
FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

IOWA LOTTERY BOARD MEETING — SEPTEMBER 2020

Meeting. The Iowa Lottery Board met via teleconference on Tuesday, September 29, 2020.

COVID-19 Practices. To reduce the spread of COVID-19, the Lottery instituted curbside prize claim validation, and beginning in April, the Lottery utilized a digital promotional prize play claims process. This enabled lottery offices to process claims more efficiently and in a safer manner in light of the virus. The new practice experienced a high participation rate. As fall and winter promotions begin, prizes can be claimed inside of lottery offices with social distancing measures in place. The Lottery's mobile application has also seen a high level of activity among Lottery consumers.

Budget Update. Operating revenues in FY 2020 were down compared to FY 2019. This decrease of approximately \$19.0 million is primarily due to lower Powerball, Mega Millions, and Lotto America sales. Accordingly, operating expenses have decreased by \$7.4 million in FY 2020 due to lower Powerball, Mega Millions, and Hot Lotto prize payouts compared to the previous fiscal year.

However, July and August 2020 gross lottery sales are ahead of previous budget estimates by \$8.1 million and \$4.8 million, respectively. Total proceeds for the month of August are approximately \$5.0 million above the budgeted estimate. At this time, the Lottery Board estimates the Authority will transfer \$70.1 million in proceeds to the General Fund, a decrease of approximately \$8.8 million compared to FY 2020. The Authority estimates status quo transfers of \$2.5 million to the Veterans Trust Fund and \$100,000 to the Public Safety Survivor Benefit Fund.

Lottery Promotions. The scratch ticket summer promotion, Summer Cash Bash (Prize Zone), awarded \$250,000 to winners. Scratch ticket sales increased by \$3.8 million in August 2020 compared to August 2019. Winter promotion advertisements are slated to run after the November presidential election.

Security. Instances of lottery product theft involving internal employees of retailers taking lottery products have led to the Lottery Authority taking steps to reconcile inventory and discussing controls with retailers to avoid the loss of inventory. In these instances, law enforcement officials are also contacted. However, the Lottery reported that many incidents are unfounded after an investigation and few allegations transition to a case. During the period of July through December, there were 24 lottery theft cases.

Contract Extensions. The Iowa Lottery has two pull tab-related contracts with American Game in Council Bluffs: a pull tab vending machine contract and a pull tab procurement contract. Each contract allows a maximum of three one-year contract extensions. The pull tab vending machine contract expires in September 2020, and the pull tab procurement contract expires in December 2020. The Board extended both contracts for an additional year and applied a Consumer Price Index adjustment of 1.0% to the contracts.

Additional Information. Additional information is available upon request.

LSA Staff Contact: Angel A. Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov

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