

California State Lottery Commission

Minutes – November 20, 2025

Sacramento, California

1. Call to Order

Commissioner Chair Anthony Garrison-Engbrecht called the meeting of the California State Lottery Commission to order at 10:04 a.m.

2. Pledge of Allegiance

Chairman Garrison-Engbrecht led the Pledge of Allegiance.

3. Roll Call

Chairman Garrison-Engbrecht asked Farida Sarwari to call the roll.

Commission Members Present:

Chairman Anthony Garrison-Engbrecht

Vice Chair Keetha Mills

Commissioner Tiffani Alvidrez

Commissioner Ukau Dungca

California State Lottery Staff and Presenters:

Florence Bernal, Chief Deputy Director

Fernando Aceves, Chief Counsel

Jim Hasegawa, Deputy Director of Business Planning & Research

Sharon Allen, Deputy Director, Sales and Marketing Division (Did not present.

Responded to question during the Business Review Highlights Presentation)

Nicholas Buchen, Deputy Director, Finance

Chris Lopez, Deputy Director of Information Technology Services Division

Farida Sarwari, Assistant to the Commission

Rebecca Estrella, Recording Secretary

4. Consider Approval of the Agenda

Chairman Garrison Engbrecht announced there was a change to the agenda, and Action item 8(c), Quantasy and Associates, LLC Contract Extension, will be presented at a future meeting. Chairman Garrison-Engbrecht asked if the Commissioners had any other suggestions or changes to today's agenda. There were no changes, so Commissioner Alvidrez made a motion to approve the agenda, which was seconded by Commissioner Mills. The motion passed unanimously.

5. Approval of Minutes

Chairman Garrison-Engbrecht asked if there were any corrections to the minutes of the September 25, 2025, Commission meeting. No corrections were noted.

Commissioner Alvidrez made the motion to approve the minutes, and it was seconded by Commissioner Mills. The motion passed unanimously.

6. Informational Items

a. Directors Comments:

Chief Deputy Director Bernal provided an update on behalf of Director Harjinder K. Shergill-Chima, who was out due to illness.

- Total sales exceeded \$3.6 billion through mid-November, representing a 13% year-over-year increase.
- Scratchers accounted for approximately 75% of sales and exceeded the budget, driven in part by the introduction of the new \$40 Scratcher.
- Multi-state games generated over \$600 million in sales.
 - Mega Millions rolled to \$980 million, producing \$218 million in sales and an estimated \$87 million for education.
- Super Lotto Plus exceeded goals; Hotspot met expectations; daily games were slightly below projections.
- First-quarter contributions to education are estimated at \$762 million, exceeding last year by \$144 million and the budget by 24%.
- The Lottery is well-positioned for the holiday season.
- Seasonal Scratcher games are available statewide, supported by mass media holiday marketing.
- Last year, Scratcher gifting generated \$28 million in revenue and nearly \$5 million for education.
- The Lottery celebrated its 40th anniversary on October 15.
- The event recognized more than \$48 billion contributed to California public education over 40 years.
- Legislators, state agencies, business partners, and Lottery staff participated, presenting resolutions and proclamations.
- Chair Garrison-Engbrecht congratulated the Lottery on a successful 40th anniversary celebration.

b. Business Review Highlights

Presented by Deputy Director Jim Hasegawa

- Deputy Director Hasegawa presented highlights from the Lottery's business review, analyzing sales trends, key programs, and comparisons with other U.S. lotteries to inform future growth and funding for education.
- Long-term data show significant sales growth following legislative changes that removed prize restrictions; however, overall sales have been relatively flat in recent years due to fewer large jackpots.

- Scratchers are the primary growth driver, accounting for over three-quarters of recent sales increases, while draw games have seen modest growth.
 - Player participation remains strong, with approximately 70% of California adults playing at least one Lottery game each year. Average player spending declined slightly in the most recent fiscal year.
 - Scratcher sales trends show shifts by price point, influenced by economic conditions. The \$20 Scratcher has reemerged as the top-selling price point.
 - Marketing and repositioning efforts have successfully improved perceptions of Scratchers, increased playership, and reduced barriers among casual and lapsed players.
 - Public awareness that Lottery funds benefit education increased from 34% to 40% year-over-year.
 - The launch of the first \$40 Scratcher during the 40th anniversary was highly successful, generating strong sales and positive feedback from players.
 - California remains the second-largest lottery in total sales and is now number one in instant (Scratcher) ticket sales, leading the nation in Mega Millions and Powerball sales.
 - Per capita sales rank in the middle nationally, indicating potential for growth. California relies more heavily on large jackpot games than other states.
 - Statutory and technological limitations, including lack of digital sales and fixed-prize games, constrain growth and engagement—particularly with younger players.
 - Staff are exploring future opportunities, including cashless vending pilots and strategic planning initiatives.
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- Commissioners requested clearer alignment between research data, marketing goals, budgeting, and decision-making.
 - Questions focused on anticipating future growth catalysts, engaging younger demographics, and addressing statutory and technological barriers.
 - Leadership emphasized the need to maintain relevance, modernize where possible, and continue investing in awareness even when immediate player engagement is lower.

c. Audit Committee Update

Presented by Vice Chair Commissioner Keetha Mills

Vice Chair Mills reported on the Audit Committee's oversight of internal controls, compliance, and the effectiveness of the internal audit function. The Committee met quarterly, reviewed its charter and annual audit plan, and monitored audit findings and resolutions to ensure accountability. The

internal audit team, led by Sara, operates as a collaborative, value-added function focused on risk mitigation, efficiency, and protecting Lottery assets to maximize contributions to public education. No audit findings rose to the level of public reporting, with most focused on continuous improvement. The internal audit department completed an external quality assurance review and transitioned to new global audit standards in January 2025, demonstrating a strong commitment to best practices and continuous improvement.

Chairman Garrison-Engbrecht thanked Vice Chair Mills, Sara, Emily and the audit team for their leadership, responsiveness, and ongoing follow-up in support of strong governance.

7. Consent Calendar

There were no items on the consent calendar.

8. Action Items

a. Juniper Network Switch Refresh

Deputy Director Lopez requested Commission approval to purchase new Juniper Core Network switches with a three-year support agreement to replace existing switches nearing end of life. The core switches are critical to Lottery operations, supporting the gaming system, remote locations, and internet services. The purchase includes two Juniper QFS 5700 switches, professional installation, and 24/7 support, ensuring improved performance, security, and reliability. The \$372,664.78 purchase will be made through a leveraged statewide procurement contract, with Allied Network Solutions, Inc. submitting the lowest bid. While the equipment has an expected lifespan of approximately 10 years, the support agreement will be co-termed with other network equipment at renewal. Commissioner Mills moved to approve the item, seconded by Commissioner Mills. The motion passed unanimously following a roll call vote.

b. DocuSign Renewal

Deputy Director Lopez requested Commission approval to renew the Lottery's DocuSign subscription and support services for a two-year term. DocuSign, implemented in 2020, is an essential tool supporting operational efficiency, with over 90 e-signature templates and automated workflows in use. The system has reduced printing, storage, and distribution costs by an estimated \$4.30 per document and significantly reduced environmental impact, including reductions in carbon emissions, water usage, wood consumption, and waste. DocuSign also enhances document security through encryption, authentication, and detailed audit

trails. The renewal will be procured through a leveraged statewide agreement, with Allied Network Solutions, Inc. submitting the lowest bid. The recommended contract amount is \$652,935 for the term January 31, 2026, through January 30, 2028. Commissioner Alvidrez commended staff for capturing and reporting environmental savings. A motion to approve was made by Commissioner Alvidrez and seconded by Commissioner Dungca. The motion passed unanimously following a roll call vote.

- c. Quantasy & Associates. LLC (Quantasy)
(To be presented at a future meeting)
- d. Revised Fiscal Year 2025-2026 Budget

Deputy Director Nick Buchen presented the revised FY 2025–2026 Lottery budget for Commission approval, noting the revision was necessary due to the cancellation of the June 2025 meeting and limited data available at the May meeting. With additional revenue and expenditure data now available, the revised budget better aligns with current projections.

Key updates include projected sales of \$9.55 billion, an increase of \$450 million (4.9%) driven primarily by stronger Scratchers and Powerball performance. Prize expense is projected at \$6.35 billion, reflecting a higher and more realistic Scratchers payout percentage while remaining within the optimal payout range. Administrative expenses were updated to reflect increased retailer compensation, higher gaming costs, and restored funding for marketing and the Lottery’s education campaign. The revised budget maintains compliance with the Lottery Act’s administrative expense cap and all statutory requirements.

The revised budget projects a contribution to public education of \$2.112 billion, an increase of \$36.7 million over the May-adopted budget and approximately \$180 million more than the prior fiscal year. The contribution exceeds the five-year statutory average by an estimated \$16 million.

Vice Chair Mills confirmed the revised budget complies with all rules and regulations, encouraged greater use of trend data in future presentations, and emphasized balancing conservatism with realistic and aspirational budgeting, particularly regarding marketing investments. Chair Garrison-Engbrecht thanked staff for their work under tight timelines, supported continued discussion on budgeting philosophy, and expressed appreciation that the revised budget meets statutory education funding requirements.

Commissioner Mills moved to approve the item, seconded by Commissioner Alvidrez. The motion passed unanimously following a roll call vote.

9. Commissioner General Discussion

Paulina Vasquez, Lottery Sales Representative for the Central Valley and Chief Union Steward with SEIU 10000, formally welcomed Commissioner Dungca. She expressed appreciation for the Lottery's Special Law Enforcement Division and publicly acknowledged numerous managers and supervisors for their leadership, transparency, and respectful treatment of employees. She emphasized that her presence at Commission meetings is not solely to raise concerns, but also to recognize positive contributions, and she extended her well wishes for Thanksgiving.

Commissioner Alvidrez thanked Ms. Vasquez for recognizing staff and reaffirmed appreciation for the Lottery's managers, supervisors, and sales teams, noting their contributions and prior recognition during the Lottery's 40th anniversary. Chair Garrison-Engbrecht echoed thanks and holiday wishes.

10. Scheduling Next Meetings

The next Commission Meeting date is tentatively scheduled for January 22nd, to be held in Sacramento.

11. Public Discussion

Ms. Vasquez addressed the Commission regarding the recently approved revised FY 2025–2026 budget. She expressed concern about the impact of mid-fiscal-year budget revisions on sales goals and employee bonuses. Ms. Vasquez noted that increased sales targets, particularly for Scratchers, will now need to be achieved within the final two quarters rather than spread across the full fiscal year, which she stated feels unfair to the sales team. She requested the Commission consider this unintended consequence in the interest of fairness and transparency. Chair Garrison-Engbrecht acknowledged the comment and stated it was duly noted.

12. Adjournment

Chairman Garrison-Engbrecht adjourned the meeting at 11:36 a.m.