2,387.2	4,521.8	901.5	271
Washington	8.0	937.2	594.3	342.9	118
West Virginia ²	1.8	222.2	139.1	38.0	126
Wisconsin	6.0	861.8	548.0	—	145
Wyoming	0.6	28.8	13.6	2.8	49

2025 data source: La Fleur's Magazine September/October 2025

Footnotes:

¹ Estimated Sales

² Doesn't include VLT prizes

³ Includes Lottery and VLT profit

⁴ Fiscal year ends June 30 except New York (March 31), Texas (August 31), District of Columbia and Michigan (September 30)

⁺⁺ Audited figures with the exception of population/sales per capita

CALIFORNIA STATE LOTTERY
Number of Employees
Last Ten Fiscal Years

Divisions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Executive ³	44	40	41	49	48	58	60	60	60	70
Finance	80	82	83	88	91	118	126	137	141	144
Human Resources	27	29	29	31	37	50	50	53	53	54
Operations ¹	88	42	43	43	59	59	71	78	77	81
Public Affairs & Communications ^{2, 3}	24	25	24	—	7	7	7	7	7	—
Security & Law Enforcement	58	65	64	66	68	74	80	85	87	90
Information Technology Services	101	110	112	112	114	115	121	137	140	141
Sales & Marketing ^{1, 2}	399	448	448	470	485	489	550	559	559	568
Total	821	841	844	859	909	970	1,065	1,116	1,124	1,148

Source: California State Lottery, Annual Administrative Support Budget for each relevant year.

Note: Staffing levels are based on Lottery Commission approval as of that year.

Footnotes:

¹ In fiscal year 2016-17, the Lottery underwent a reorganization. The warehouse staff were redirected from the Operations Division to the Sales & Marketing Division.

² In fiscal year 2018-19, the Lottery underwent a reorganization. The Corporate Communications Division staff were redirected to the Executive Division and the Sales & Marketing Division.

³ In fiscal year 2019-20, the Lottery underwent a reorganization. The Public Affairs & Communications Division was established. And, in fiscal year 2024-25, The Public Affairs & Communications staff were redirected to the Executive Division.

CALIFORNIA STATE LOTTERY

Information about Operating Indicators

In fiscal year 2024-25, the Lottery continued to improve productivity and engagement to responsibly grow sales and maximize the supplemental funding we provide to our beneficiary. The Lottery generated nearly \$9 billion in sales and contributed more than \$1.9 billion to California's K-12 schools, community colleges, California State University and University of California campuses, and several specialized schools. The Lottery is proud to note that fiscal year 2024-25 was 25th consecutive year that it provided more than \$1 billion to its beneficiary.

Looking ahead, the Lottery's business plan for fiscal year 2025-26 aims to increase supplemental funds raised for education through responsible growth and continued dedication to the Lottery's mission, vision, and values.

The business plan includes the following objectives for fiscal year 2025-26:

- Expand Scratchers sales by removing barriers to play among infrequent players
- Continue to grow draw game sales
- Explore new ways to expand and utilize the Lottery's strong retail network
- Continue to improve knowledge and perceptions about the Lottery
- Become customer focused and continue to improve the customer experience
- Continue the celebration of the Lottery's 40th anniversary

In recognition of the Lottery's 40th anniversary, distinctive Scratchers games tailored for this milestone will continue to be available and promoted all throughout 2025. The goal of these special anniversary-themed games is to raise awareness of the Lottery's origins and reaffirm its commitment to generating supplemental funding for public schools across California.

The Lottery's solid business plan, which focuses on players, retailers, product, and initiatives within the Lottery organization itself, creates the balanced approach needed to continue to boost sales levels. In addition, the Lottery has engaged in multi-year efforts to strengthen its infrastructure to optimize its operation to be more efficient. The result of these initiatives and efforts will be in line with the Lottery's 40-year mission of maximizing funding to California public education.

Note: This section is from the Lottery's FY 2024-25 ACFR, which is the most current report available.

CALIFORNIA STATE LOTTERY
Capital Assets, Net
Last Ten Fiscal Years

Assets	2016	2017	2018	2019
Capital Assets:				
Land	11,577,348	15,893,968	18,798,281	18,798,281
Gaming Equipment	29,726,121	32,743,102	28,709,712	21,347,423
Software ²	—	—	—	—
Vending Machines	36,245,295	41,240,019	42,691,156	36,443,593
Buildings	78,818,382	90,566,226	100,553,839	124,353,366
Data Processing Equipment	2,850,624	1,046,034	1,683,868	3,647,573
Office Furniture and Equipment	606,197	610,104	666,223	725,378
Leasehold Improvements	2,939	1,299	186	—
Vehicles ¹	—	—	—	3,372,987
Audio/Video Equipment ²	—	—	—	—
Warehouse Equipment ²	—	—	—	—
Mobile Equipment ²	—	—	—	—
Other ¹	4,089,265	3,608,714	4,203,034	283,219
Capital Assets, net	163,916,171	185,709,466	197,306,299	208,971,820
Lease Assets: ³				
Right to Use SBITAs	—	—	—	—
Vehicles	—	—	—	—
Lease Assets, net	—	—	—	—
Lottery activities total, net	163,916,171	185,709,466	197,306,299	208,971,820

CALIFORNIA STATE LOTTERY
Contributions to Education
Last Ten Fiscal Years

Contributions	2016	2017	2018	2019
Allocations to Education Fund	1,563,149,876	1,499,004,485	1,664,887,295	1,825,224,100
Unclaimed Prizes	24,266,723	46,520,996	36,049,311	45,523,184
Total Contributions to Education	1,587,416,599	1,545,525,481	1,700,936,606	1,870,747,284

Footnotes:

¹ Prior to fiscal year 2018-19, "Other" capital assets included vehicles.

² The Lottery adopted new asset types in fiscal year 2021-22. This included recategorizing the prior year's asset cost and accumulated depreciation.

³ The Lottery adopted GASB Statement No. 87 and 96 to improve the accounting and financial reporting for leased vehicles and Subscription-Based Information Technology Arrangements (SBITA). For more information, see Note 5.

CALIFORNIA STATE LOTTERY
Capital Assets, Net
Last Ten Fiscal Years

2020	2021	2022	2023	2024	2025
18,798,281	18,798,281	18,798,281	18,798,281	18,798,281	18,798,281
14,820,418	10,017,625	6,689,136	4,742,641	2,977,383	1,540,710
—	—	10,952,992	10,263,513	8,666,443	14,625,670
30,327,101	24,584,159	18,928,541	13,211,169	7,835,817	4,102,719
138,719,630	136,374,440	132,014,719	128,236,374	128,102,940	124,705,422
6,426,088	9,725,778	239,374	677,002	656,980	432,986
535,718	375,018	49,259	68,801	399,520	380,311
—	—	—	—	—	—
4,666,505	4,747,361	3,569,426	2,687,916	1,585,853	778,245
—	—	94,390	50,746	32,094	45,299
—	—	10,508	6,567	2,627	—
—	—	—	—	—	—
225,910	225,064	619,779	928,829	2,014,709	1,994,381
214,519,651	204,847,726	191,966,405	179,671,839	171,072,647	167,404,024
—	—	—	2,372,016	2,347,633	2,525,397
—	—	—	1,402,027	3,461,502	2,625,928
—	—	—	3,774,043	5,809,135	5,151,325
214,519,651	204,847,726	191,966,405	183,445,882	176,881,782	172,555,349

CALIFORNIA STATE LOTTERY
Contributions to Education
Last Ten Fiscal Years

2020	2021	2022	2023	2024	2025
1,437,183,846	1,863,146,589	2,019,682,408	2,256,837,541	2,220,804,693	1,886,607,184
75,396,516	19,407,816	57,691,492	51,827,506	67,128,165	44,968,741
1,512,580,362	1,882,554,405	2,077,373,900	2,308,665,047	2,287,932,858	1,931,575,925



Resources

Glossary

Term	Definition
2nd Chance	Get another chance to win cash and prizes with bonus and promotional draws on eligible SuperLotto Plus, non-winning Scratchers, or \$5 or more Fantasy 5 tickets
AB 142	California Assembly Bill 142 (AB 142), passed in April 2010 modernizing the original 1984 Lottery Act
Administrative expenses	Includes retailer compensation, gaming costs, and operating costs
Administrative spending reserve	An element of the 13 percent of total revenues specified for administrative expenses that acts as a safeguard against uncertainties and provides flexibility for opportunities to increase funding for education
Advanced requisition management (ARM)	Software used for procurement approval workflows
Annual Comprehensive Financial Report (ACFR)	Publication detailing the Lottery's financial position, revenues, expenses, and contributions to public education
Autoregressive integrated moving average (ARIMA)	Statistical method used for forecasting
Average daily attendance	Number students of physically present in school each day
Budget Adjustment Request (BAR)	BARs are used to request a budget transfer or augmentation
Budget Expenditure Analysis Report (BEAR)	The BEAR provides a means to compare planned and actual spending to confirm budget adequacy and alert the organization to potential funding issues
Budget Expenditure Tracking System (BETS)	Monthly expenditure reports produced by the Budgets Unit to analyze costs and monitor adherence to the spending plan
Business Intelligence & Business Analytics (BIBA)	Platform used for product tracking, sales forecasting, and strategic decision-making
Business Plan Proposals (BPPs)	BPPs are the formal project and initiative proposals submitted annually by various Lottery divisions
California Lottery Information Center (CLIC)	Lottery's intranet site
California State Lottery Education Fund	Special state fund established by the 1984 California State Lottery Act
California State Lottery Fund	Special continuous-revenue fund in the California State Treasury

Capital Asset Program	Manages the annual budgeting, acquisition, and lifecycle tracking of long-term physical and technological investments
Capital Program	Structured facility and capital improvement initiatives
Capitalized Items	Business costs recorded as long-term assets
Carry-over projects	Initiatives moved from one budget year to the next
Chart of accounts	Master list of all financial accounts
Contribution to education	Contribution providing supplemental, discretionary money for public education
Discretionary items	Funding requests for positions, goods, or services not critical for daily operations
Distribution centers	Two regional distribution centers to manage the receipt, storage, and shipping of tickets and promotional items
District office	Offices to process winning ticket claims, pay out high-value prizes, provide customer service, and support local lottery retailers
Divisional budget liaison	Designated staff member within a specific operational unit or division who serves as the primary point of contact and coordinator for financial planning, expenditure tracking, and budget communication
Docusign	Software platform that allows individuals and businesses to sign, send, and manage documents electronically
Enterprise fund	Self-supporting governmental accounting fund that operates like a private business
Exponential Smoothing (ETS)	Time-series forecasting model used to analyze account data and predict future sales trends
Facilities Master Plan	Long-term strategic blueprint that guides the acquisition, design, construction, and modernization of the Lottery's owned and leased properties
Gaming costs	Costs for Lottery's gaming contract, retailer administrative and gaming fees, and Scratchers ticket, delivery, and support costs
General Fund	The principal operating fund for the majority of governmental activities
Generally Accepted Account Principles (GAAP)	A set of accounting rules, standards, and procedures issued and frequently revised by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB)
Jackpot	The largest grand prize available in a state or multi-state lottery game
Joint Legislative Budget Committee (JLBC)	A bipartisan 16-member committee of the California Legislature that reviews state agency spending, including operational and budget reports submitted by the California State Lottery Commission

Leadership in Energy and Environmental Design (LEED)	Global system used to rate and certify green, energy-efficient, and healthy buildings
Lottery Act	The California State Lottery Act of 1984 (Proposition 37) is a law approved by voters that created the California State Lottery
Mega Millions Consortium	A group of participating state lottery jurisdictions that jointly run the multi-state Mega Millions game
Multi-state draw game	A joint lottery game played across multiple U.S. states and jurisdictions at the same time
Multi-year projects	Strategic, long-term business plans, technological upgrades, or vendor contracts that span multiple fiscal years to maximize revenue generation for public education
Operational items	Funding requests for positions, goods, or services critical for daily operations
Optimal Prize Expense	Targeted percentage of total ticket sales allocated for player winnings, currently within the range of 65 percent to 67 percent, that successfully balances driving high consumer sales with maximizing total net revenue contributions sent to public education
Other Post-Employment Benefits (OPEB)	Method by which the State of California, as the employer, and its employees jointly prefund health benefits that current active employees will receive as state retirees
Parimutuel	A system where prize payouts are determined by total ticket sales and the number of winners, rather than fixed amounts
Per capita spending	Average amount of money spent on lottery tickets for each person living in the state
Pick and Pack	A secure warehouse logistics space used to sort, assemble, and distribute packs of Scratchers (instant tickets) and retailer supplies to authorized lottery sales locations
Pooled Money Investment Account	An active cash management and investment program used by the California State Treasurer to combine idle cash from multiple public sources into a single portfolio to maximize yield, maintain liquidity, and handle state cash flow
Pooled Money Investment Board	A state group created in 1955 that includes the State Treasurer, the State Controller, and the Director of Finance
Prize expense	The total amount of money paid out or set aside for winning players
Prize payout rate	The percentage of total ticket sales revenue returned to players as winnings

R programming environment	An integrated suite of software facilities for data manipulation, calculation, and graphical display
Reclassification	Process where a recorded cost is moved from one account or department to another
Reserve for insurable risk	A dedicated \$5 million annual fund set aside to cover unexpected, accidental, or pure financial losses
Responsible gaming	Treating lottery play as a form of lighthearted entertainment rather than a way to make money
Retailer Access Program	Initiative that requires Lottery retailers to provide all customers with clear and equal access to purchase Lottery products
Retailer compensation	Costs for retailer commission, cashing bonuses, special handling, and incentives
Single enterprise fund	Separate proprietary fund used to account for public services that are financed and operated like a private business
Special fund	A dedicated pool of money set up by state law to collect specific taxes, fees, or licenses
State Lottery Commission	A five-member governing board created by the California State Lottery Act of 1984 overseeing the operations of the California State Lottery to maximize supplemental funding for public education while ensuring game security, fairness, and legal compliance
Subscription-Based Information Technology Arrangement (SBITA)	The accounting standard used to report and track cloud computing, software-as-a-service (SaaS), and IT subscription contracts
Wdesk	Software platform by Workiva designed for connected reporting, regulatory compliance, and risk management
Workiva	Software platform that helps companies manage, connect, and report their financial and non-financial data
Zero-based budgeting	A financial management practice where spending plans are built entirely from scratch for each fiscal year rather than rolling over previous base budgets

Lottery District Offices

Office	Address	Phone
1 Milpitas	900 Hanson Court Milpitas, CA 95035	(408) 214-4204
2 Sacramento	4106 East Commerce Way Sacramento, CA 95834	(916) 830-0292
3 Richmond	618 South 8th Street, Suite 300A Richmond, CA 94804	(510) 806-8960
4 Fresno	7620 North Del Mar Avenue Fresno, CA 93711	(559) 449-2430
5 Chatsworth	9710 Topanga Canyon Boulevard Chatsworth, CA 91311	(818) 722-1602
6 Rancho Cucamonga	11138 Elm Avenue Rancho Cucamonga, CA 91730	(909) 803-6232
7 Santa Fe Springs	9807 Bell Ranch Drive Santa Fe Springs, CA 90670	(562) 777-3434
8 Costa Mesa	235 Baker Street East Costa Mesa, CA 92626	(714) 716-4076
9 San Diego	5656 Ruffin Road San Diego, CA 92123	(858) 492-1700





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