
FISCAL UPDATE Article

Fiscal Services Division

December 16, 2022



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IOWA LOTTERY BOARD MEETING — DECEMBER 2022

Meeting. The Iowa Lottery Board met on December 6, 2022, at the Iowa Lottery headquarters in Clive and via teleconference.

Chief Executive Officer (CEO) Update. Matt Strawn, Iowa Lottery CEO, reported that Lottery sales and proceeds are off to a strong start in FY 2023, exceeding both budget projections for FY 2023 and FY 2022 actuals to date. Mr. Strawn attributed this increase to July's Mega Millions jackpot, which rose to greater than \$1.000 billion before winning numbers were drawn on July 29, 2022.

Quarterly Report. For FY 2023 through October, gross sales totaled approximately \$152.6 million, a 30.7% increase compared to budgeted FY 2023 and a 5.5% increase compared to the same time period in FY 2022. The current five-year average for gross sales through October is approximately \$128.7 million. Year-to-date sales for scratch tickets decreased 8.2% through October 2022 when compared to the same time period in 2021. Representatives of sales and marketing mentioned that they have been in conversations with vendors on how to improve sales in scratch tickets. Year-to-date sales for InstaPlay increased 23.7% through October 2022 when compared to the same time period in 2021.

The Iowa Lottery has added a new customer service tool, a chatbot named Dave, to assist in providing customer service. The interactions are monitored and updates are made to the chatbot to help answer the variety of questions it receives.

Finally, there is a \$1.0 million Mega Millions® prize that has been unclaimed for three months. There is still time for the winner to claim the prize, and the Iowa Lottery is currently releasing reminders.

Chief Financial Officer (CFO) Update. Kim Knight, Iowa Lottery CFO, reported on the Iowa Lottery's current payment method for players receiving prize payments, as well as a study on additional payment options moving forward. Currently, Iowa Lottery players receive prize payments by cash, check, or money order at retail locations; by wire transfer for Jackpot winnings; and by check at Iowa Lottery offices for all other prizes. The study analyzed the potential of adding a payment option for lottery prizes on nonreloadable prepaid debit cards and using Automated Clearing House (ACH) payments to electronically transfer moneys from the Iowa Lottery directly to player accounts at financial institutions. The Iowa Lottery memorandum stated that the Iowa Lottery's goal is to begin a pilot project in early CY 2023 to distribute prize payments on nonreloadable prepaid debit cards at select retail locations. After evaluation of the pilot project, the Iowa Lottery can then choose to expand the payment option to any participating Iowa Lottery retailer. The Lottery is evaluating the changes needed for the prize payment processes at Iowa Lottery offices, with the goal of offering prize payments via nonreloadable prepaid debit cards at Iowa Lottery offices by the end of FY 2023. Due to the complexity of the process and sensitivity of the data required to process ACH payments, that payment option at Lottery offices is expected to be available after the implementation of prize payments via nonreloadable prepaid debit cards, possibly at the end of FY 2024.

Updating Multijurisdiction Lotto Game Rules. The Iowa Lottery Board of Directors approved an amendment of the Powerball®, Mega Millions®, Lotto America®, and Lucky for Life® game rules to require that prizes be claimed within 180 days of the drawing for which the winning tickets were eligible. The current prize-claim period for these games in Iowa is 365 days. It was stated that the Iowa Lottery

staff will prepare and execute a public awareness campaign to inform Iowa Lottery players and retailers of the change prior to it taking effect on or about March 1, 2023.

Employee Referral Program. The Board approved an employee referral program under which an eligible Lottery employee will be paid \$500 in the event the employee refers a job applicant to the Lottery and the applicant is hired and works at least six months at the Lottery. Lottery management and employees involved in the hiring process will not be eligible for this program.

The next Lottery Board meeting is scheduled for March 30, 2023, at 10:15 a.m.

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Doc ID 1313181