

COMMISSION AGENDA ITEM

Item 8(c) – Scratchers® Core Game Profile Templates



Date: May 23, 2024

To: California State Lottery Commission

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Subject: Item 8(c) – Scratchers® Core Game Profile Templates

ISSUE

The California State Lottery (Lottery) utilizes templates approved by the California State Lottery Commission (Commission) to create prize structures for Scratchers® games. Commission approval is required to create new Core Game Profile Templates (Core Templates) and provide greater variety in game design and price categories.

BACKGROUND

The Lottery currently utilizes Core Templates in the creation of Scratchers games. These templates define the overall financial structure for each Scratchers game, including information like potential revenue, prize tiers, odds, and prize payout. Pursuant to Lottery Regulation 3.10.3, new Core Templates require Commission approval.

In October 2010, the Commission modified the Lottery's Regulations to streamline the new game approval process through Commission review and approval of Core Templates instead of review and approval of individual game profiles for each Scratchers game. These Core Templates form the key structure for new games. As part of its ongoing game development, the Lottery continues to assess new opportunities and review different prize structures to create novelty and variety in the Scratchers portfolio, which helps ensure that the Lottery reaches more Californians with more types of games.

The Lottery is requesting approval for 18 new Scratchers Core Templates to help drive sales and assist the Lottery's financial objective in consistently exceeding \$2 billion in annual contributions for California public schools. The proposed new templates include new \$25 and \$40 games that will initially be utilized for a pair of special events -- the new year 2025 and the Lottery's 40th anniversary – and new \$30 games to add variety to the existing portfolio.

DISCUSSION

Player trends within the Lottery industry and California continue to shift towards higher priced games with California's preferred game moving to \$20. The Lottery has identified an opportunity to add two new Scratchers price categories, as well as increase variety within the existing \$30 category.

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The new Scratchers categories align with consumer interests while leveraging unique opportunities with calendar year 2025. The Lottery launched its first \$20 New Year's game to align with the year 2020, creating a successful and popular player favorite that remains a key component of the annual holiday game suite. 2025 creates the ideal timing to introduce a special \$25 New Year's game that connects to the year.

2025 is also the Lottery's 40th anniversary, providing the opportunity to launch a series of thematic games that celebrate 40 years of play, including the Lottery's first \$40 Scratchers game to coincide with the anniversary. This game was tested in research to high player appeal and interest across loyal and casual players.

The Lottery is also proposing additional templates that will expand its selection of \$30 games to include popular playstyles that provide an exciting player experience, such as games with more lower tier cash prizes, such as *\$50 or \$100 or \$500 Loaded*, and games with increased odds.

The Lottery is requesting approval for 18 new Scratchers Core Templates with varying prize structures. The \$25 and \$40 templates also provide for additional options that could be utilized in potential future games. These prize levels are optimized working closely with the Lottery's Scratchers vendors and the Lottery's Product team to maximize dollars to education, while providing an engaging player experience.

TEMPLATE	PAYOUT	TOP PRIZE	OVERALL ODDS 1 IN:
25A	76.29%	\$7,500,000	2.93
25B	76.38%	\$7,500,000	3.17
25C	76.33%	\$7,500,000	2.95
25D	76.58%	\$7,500,000	3.23
30J	77.99%	\$500	5.31
30J.1	77.99%	\$500	5.19
30J.2	77.99%	\$500	6.45
30J.3	77.99%	\$500	9.36
30J.4	78.01%	\$3,000	2.50
30J.5	78.01%	\$3,000	2.60
30J.6	78.09%	\$3,000	2.52
30J.7	78.09%	\$3,000	2.61
40A	78.03%	\$15,000,000	3.49
40A.2	78.08%	\$20,000,000	3.95
40C	78.01%	\$15,000,000	3.23
40F	78.00%	\$400	7.81
40G	78.02%	\$1,000	9.08
40H	78.02%	\$1,000,000	2.77

RECOMMENDATION

Lottery staff recommends that the Commission approves 18 new Core Game Profile Templates.