




M E M O R A N D U M

Date: November 9, 2023

To: California State Lottery Commission

From: Alva V. Johnson, Director 

Prepared By: Sharon Allen, Deputy Director
Sales & Marketing Division

Subject: 8(c) – IGT Global Solutions Corporation Instant Ticket Printing
Contract Extension

ISSUE

The California State Lottery (Lottery) contracts with IGT Global Solutions Corporation (IGT) as a secondary vendor for instant tickets (Scratchers®) production. A contract extension is requested to extend the contract to November 30, 2024, as the current contract is set to expire on November 30, 2023.

BACKGROUND

The Lottery currently contracts with IGT as one of its three Scratchers printing vendors. The original contract term was December 1, 2013, through November 30, 2019, with an initial expenditure authority of \$25 million and included options to extend the contract for a period of three years followed by up to three one-year periods.

In 2019, the California State Lottery Commission (Commission) exercised the option to extend the contract by a term of three years to November 30, 2022. In 2022, the Commission exercised the first of the three options to extend the contract by a term of one year to November 30, 2023.

DISCUSSION

As a secondary vendor, IGT is responsible for printing Scratchers for the Lottery. In addition, IGT plays an important part in the Lottery's overall success with Scratchers sales and in turn, its contribution to education. During the term of this contract, IGT has helped the Lottery increase Scratchers sales from approximately \$3.3 billion in fiscal year (FY) 2013-14, to over \$6.5 billion in FY 2022-23.

The Lottery is aware of only three instant ticket printing vendors within the industry that can meet the Lottery's needs, volume, and security requirements, and the Lottery has contracts with each of them. The Lottery seeks to exercise the one-year contract extension option to help ensure uninterrupted product sales.

As of October 2023, the IGT contract is projected to use \$1 million of funding through the end of the proposed contract term in November 2024. The IGT contract has approximately \$14 million of funding available for the remainder of the current contract term. Staff estimates that this is sufficient to cover the proposed one-year extension period.

RECOMMENDATION

Lottery staff recommends that the Commission approve a one-year extension of IGT's instant ticket printing contract, making the new contract expiration date November 30, 2024. The maximum authorized contract expenditure amount will remain at \$25 million.