



# Presentation of Draft Fiscal Year 2022-23 Budget

Presentation to  
California State Lottery Commission  
May 26, 2022



**FISCAL YEAR 2022-23**  
**DRAFT BUDGET**  
(Dollars in Thousands)

	FY 2021-22 Year-End Estimate	% of Sales	FY 2022-23 Draft Budget	% of Sales	Difference
<b>SALE \$:</b>					
Scratchers	\$6,940,000	77.5 %	\$6,580,000	77.3 %	(\$360,000)
Powerball	565,000	6.3 %	456,000	5.4 %	(109,000)
Mega Millions	370,000	4.1 %	424,000	5.0 %	54,000
SuperLotto Plus	245,000	2.7 %	240,000	2.8 %	(5,000)
Hot Spot	402,000	4.5 %	392,000	4.6 %	(10,000)
Daily Games	436,000	4.9 %	418,000	4.9 %	(18,000)
<b>TOTAL, ESTIMATED SALES</b>	<b>\$8,958,000</b>		<b>\$8,510,000</b>		<b>(\$448,000)</b>
		<b>Prize Payout %</b>		<b>Prize Payout %</b>	
<b>PRIZE EXPENSE:</b>					
Scratchers	\$4,934,340	71.1 %	\$4,724,440	71.8 %	(\$209,900)
Powerball	282,500	50.0 %	228,000	50.0 %	(54,500)
Mega Millions	185,000	50.0 %	212,000	50.0 %	27,000
SuperLotto Plus	132,300	54.0 %	120,000	50.0 %	(12,300)
Hot Spot	253,280	63.0 %	246,960	63.0 %	(6,300)
Daily Games	217,435	49.9 %	208,468	49.9 %	(8,968)
2nd Chance	9,100		9,100		0
Prize Expense Savings	(79,200)		(50,000)		29,200
<b>TOTAL, PRIZE EXPENSE</b>	<b>\$5,934,735</b>	<b>66.3 %</b>	<b>\$5,698,968</b>	<b>67.0 %</b>	<b>(\$235,768)</b>
<b>NET SALES AFTER PRIZE EXPENSE</b>	<b>\$3,023,265</b>		<b>\$2,811,033</b>		<b>(\$212,232)</b>
		<b>% of Sales</b>		<b>% of Sales</b>	
<b>ADMINISTRATIVE EXPENSES:</b>					
<b>Retailer Compensation:</b>					
Commission	\$523,299	5.8 %	\$496,984	5.8 %	(\$26,315)
Cashing Bonus	53,748	0.6 %	49,528	0.6 %	(4,220)
Special Handling	36,880	0.4 %	30,287	0.4 %	(6,593)
Incentives	5,751	0.1 %	4,000	0.0 %	(1,751)
<b>Gaming Costs:</b>					
Gaming Contract (IGT)	126,025	1.4 %	121,545	1.4 %	(4,480)
Retailer Administrative and Gaming Fees	(21,299)		(22,919)		(1,620)
Scratchers Ticket Costs	43,087	0.5 %	48,057	0.6 %	4,970
Scratchers Delivery and Support Costs	7,265	0.1 %	7,243	0.1 %	(22)
<b>TOTAL, RETAILER &amp; GAMING COSTS</b>	<b>\$774,757</b>	<b>8.6 %</b>	<b>\$734,725</b>	<b>8.6 %</b>	<b>(\$40,031)</b>
<b>Operating Costs:</b>					
Personal Services	\$118,743	1.3 %	\$122,665	1.4 %	\$3,922
Marketing Program	95,000	1.1 %	104,924	1.2 %	9,924
Contractual Services	16,404	0.2 %	25,132	0.3 %	8,727
Depreciation	16,058	0.2 %	17,262	0.2 %	1,204
Operating Expense	17,356	0.2 %	22,732	0.3 %	5,376
Reserve for Insurable Risk	0	0.0 %	5,000	0.1 %	5,000
Administrative Spending Reserve	0	0.0 %	73,859	0.9 %	73,859
<b>Subtotal, Operating Costs</b>	<b>\$263,561</b>	<b>2.9 %</b>	<b>\$371,575</b>	<b>4.4 %</b>	<b>\$108,014</b>
<b>TOTAL, ADMINISTRATIVE EXPENSES</b>	<b>\$1,038,317</b>	<b>11.6 %</b>	<b>\$1,106,300</b>	<b>13.0 %</b>	<b>\$67,983</b>
<b>CONTRIBUTION TO EDUCATION</b>	<b>\$1,984,947</b>		<b>\$1,704,733</b>		<b>(\$280,215)</b>
Unclaimed Prizes	31,000		25,000		(6,000)
Interest Income	2,274		5,000		2,726
<b>TOTAL AVAILABLE FOR EDUCATION</b>	<b>\$2,018,222</b>		<b>\$1,734,733</b>		<b>(\$283,489)</b>
<b>TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES</b>	<b>\$2,018,222</b>		<b>\$1,613,592</b>		<b>(\$204,630)</b>

\*Numbers may not add due to rounding.

# Draft Fiscal Year 2022-23 Budget



# Sales

	<b>FY 2021-22</b>		<b>FY 2022-23</b>		
	<b>Year-End</b>	<b>% of</b>	<b>Draft</b>	<b>% of</b>	
	<b>Estimate</b>	<b>Sales</b>	<b>Budget</b>	<b>Sales</b>	<b>Difference</b>
<b>SALES:</b>					
Scratchers	\$6,940,000	77.5 %	\$6,580,000	77.3 %	(\$360,000)
Powerball	565,000	6.3 %	456,000	5.4 %	(109,000)
Mega Millions	370,000	4.1 %	424,000	5.0 %	54,000
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Hot Spot	402,000	4.5 %	392,000	4.6 %	(10,000)
Daily Games	436,000	4.9 %	418,000	4.9 %	(18,000)
<b>TOTAL, ESTIMATED SALES</b>	<b>\$8,958,000</b>		<b>\$8,510,000</b>		<b>(\$448,000)</b>

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# Prize Expense

	FY 2021-22 Year-End Estimate	Prize Payout %	FY 2022-23 Draft Budget	Prize Payout %	Difference
<b>PRIZE EXPENSE:</b>					
Scratchers	\$4,934,340	71.1 %	\$4,724,440	71.8 %	(\$209,900)
Powerball	282,500	50.0 %	228,000	50.0 %	(54,500)
Mega Millions	185,000	50.0 %	212,000	50.0 %	27,000
SuperLotto Plus	132,300	54.0 %	120,000	50.0 %	(12,300)
Hot Spot	253,260	63.0 %	246,960	63.0 %	(6,300)
Daily Games	217,435	49.9 %	208,468	49.9 %	(8,968)
2nd Chance	9,100		9,100		0
Prize Expense Savings	(79,200)		(50,000)		29,200
<b>TOTAL, PRIZE EXPENSE</b>	<b>\$5,934,735</b>	<b>66.3 %</b>	<b>\$5,698,968</b>	<b>67.0 %</b>	<b>(\$235,768)</b>
<b>NET SALES AFTER PRIZE EXPENSE</b>	<b>\$3,023,265</b>		<b>\$2,811,033</b>		<b>(\$212,232)</b>

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# Administrative Expense - Retailer and Gaming Costs

ADMINISTRATIVE EXPENSES:	FY 2021-22 Year-End Estimate	% of Sales	FY 2022-23 Draft Budget	% of Sales	Difference
<b>Retailer Compensation:</b>					
Commission	\$523,299	5.8 %	\$496,984	5.8 %	(\$26,315)
Cashing Bonus	53,748	0.6 %	49,528	0.6 %	(4,220)
Special Handling	36,880	0.4 %	30,287	0.4 %	(6,593)
Incentives	5,751	0.1 %	4,000	0.0 %	(1,751)
<b>Subtotal, Retailer Compensation</b>	<b>\$619,679</b>		<b>\$580,799</b>		<b>(\$38,879)</b>
<b>Gaming Costs:</b>					
Gaming Contract (IGT)	126,025	1.4 %	121,545	1.4 %	(4,480)
Retailer Administrative and Gaming Fees	(21,299)		(22,919)		(1,620)
Scratchers Ticket Costs	43,087	0.5 %	48,057	0.6 %	4,970
Scratchers Delivery and Support Costs	7,265	0.1 %	7,243	0.1 %	(22)
<b>Subtotal, Gaming Costs</b>	<b>\$155,078</b>		<b>\$153,926</b>		<b>(\$1,152)</b>
<b>TOTAL, RETAILER &amp; GAMING COSTS</b>	<b>\$774,757</b>	<b>8.6 %</b>	<b>\$734,725</b>	<b>8.6 %</b>	<b>(\$40,031)</b>

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# Administrative Expense - Operating Costs

	FY 2021-22 Year-End Estimate	% of Sales	FY 2022-23 Draft Budget	% of Sales	Difference
<b>Operating Costs:</b>					
Personal Services	\$118,743	1.3 %	\$122,665	1.4 %	\$3,922
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<i>Administrative Spending Reserve</i>	0	0.0 %	73,859	0.9 %	73,859
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<b>TOTAL, ADMINISTRATIVE EXPENSES</b>	<b>\$1,038,317</b>	<b>11.6 %</b>	<b>\$1,106,300</b>	<b>13.0 %</b>	<b>\$67,983</b>

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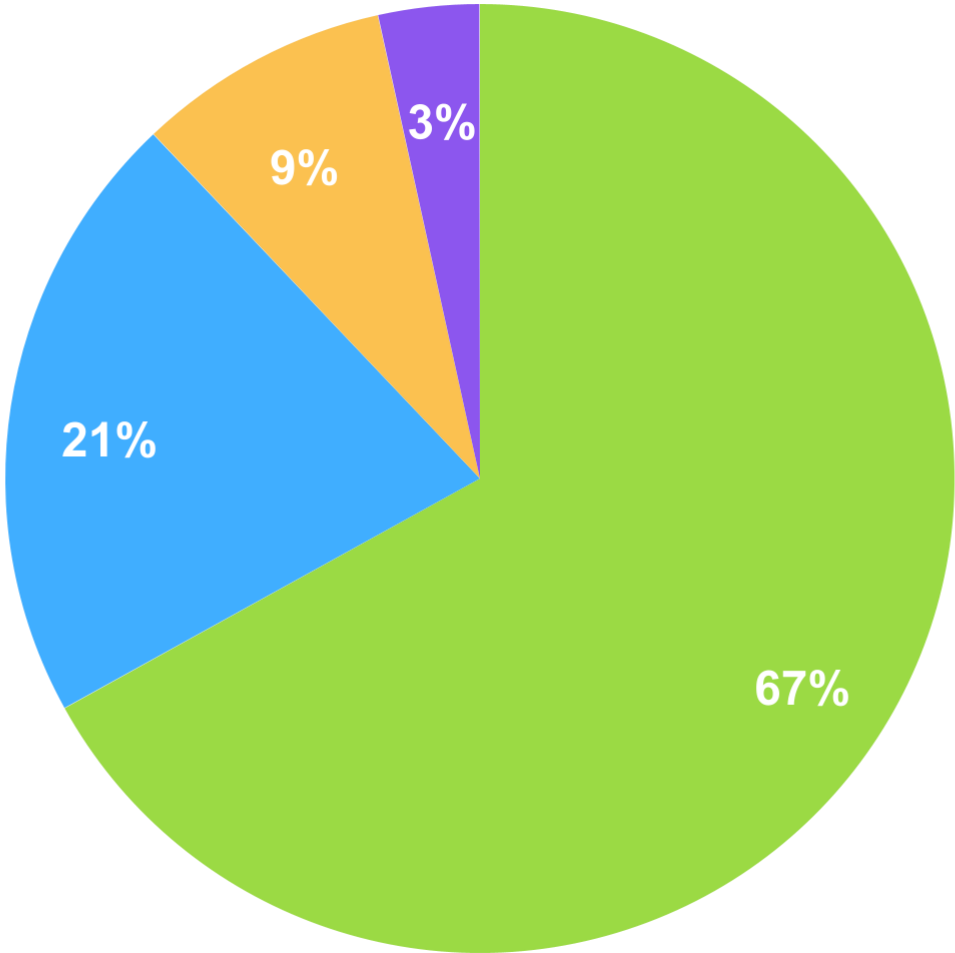
# Contribution to Education

	FY 2021-22 Year-End Estimate	FY 2022-23 Draft Budget	Difference
<b>CONTRIBUTION TO EDUCATION</b>	<b>\$1,984,947</b>	<b>\$1,704,733</b>	<b>(\$280,215)</b>
Unclaimed Prizes	31,000	25,000	(6,000)
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<b><i>TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES</i></b>	<b>\$2,018,222</b>	<b>\$1,813,592</b>	<b>(\$204,630)</b>

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# Breakout of Lottery Sales Revenue



- Prizes
- Allocation of Sales to Education 1/
- Retailer Compensation and Gaming Costs
- Other Administrative Expense 2/

1/ Prior to unclaimed prizes and interest earnings; assumes both reserves remain unspent  
2/ Assumes both reserves remain unspent

