



Presentation of Draft Fiscal Year 2026-27 Budget

Presentation to
California State Lottery Commission
May 21, 2026



**FISCAL YEAR 2026-27
DRAFT BUDGET**
(Dollars in Thousands)

	FY 2025-26 Year-End Estimate	% of Sales	FY 2026-27 Draft Budget	% of Sales	Difference
SALES:					
Scratchers	\$6,861,000	73.9 %	\$7,040,000	75.5 %	\$179,000
Multi-State Games	1,335,500	14.4 %	1,170,000	12.6 %	(165,500)
SuperLotto Plus	237,000	2.6 %	240,000	2.6 %	3,000
Hot Spot	445,000	4.8 %	450,000	4.8 %	5,000
Daily Games	405,000	4.4 %	420,000	4.5 %	15,000
TOTAL, ESTIMATED SALES	\$9,283,500		\$9,320,000		\$36,500
PRIZE EXPENSE:					
Scratchers	\$4,926,198	71.8 %	\$5,082,880	72.2 %	\$156,682
Multi-State Games	654,056	49.0 %	585,000	50.0 %	(69,056)
SuperLotto Plus	108,254	45.7 %	110,400	46.0 %	2,146
Hot Spot	283,020	63.6 %	285,975	63.6 %	2,955
Daily Games	199,831	49.3 %	209,468	49.9 %	9,637
2nd Chance	9,100		9,100		0
Prize Expense Savings	(59,996)		(60,902)		(906)
TOTAL, PRIZE EXPENSE	\$6,120,463	65.9 %	\$6,221,921	66.8 %	\$101,458
NET SALES AFTER PRIZE EXPENSE	\$3,163,037		\$3,098,079		(\$64,958)
ADMINISTRATIVE EXPENSES:					
Retailer Compensation:					
Commission	\$515,781	5.6 %	\$538,560	5.8 %	\$22,779
Cashing Bonus	49,945	0.5 %	57,002	0.6 %	7,057
Special Handling	33,326	0.4 %	34,976	0.4 %	1,650
Incentives	4,000	0.0 %	4,000	0.0 %	0
Gaming Costs:					
Gaming Contract (Brightstar)	127,810	1.4 %	128,175	1.4 %	365
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
TOTAL, RETAILER & GAMING COSTS	\$768,944	8.3 %	\$811,945	8.7 %	\$43,001
Operating Costs:					
Personal Services	\$144,754	1.6 %	\$151,861	1.6 %	\$7,108
Marketing Program	90,000	1.0 %	80,000	0.9 %	(10,000)
Contractual Services	30,000	0.3 %	32,698	0.4 %	2,698
Depreciation	13,744	0.1 %	12,776	0.1 %	(968)
Operating Expense	24,258	0.3 %	32,319	0.3 %	8,061
Reserve for Insurable Risk	0	0.0 %	5,000	0.1 %	5,000
Administrative Spending Reserve	0	0.0 %	85,000	0.9 %	85,000
Subtotal, Operating Costs	\$302,756	3.3 %	\$399,655	4.3 %	\$96,899
TOTAL, ADMINISTRATIVE EXPENSES	\$1,071,700	11.5 %	\$1,211,600	13.0 %	\$139,900
CONTRIBUTION TO EDUCATION	\$2,091,337		\$1,886,479		(\$204,858)
Unclaimed Prizes	58,725		48,000		(10,725)
Interest Income	41,500		41,500		0
TOTAL AVAILABLE FOR EDUCATION	\$2,191,561		\$1,975,979		(\$215,582)
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$2,191,561		\$2,065,979		(\$125,582)

*Numbers may not add due to rounding.

Draft Fiscal Year 2026-27 Budget



Sales

	FY 2025-26		FY 2026-27		
	Year-End	% of	Draft	% of	
	Estimate	Sales	Budget	Sales	Difference
SALES:					
Scratchers	\$6,861,000	73.9 %	\$7,040,000	75.5 %	\$179,000
Multi-State Games	1,335,500	14.4 %	1,170,000	12.6 %	(165,500)
SuperLotto Plus	237,000	2.6 %	240,000	2.6 %	3,000
Hot Spot	445,000	4.8 %	450,000	4.8 %	5,000
Daily Games	405,000	4.4 %	420,000	4.5 %	15,000
TOTAL, ESTIMATED SALES	\$9,283,500		\$9,320,000		\$36,500

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



Prize Expense

	FY 2025-26 Year-End Estimate	Prize Payout %	FY 2026-27 Draft Budget	Prize Payout %	Difference
PRIZE EXPENSE:					
Scratchers	\$4,926,198	71.8 %	\$5,082,880	72.2 %	\$156,682
Multi-State Games	654,056	49.0 %	585,000	50.0 %	(69,056)
SuperLotto Plus	108,254	45.7 %	110,400	46.0 %	2,146
Hot Spot	283,020	63.6 %	285,975	63.6 %	2,955
Daily Games	199,831	49.3 %	209,468	49.9 %	9,637
2nd Chance	9,100		9,100		0
Prize Expense Savings	(59,996)		(60,902)		(906)
TOTAL, PRIZE EXPENSE	\$6,120,463	65.9 %	\$6,221,921	66.8 %	\$101,458
NET SALES AFTER PRIZE EXPENSE	\$3,163,037		\$3,098,079		(\$64,958)

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

calottery



Administrative Expense - Retailer and Gaming Costs

ADMINISTRATIVE EXPENSES:	FY 2025-26 Year-End Estimate	% of Sales	FY 2026-27 Draft Budget	% of Sales	Difference
Retailer Compensation:					
Commission	\$515,781	5.6 %	\$538,560	5.8 %	\$22,779
Cashing Bonus	49,945	0.5 %	57,002	0.6 %	7,057
Special Handling	33,326	0.4 %	34,976	0.4 %	1,650
Incentives	4,000	0.0 %	4,000	0.0 %	0
Subtotal, Retailer Compensation	\$603,052		\$634,538		\$31,486
Gaming Costs:					
Gaming Contract (Brightstar)	127,810	1.4 %	128,175	1.4 %	365
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
Subtotal, Gaming Costs	\$165,892		\$177,406		\$11,514
TOTAL, RETAILER & GAMING COSTS	\$768,944	8.3 %	\$811,945	8.7 %	\$43,001

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



Administrative Expense - Operating Costs

	FY 2025-26 Year-End Estimate	% of Sales	FY 2026-27 Draft Budget	% of Sales	Difference
Operating Costs:					
Personal Services	\$144,754	1.6 %	\$151,861	1.6 %	\$7,108
Marketing Program	90,000	1.0 %	80,000	0.9 %	(10,000)
Contractual Services	30,000	0.3 %	32,698	0.4 %	2,698
Depreciation	13,744	0.1 %	12,776	0.1 %	(968)
Operating Expense	24,258	0.3 %	32,319	0.3 %	8,061
<i>Reserve for Insurable Risk</i>	0	0.0 %	5,000	0.1 %	5,000
<i>Administrative Spending Reserve</i>	0	0.0 %	85,000	0.9 %	85,000
Subtotal, Operating Costs	\$302,756	3.3 %	\$399,655	4.3 %	\$96,899
TOTAL, ADMINISTRATIVE EXPENSES	\$1,071,700	11.5 %	\$1,211,600	13.0 %	\$139,900

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



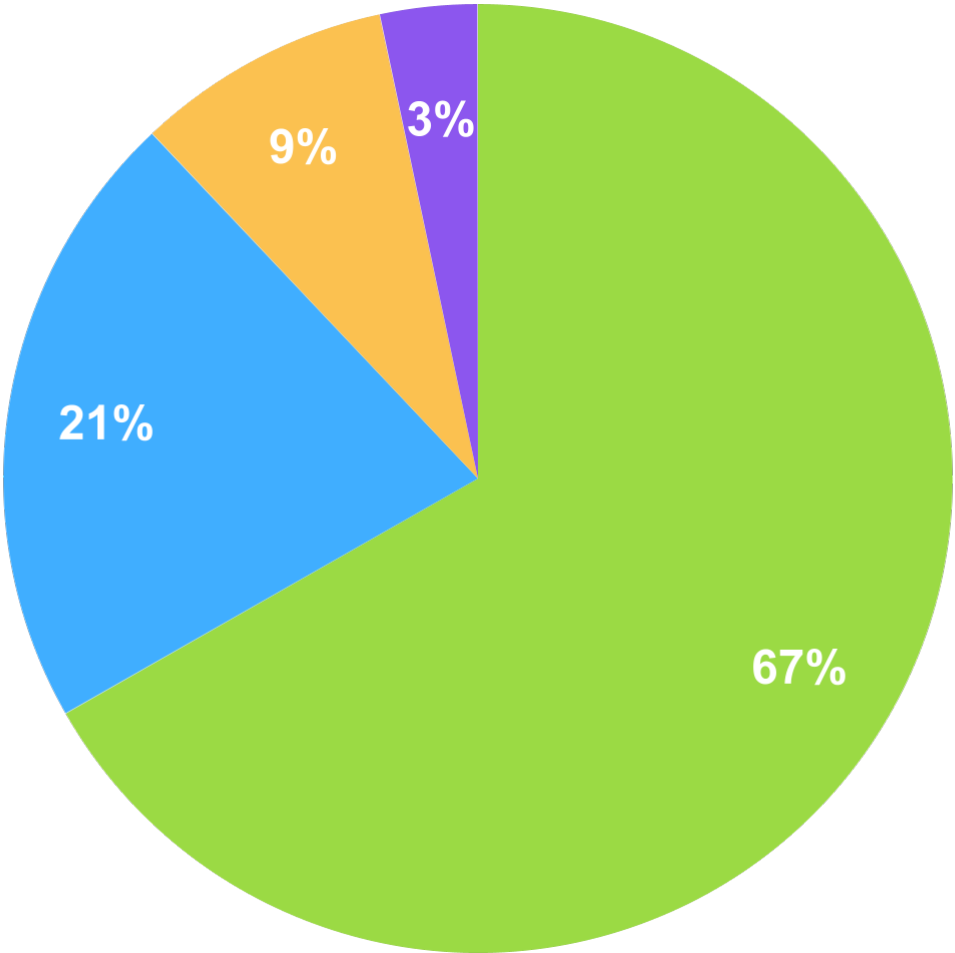
Contribution to Education

	FY 2025-26 Year-End Estimate	FY 2026-27 Draft Budget	Difference
CONTRIBUTION TO EDUCATION	\$2,091,337	\$1,886,479	(\$204,858)
Unclaimed Prizes	58,725	48,000	(10,725)
Interest Income	41,500	41,500	0
TOTAL AVAILABLE FOR EDUCATION	\$2,191,561	\$1,975,979	(\$215,582)
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	\$2,191,561	\$2,065,979	(\$125,582)

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



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

