



# Presentation of Proposed Fiscal Year 2026-27 Budget

Presentation to  
California State Lottery Commission  
June 16, 2026



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

	FY 2025-26 Year-End Estimate	% of Sales	FY 2026-27 Proposed Budget	% of Sales	Difference
<b>SALES:</b>					
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
<b>TOTAL, ESTIMATED SALES</b>	<b>\$9,324,000</b>		<b>\$9,360,000</b>		<b>\$36,000</b>

		Prize Payout %		Prize Payout %	
<b>PRIZE EXPENSE:</b>					
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)
<b>TOTAL, PRIZE EXPENSE</b>	<b>\$6,156,646</b>	<b>66.0 %</b>	<b>\$6,244,998</b>	<b>66.7 %</b>	<b>\$88,352</b>
<b>NET SALES AFTER PRIZE EXPENSE</b>	<b>\$3,167,354</b>		<b>\$3,115,002</b>		<b>(\$52,352)</b>

		% of Sales		% of Sales	
<b>ADMINISTRATIVE EXPENSES:</b>					
<b>Retailer Compensation:</b>					
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	— %	4,000	0.0 %	0
<b>Gaming Costs:</b>					
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
<b>TOTAL, RETAILER &amp; GAMING COSTS</b>	<b>\$802,277</b>	<b>8.6 %</b>	<b>\$816,320</b>	<b>8.7 %</b>	<b>\$14,043</b>

<b>Operating Costs:</b>					
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	13,744	0.1 %	13,434	0.1 %	(310)
Operating Expense	24,258	0.3 %	31,824	0.3 %	7,566
Reserve for Insurable Risk	0	0.0 %	5,000	0.1 %	5,000
Administrative Spending Reserve	0	0.0 %	78,576	0.8 %	78,576
<b>Subtotal, Operating Costs</b>	<b>\$314,342</b>	<b>3.4 %</b>	<b>\$400,480</b>	<b>4.3 %</b>	<b>\$86,138</b>
<b>TOTAL, ADMINISTRATIVE EXPENSES</b>	<b>\$1,116,620</b>	<b>12.0 %</b>	<b>\$1,216,800</b>	<b>13.0 %</b>	<b>\$100,180</b>

<b>CONTRIBUTION TO EDUCATION</b>	<b>\$2,050,734</b>		<b>\$1,898,202</b>		<b>(\$152,532)</b>
Unclaimed Prizes	58,725		48,000		(10,725)
Interest Income	37,000		32,000		(5,000)
<b>TOTAL AVAILABLE FOR EDUCATION</b>	<b>\$2,146,459</b>		<b>\$1,978,202</b>		<b>(\$168,257)</b>
<b>TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES</b>	<b>\$2,146,459</b>		<b>\$2,061,778</b>		<b>(\$84,681)</b>

# Proposed Fiscal Year 2026-27 Budget

\*Dollars in thousands; numbers may not add due to rounding.



# Sales

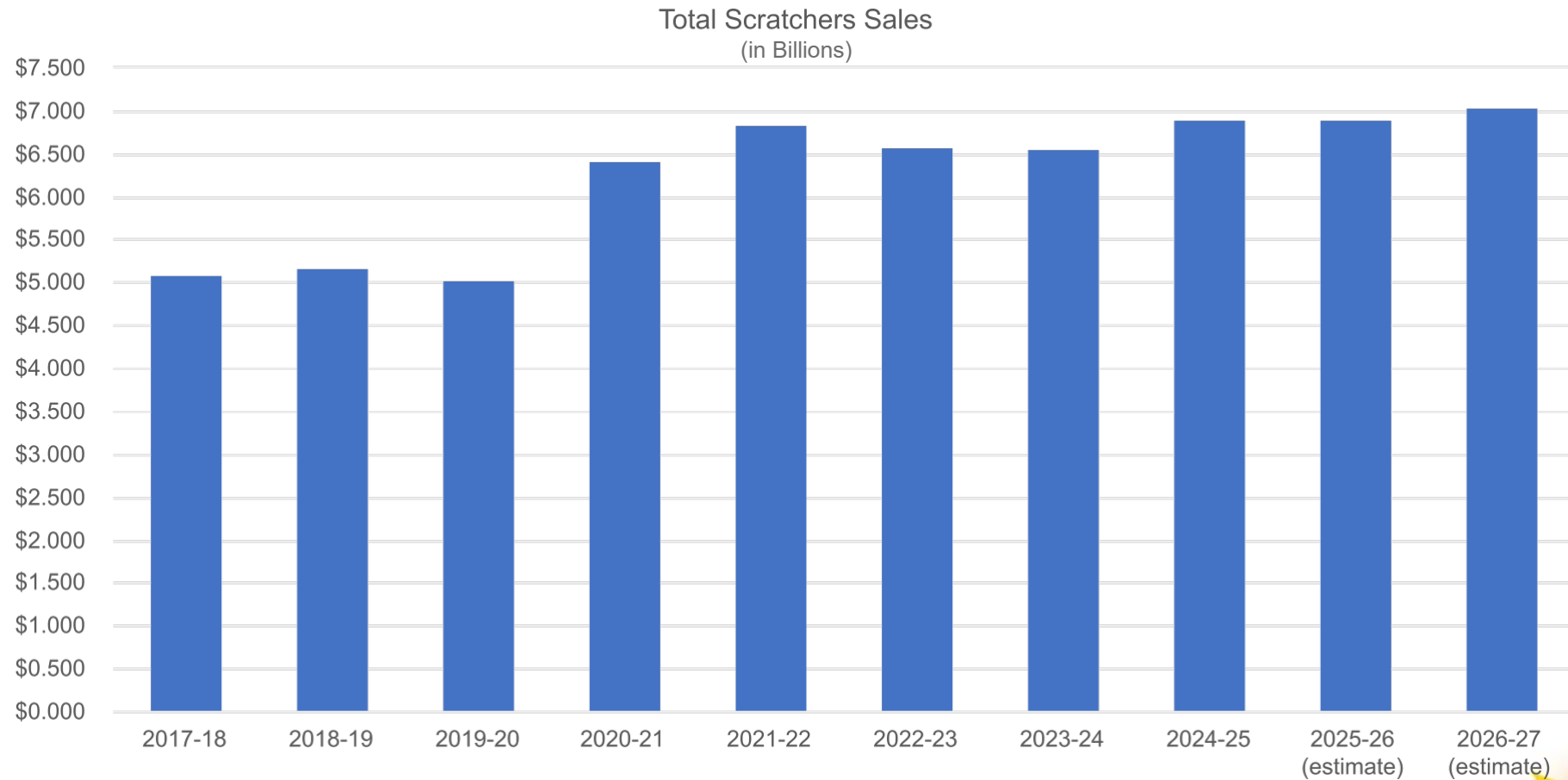
	<b>FY 2025-26</b>		<b>FY 2026-27</b>		
	<b>Year-End</b>	<b>% of</b>	<b>Proposed</b>	<b>% of</b>	
	<b>Estimate</b>	<b>Sales</b>	<b>Budget</b>	<b>Sales</b>	<b>Difference</b>
<b>SALES:</b>					
Scratchers	\$6,900,000	74.0 %	\$7,040,000	75.2 %	\$140,000
Powerball	833,000	8.9 %	565,000	6.0 %	(268,000)
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# Scratchers Sales by Fiscal Year

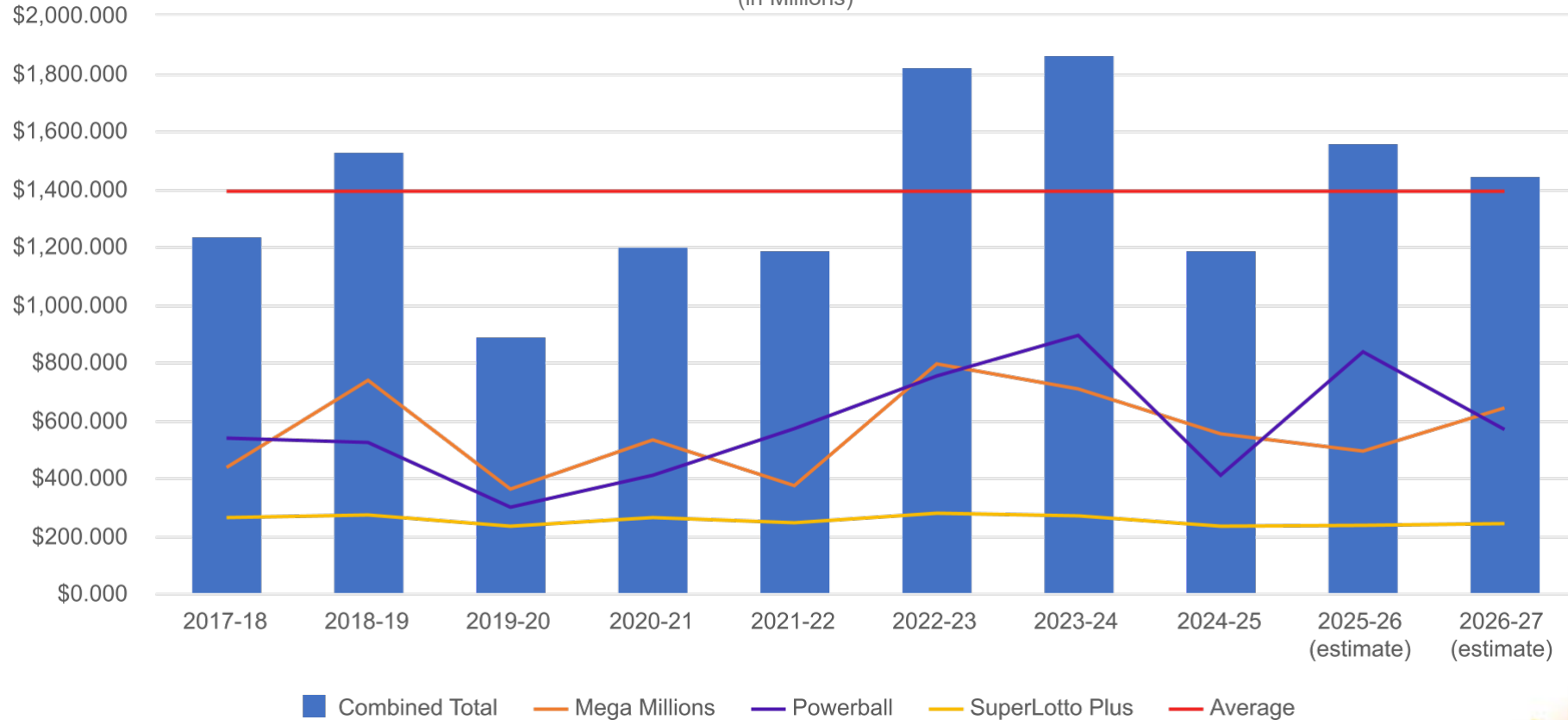


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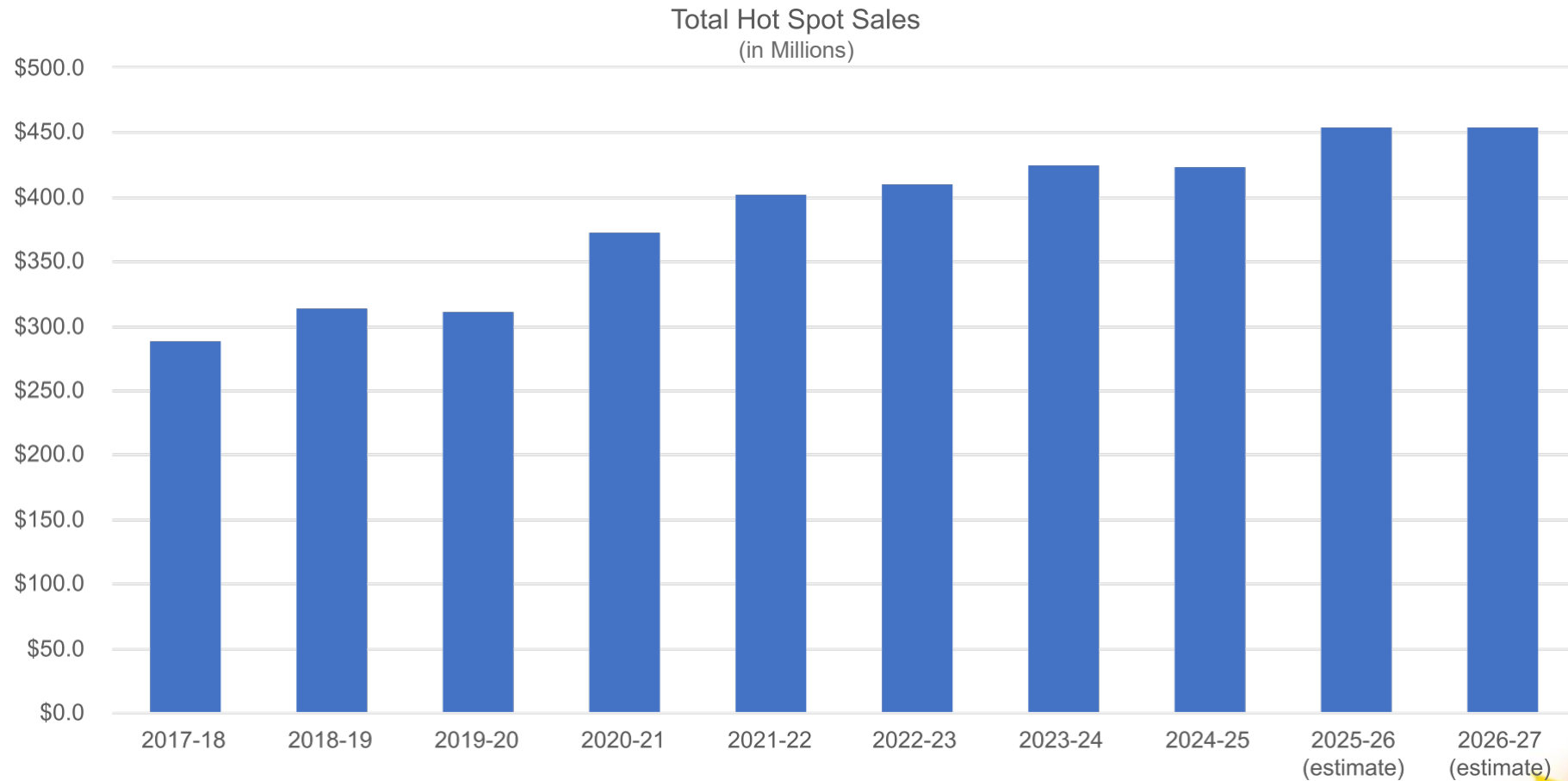


# Lotto Games Sales by Fiscal Year

Mega Millions, Powerball, and SuperLotto Plus Sales  
(in Millions)



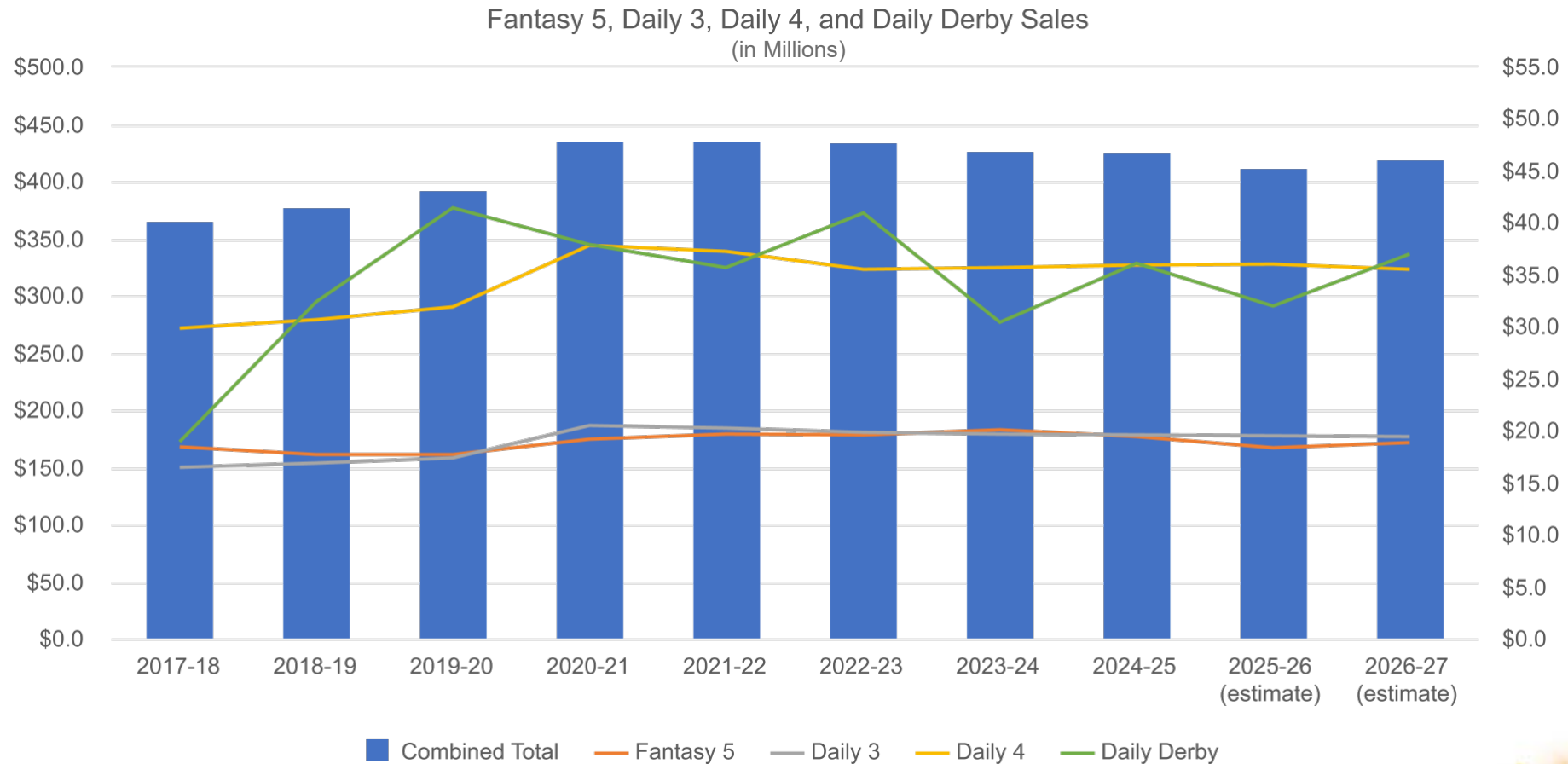
# Hot Spot Sales by Fiscal Year



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# Daily Game Sales by Fiscal Year



# Prize Expense

	FY 2025-26 Year-End Estimate	Prize Payout %	FY 2026-27 Proposed Budget	Prize Payout %	Difference
<b>PRIZE EXPENSE:</b>					
Scratchers	\$4,954,200	71.8 %	\$5,082,880	72.2 %	\$128,680
Powerball	421,238	50.6 %	282,500	50.0 %	(138,738)
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<b>NET SALES AFTER PRIZE EXPENSE</b>	<b>\$3,167,354</b>		<b>\$3,115,002</b>		<b>(\$52,352)</b>

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# Administrative Expense - Retailer and Gaming Costs

ADMINISTRATIVE EXPENSES:	FY 2025-26 Year-End Estimate	% of Sales	FY 2026-27 Proposed Budget	% of Sales	Difference
<b>Retailer Compensation:</b>					
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
<b>Subtotal, Retailer Compensation</b>	<b>\$634,797</b>		<b>\$637,253</b>		<b>\$2,457</b>
<b>Gaming Costs:</b>					
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
<b>Subtotal, Gaming Costs</b>	<b>\$167,481</b>		<b>\$179,067</b>		<b>\$11,586</b>
<b>TOTAL, RETAILER &amp; GAMING COSTS</b>	<b>\$802,277</b>	<b>8.6 %</b>	<b>\$774,259</b>	<b>8.7 %</b>	<b>\$14,043</b>

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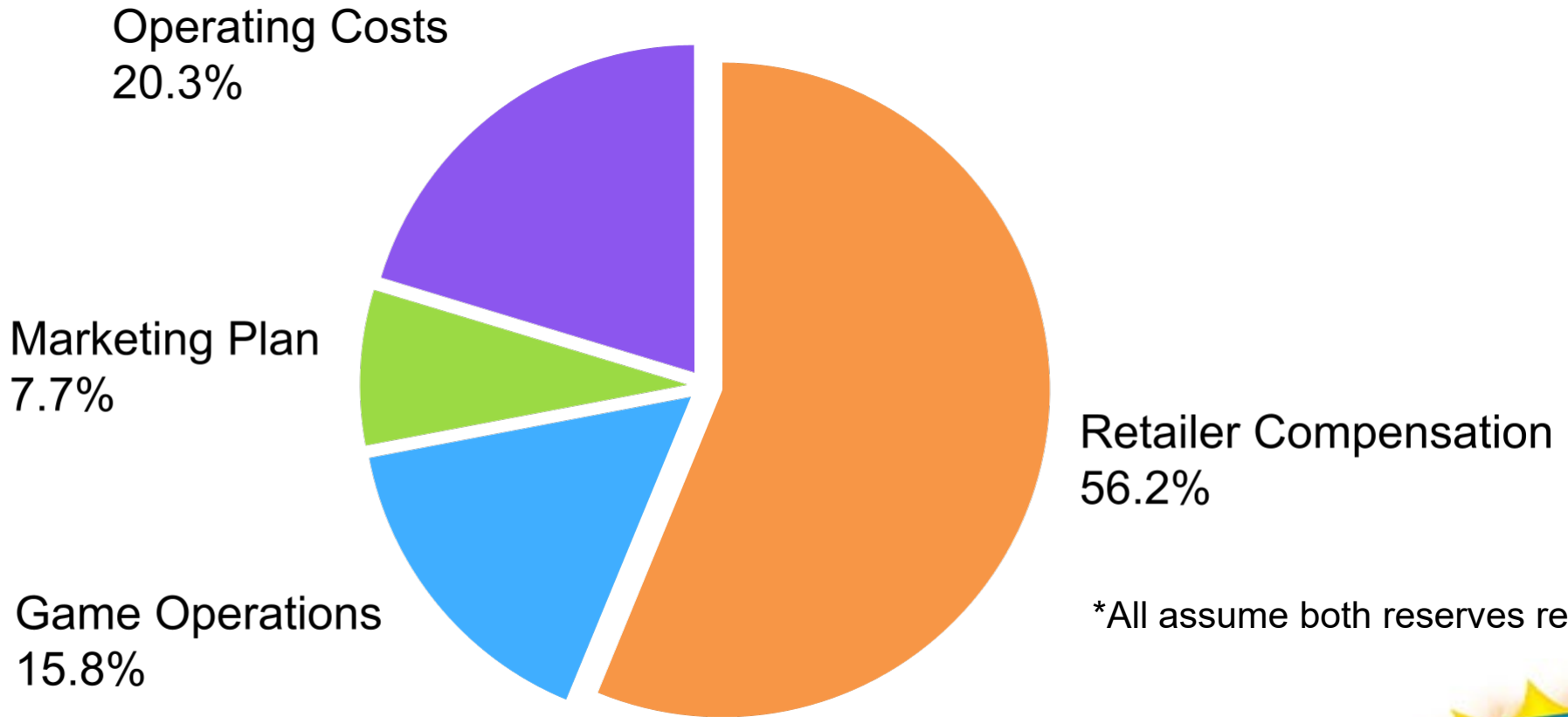
# Administrative Expense - Operating Costs

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<b>Operating Costs:</b>					
Personal Services	\$144,754	1.6 %	\$152,039	1.6 %	\$7,286
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# Distribution of Administrative Expenses Fiscal Year 2026-27



\*All assume both reserves remain unspent



# Contribution to Education

	FY 2025-26 Year-End Estimate	FY 2026-27 Proposed Budget	Difference
<b>CONTRIBUTION TO EDUCATION</b>	<b>\$2,050,734</b>	<b>\$1,898,202</b>	<b>(\$152,532)</b>
Unclaimed Prizes	58,725	48,000	(10,725)
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<b>TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES</b>	<b>\$2,146,459</b>	<b>\$2,061,778</b>	<b>(\$84,681)</b>

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# 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 to be presented to Commission on June 16, 2026.

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



# AB 142 5-Year Average (Cont.)

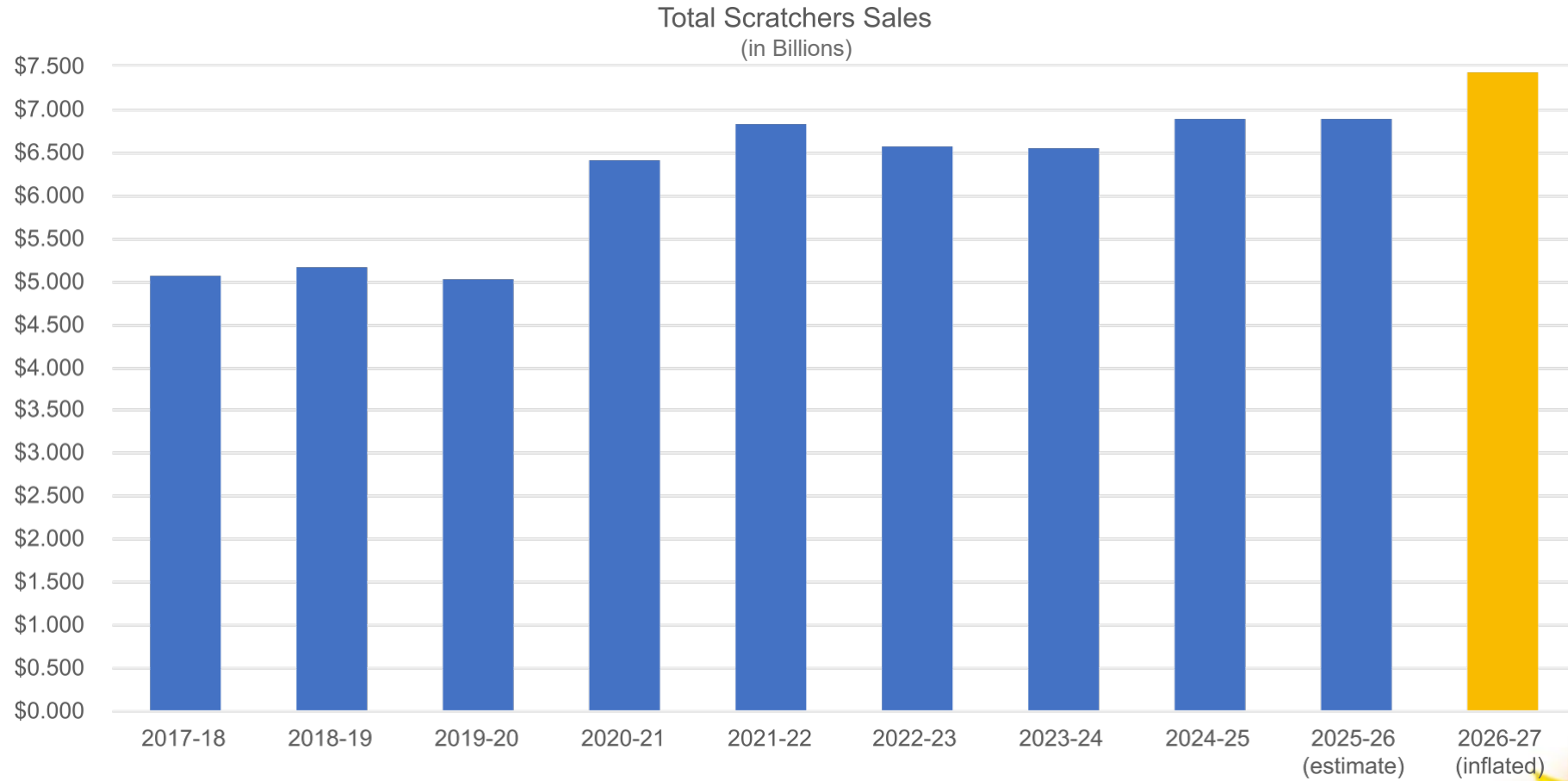
<b>Fiscal Years Comprising Current Average</b>	<b>Net Revenues Allocated to Public Education <sup>1/</sup></b>	<b>Estimated Mega Millions Percentile of Rollover Luck</b>	<b>Estimated Powerball Percentile of Rollover Luck</b>
2021-22	\$2,015,049,317	N/A	N/A
2022-23	\$2,231,053,935	85th	85th
2023-24	\$2,158,168,786	96th	97th
2024-25	\$1,844,228,140	54th	2nd
2025-26 <sup>2/</sup>	\$2,050,734,098	13th	73rd

<sup>1/</sup> Prior to interest, other income, and unclaimed prizes.

<sup>2/</sup> Estimated contribution to education to be presented to Commission on June 16, 2026.



# Scratchers Sales by Fiscal Year

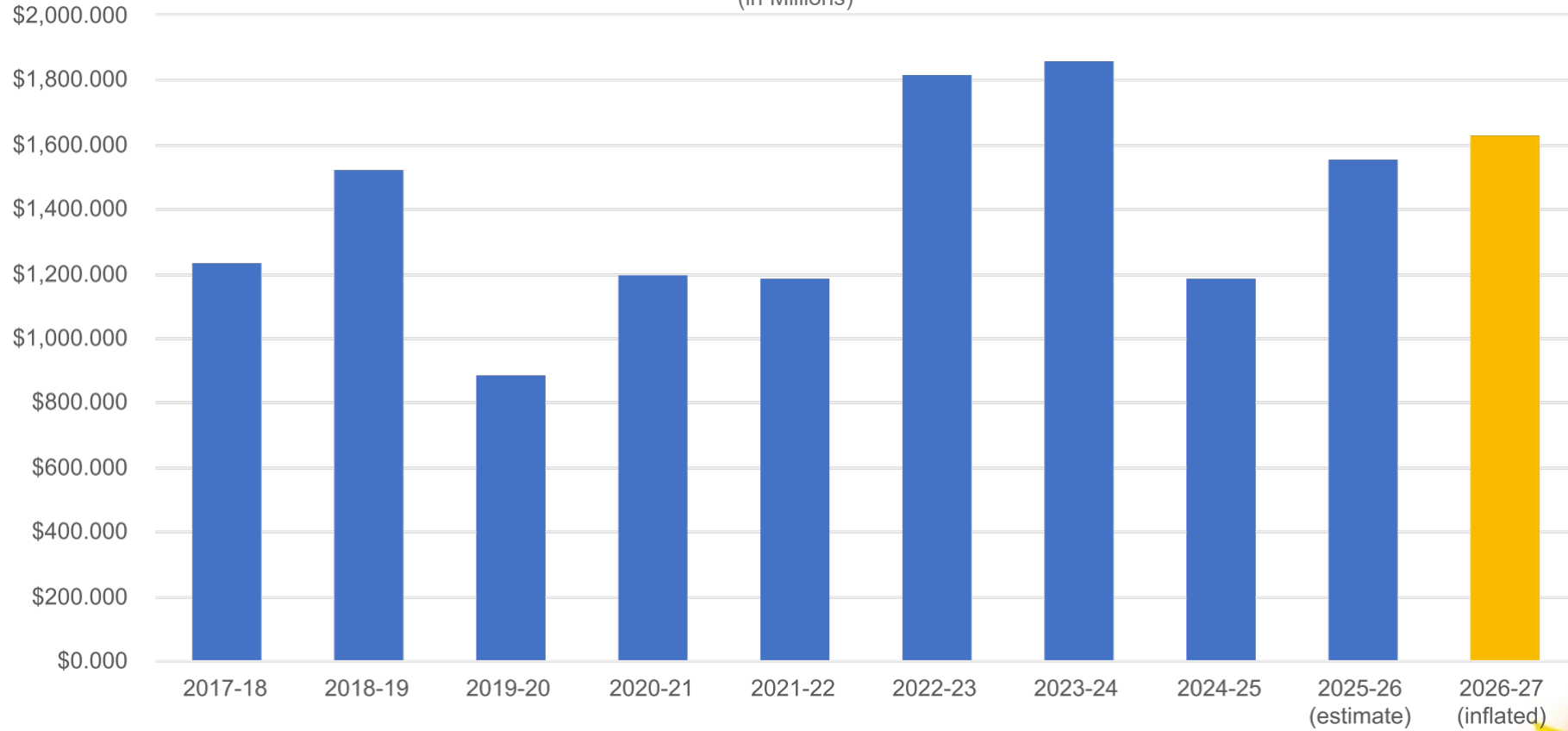


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# Lotto Games Sales by Fiscal Year

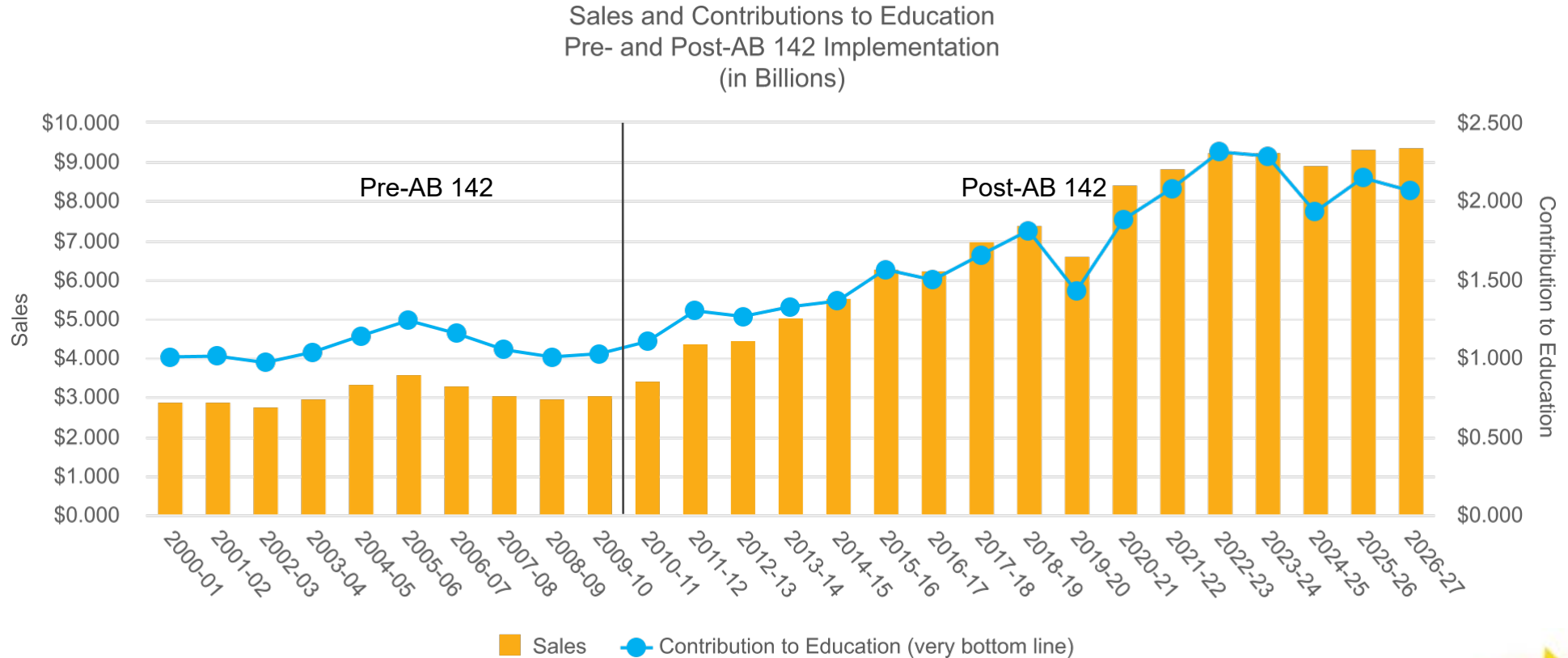
Mega Millions, Powerball, and SuperLotto Plus Sales  
(in Millions)



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# Sales and Contributions to Education



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