



Presentation of Proposed Fiscal Year 2025-26 Budget

Presentation to
California State Lottery Commission
May 13, 2025



FISCAL YEAR 2025-26
ANNUAL PLAN
(Dollars in Thousands)

SALES:

	FY 2024-25 Year-End Estimate	% of Sales	FY 2025-26 Proposed Budget	% of Sales	Difference
Scratchers	\$6,908,444	76.5 %	\$6,820,000	74.9 %	(\$88,444)
Powerball	434,489	4.8 %	530,000	5.8 %	95,511
Mega Millions	603,114	6.7 %	650,000	7.1 %	46,886
SuperLotto Plus	236,700	2.6 %	240,000	2.6 %	3,300
Hot Spot	421,026	4.7 %	440,000	4.8 %	18,974
Fantasy 5	173,757	1.9 %	171,000	1.9 %	(2,757)
Daily 3	177,843	2.0 %	176,500	1.9 %	(1,343)
Daily 4	35,861	0.4 %	35,500	0.4 %	(361)
Daily Derby	36,474	0.4 %	37,000	0.4 %	526
TOTAL, ESTIMATED SALES	\$9,027,707		\$9,100,000		\$72,293

PRIZE EXPENSE:

		Prize Payout %		Prize Payout %	
Scratchers	\$4,946,446	71.6 %	\$4,883,120	71.6 %	(\$63,326)
Powerball	213,292	49.1 %	265,000	50.0 %	51,708
Mega Millions	299,491	49.7 %	325,000	50.0 %	25,509
SuperLotto Plus	99,572	42.1 %	120,000	50.0 %	20,428
Hot Spot	270,712	64.3 %	279,620	63.6 %	8,908
Daily Games	211,099	49.8 %	209,468	49.9 %	(1,631)
2nd Chance	9,100		9,100		0
Prize Expense Savings	(65,613)		(64,773)		840
TOTAL, PRIZE EXPENSE	\$5,984,098	66.3 %	\$6,026,534	66.2 %	\$42,436
NET SALES AFTER PRIZE EXPENSE	\$3,043,608		\$3,073,466		\$29,857

ADMINISTRATIVE EXPENSES:

Retailer Compensation:

Commission	\$525,829	5.8 %	\$525,800	5.8 %	(29)
Cashing Bonus	55,217	0.6 %	55,657	0.6 %	440
Special Handling	31,389	0.3 %	31,523	0.3 %	134
Incentives	4,950	0.1 %	4,000	0.0 %	(950)

Gaming Costs:

Gaming Contract (IGT)	125,252	1.4 %	126,625	1.4 %	1,373
Retailer Administrative and Gaming Fees	(21,752)		(22,717)		(965)
Scratchers Ticket, Delivery, and Support Costs	57,890	0.6 %	53,372	0.6 %	(4,518)
TOTAL, RETAILER & GAMING COSTS	\$778,775	8.6 %	\$774,259	8.5 %	(\$4,515)

Operating Costs:

Personal Services	\$133,951	1.5 %	\$142,952	1.6 %	9,001
Marketing Budget Plan	97,836	1.1 %	90,000	1.2 %	(7,836)
Contractual Services	28,530	0.3 %	35,362	0.4 %	6,832
Depreciation	12,985	0.1 %	11,532	0.1 %	(1,453)
Operating Expense	26,669	0.3 %	28,894	0.3 %	2,225
Reserve for Insurable Risk	0	0.0 %	5,000	0.1 %	5,000
Administrative Spending Reserve	0	0.0 %	95,000	0.7 %	95,000
Subtotal, Operating Costs	\$299,971	3.3 %	\$408,741	4.5 %	\$108,770
TOTAL, ADMINISTRATIVE EXPENSES	\$1,078,745	11.9 %	\$1,183,000	13.0 %	\$104,255

CONTRIBUTION TO EDUCATION

Unclaimed Prizes	\$1,964,863		\$1,890,466		(\$74,397)
Interest Income	46,644		35,000		(11,644)
	42,240		50,000		7,760
TOTAL AVAILABLE FOR EDUCATION	\$2,053,746		\$1,975,466		(\$78,281)
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$2,053,746		\$2,075,466		\$21,719

Proposed Fiscal Year 2025-26 Budget

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

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Sales

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Administrative Expense - Retailer and Gaming Costs

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Retailer Compensation:					
Commission	\$525,829	5.8 %	\$525,800	5.8 %	(29)
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Special Handling	31,389	0.3 %	31,523	0.3 %	134
Incentives	4,950	0.1 %	4,000	0.0 %	(950)
Subtotal, Retailer Compensation	\$617,384		\$616,979		(\$405)
Gaming Costs:					
Gaming Contract (IGT)	125,252	1.4 %	126,625	1.4 %	1,373
Retailer Administrative and Gaming Fees	(21,752)		(22,717)		(965)
Scratchers Ticket, Delivery, and Support Costs	57,890	0.6 %	53,372	0.6 %	(4,518)
Subtotal, Gaming Costs	\$161,390		\$157,280		(\$4,110)
TOTAL, RETAILER & GAMING COSTS	\$778,775	8.6 %	\$774,259	8.5 %	(\$4,515)

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Administrative Expense - Operating Costs

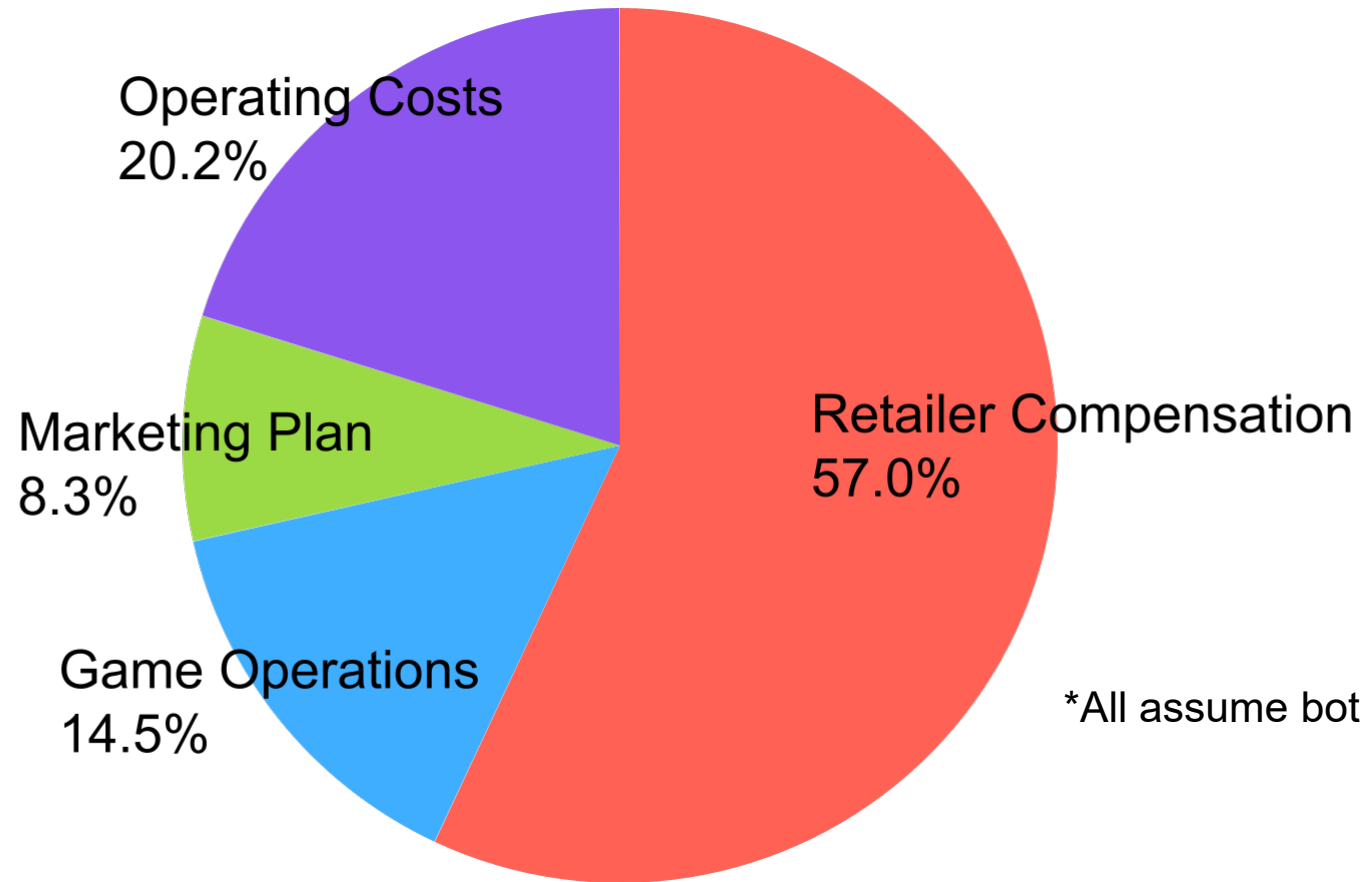
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Distribution of Administrative Expenses Fiscal Year 2025-26



*All assume both reserves remain unspent

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Contribution to Education

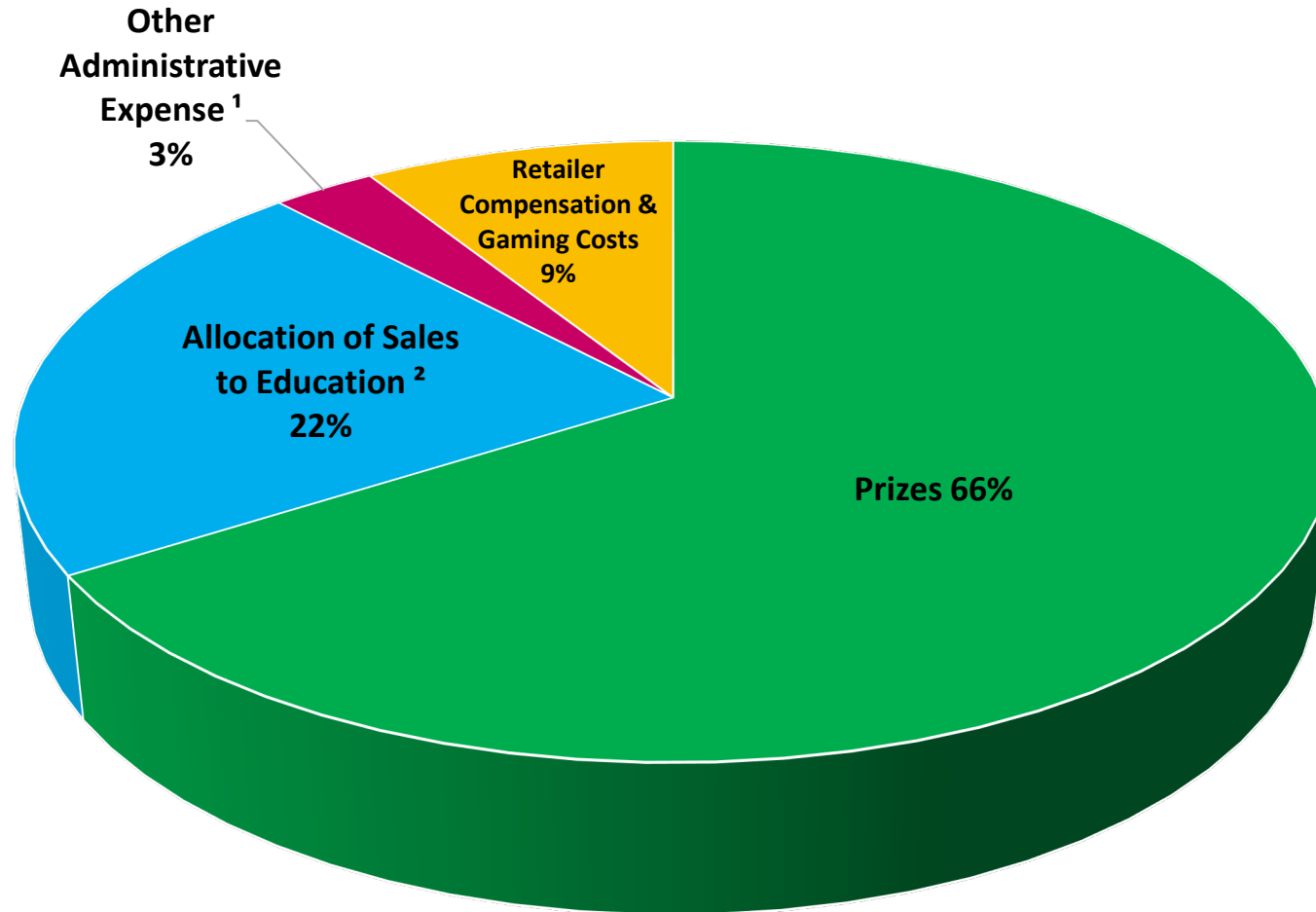
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TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$2,053,746	\$2,075,466	\$21,719

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Breakout of Lottery Sales Revenue



1/ Assumes both reserves remain unspent

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

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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	4/	\$1,964,863	\$1,937,432	\$27,431
2025-26	5/	\$1,990,466	\$2,045,373	(\$54,908)

*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).

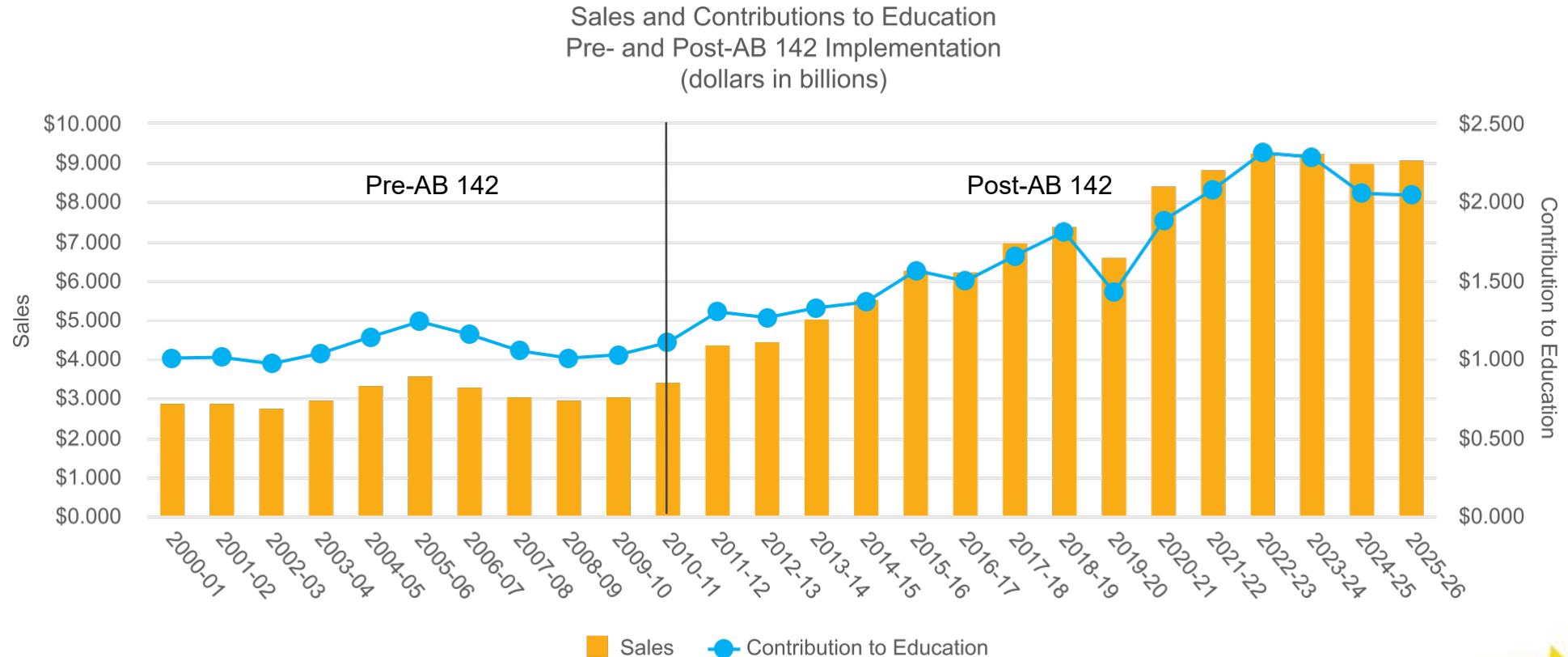
3/ 2015-16 was the first full fiscal year following the five-year "test period."

4/ Estimated contribution to education to be presented to Commission on May 13, 2025.

5/ As reflected in the FY 2025-26 budget to be presented for Commission approval on May 13, 2025.



Sales and Contributions to Education



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