Presentation of Revised Fiscal Year 2025-26 Budget

Presentation to
California State Lottery Commission
November 20, 2025

Item 8(d)

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

	FY 2025-26 Approved Budget	% of Sales	FY 2025-26 Revised Budget	% of Sales	Difference
SALES:					
Scratchers	$6,820,000	74.9 %	$7,070,000	74.0 %	$250,000
Powerball	530,000	5.8 %	730,000	7.6 %	200,000
Mega Millions	650,000	7.1 %	650,000	6.8 %	0
SuperLotto Plus	240,000	2.6 %	240,000	2.5 %	0
Hot Spot	440,000	4.8 %	440,000	4.6 %	0
Fantasy 5	171,000	1.9 %	171,000	1.8 %	0
Daily 3	176,500	1.9 %	176,500	1.8 %	0
Daily 4	35,500	0.4 %	35,500	0.4 %	0
Daily Derby	37,000	0.4 %	37,000	0.4 %	0
TOTAL, ESTIMATED SALES	**$9,100,000**		**$9,550,000**		**$450,000**
		Prize Payout %		**Prize Payout %**	
PRIZE EXPENSE:					
Scratchers	$4,883,120	71.6 %	$5,111,610	72.3 %	$228,490
Powerball	265,000	50.0 %	365,000	50.0 %	100,000
Mega Millions	325,000	50.0 %	325,000	50.0 %	0
SuperLotto Plus	120,000	50.0 %	120,000	50.0 %	0
Hot Spot	279,620	63.6 %	279,620	63.6 %	0
Daily Games	209,468	49.9 %	209,468	49.9 %	0
2nd Chance	9,100		9,100		0
Prize Expense Savings	(64,773)		(67,147)		(2,374)
TOTAL, PRIZE EXPENSE	**$6,026,534**	**66.2 %**	**$6,352,650**	**66.5 %**	**$326,116**
NET SALES AFTER PRIZE EXPENSE	**$3,073,466**		**$3,197,350**		**$123,884**
ADMINISTRATIVE EXPENSES:		**% of Sales**		**% of Sales**	
Retailer Compensation:					
Commission	$525,800	5.8 %	$551,900	5.8 %	26,100
Cashing Bonus	55,657	0.6 %	58,409	0.6 %	2,752
Special Handling	31,523	0.3 %	33,081	0.3 %	1,559
Incentives	4,000	— %	6,000	0.1 %	2,000
Gaming Costs:					
Gaming Contract (Brightstar)	126,625	1.4 %	130,875	1.4 %	4,250
Retailer Administrative and Gaming Fees	(22,717)		(22,717)		0
Scratchers Ticket, Delivery, and Support Costs	53,372	0.6 %	62,172	0.7 %	8,800
TOTAL, RETAILER & GAMING COSTS	**$774,259**	**8.5 %**	**$819,721**	**8.6 %**	**$45,461**
Operating Costs:					
Personal Services	$142,952	1.6 %	$143,090	1.5 %	138
Marketing Budget Plan	90,000	1.0 %	117,029	1.2 %	27,029
Contractual Services	35,362	0.4 %	37,322	0.4 %	1,959
Depreciation	11,532	0.1 %	11,597	0.1 %	65
Operating Expense	28,894	0.3 %	31,445	0.3 %	2,551
Reserve for Insurable Risk	5,000	*0.1 %*	5,000	*0.1 %*	0
Administrative Spending Reserve	95,000	*1.0 %*	76,297	*0.8 %*	(18,703)
Subtotal, Operating Costs	**$408,741**	4.5 %	**$421,779**	**4.4 %**	**$13,039**
TOTAL, ADMINISTRATIVE EXPENSES	**$1,183,000**	13.0 %	**$1,241,500**	**13.0 %**	**$58,500**
CONTRIBUTION TO EDUCATION	**$1,890,466**		**$1,955,850**		**$65,384**
Unclaimed Prizes	35,000		35,000		0
Interest Income	50,000		40,000		(10,000)
TOTAL AVAILABLE FOR EDUCATION	**$1,975,466**		**$2,030,850**		**$55,384**
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	***$2,075,466***		***$2,112,147***		***$36,682***

Revised Fiscal Year 2025-26 Budget

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

Sales

	FY 2025-26 Approved Budget	% of Sales	FY 2025-26 Revised Budget	% of Sales	Difference
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Prize Expense

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PRIZE EXPENSE:					
Scratchers	$4,883,120	71.6 %	$5,111,610	72.3 %	$228,490
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TOTAL, PRIZE EXPENSE	**$6,026,534**	**66.2 %**	**$6,352,650**	**66.5 %**	**$326,116**
NET SALES AFTER PRIZE EXPENSE	**$3,073,466**		**$3,197,350**		**$123,884**

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Administrative Expense - Retailer and Gaming Costs

ADMINISTRATIVE EXPENSES:	FY 2025-26 Approved Budget	% of Sales	FY 2025-26 Revised Budget	% of Sales	Difference
Retailer Compensation:					
Commission	$525,800	5.8 %	$551,900	5.8 %	$26,100
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Special Handling	31,523	0.3 %	33,081	0.3 %	1,559
Incentives	4,000	0.0 %	6,000	0.1 %	2,000
Subtotal, Retailer Compensation	**$616,979**		**$649,390**		**$32,411**
Gaming Costs:					
Gaming Contract (Brightstar)	126,625	1.4 %	130,875	1.4 %	4,250
Retailer Administrative and Gaming Fees	(22,717)		(22,717)		0
Scratchers Ticket, Delivery, and Support Costs	53,372	0.6 %	62,172	0.7 %	8,800
Subtotal, Gaming Costs	**$157,280**		**$170,330**		**$13,050**
TOTAL, RETAILER & GAMING COSTS	**$774,259**	**8.5 %**	**$819,721**	**8.6 %**	**$45,461**

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Administrative Expense - Operating Costs

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Operating Costs:					
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Administrative Spending Reserve	*95,000*	*1.0 %*	*76,297*	*0.8 %*	*(18,703)*
Subtotal, Operating Costs	**$408,741**	**4.5 %**	**$421,779**	**4.4 %**	**$13,039**
TOTAL, ADMINISTRATIVE EXPENSES	**$1,183,000**	**13.0 %**	**$1,241,500**	**13.0 %**	**$58,500**

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Contribution to Education

	FY 2025-26 Approved Budget	FY 2025-26 Revised Budget	Difference
CONTRIBUTION TO EDUCATION	**$1,890,466**	**$1,955,850**	**$65,384**
Unclaimed Prizes	35,000	35,000	0
Interest Income	50,000	40,000	(10,000)
TOTAL AVAILABLE FOR EDUCATION	**$1,975,466**	**$2,030,850**	**$55,384**
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	***$2,075,466***	***$2,112,147***	***$36,682***

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Past Year to Revised Budget Comparison

	FY 2024-25 Year-End Actual (Unaudited)	FY 2025-26 Revised Budget*	Difference
TOTAL, SALES	$8,932,712	$9,550,000	$617,288
TOTAL CONTRIBUTION TO EDUCATION WITH RESERVES	*$1,931,576*	*$2,112,147*	*$180,571*

*Estimated