



13001 University Avenue
Clive, IA 50325-8225
www.ialottery.com
515.725.7900

Kim Reynolds · Governor
Chris Cournoyer · Lt. Governor
Matthew N. Strawn · Chief Executive Officer

Iowa Lottery Report On Operations

To: Members of the House Government Oversight Committee and Senate Government Oversight Committee, Iowa General Assembly

From: Matthew N. Strawn, CEO

Date: June 2025

Introduction

The Iowa Lottery continues to outpace budget projections for fiscal year 2025 sales and proceeds, notwithstanding external economic challenges facing consumers and slumping sales due to low jackpots in signature national lotto games.

Through May, the latest month for which complete figures are available, performance in Lottery product categories reflected mixed results, and those sales trends are anticipated to continue through the end of the fiscal year.

The greatest variable for the year has been the performance of the leading national jackpot games, Powerball® and Mega Millions®. In both games, sales are largely determined by the size of the jackpot. While FY 2024 saw jackpots in the games climb to more than \$1 billion on five different occasions, the games' top prizes reached that mark only once in the current year, resulting in lower sales overall.

Scratch ticket performance also has faced headwinds in FY 2025. Historically, scratch-ticket sales have more closely been tied to consumer sentiment and broader external economic conditions. And with retail store traffic and national consumer sentiment both down for the year, scratch-ticket sales have not been immune. The Lottery team, however, should be commended for the performance of this product category in a challenging environment, particularly with scratch tickets accounting for nearly two-thirds of all Iowa Lottery sales.

It is likewise important to understand that Lottery results can and do fluctuate over time. That is why the Iowa Lottery budgets conservatively, factoring in the natural fluctuations that will occur and should be expected.

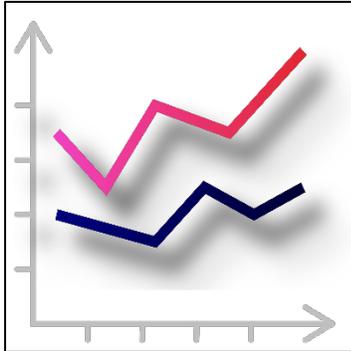
The Lottery's staff and its partners continue to work on game development and prize innovations to ensure the Lottery continues to meet the expectations of Iowa consumers into the future.

Please note that this is the Iowa Lottery's final Report on Operations to the Government Oversight Committees, as the report was eliminated by legislation that will take effect on

July 1. That bill, House File 260, passed the Iowa House and Senate unanimously during the 2025 session and was signed into law on March 28.

FY 2025 Lottery Product Sales

Through May, the latest month for which complete figures are available, annual Iowa Lottery sales in FY 2025 totaled \$400,986,729, a 12.2 percent decrease from the previous year’s total for the same time period. Annual Lottery proceeds to state causes were \$81,063,348 through May, down about 20.3 percent from the total for the same time period in the previous year.



Prizes to players during the first 11 months of the fiscal year totaled \$260,457,164, while Lottery sales commissions to Iowa businesses totaled \$26,065,670 for the time period, with both figures down from the year before.

Also of note, the Lottery’s operational expenses remained \$659,772 (4.6 about percent) below budget through May.

Scratch games continue as the Lottery’s leading product category. That, in turn, had an impact on Lottery proceeds. In a year like FY 2025 when scratch tickets account for a larger percentage of Iowa

Lottery sales, Lottery proceeds may be a smaller percentage of total sales because scratch games have a smaller profit margin than lotto games like Powerball.

But while sales in lotto games are significantly jackpot driven and can vary greatly from week to week and month to month, sales of scratch tickets are more stable over time.

The Lottery’s staff and its partners continue to work on game development and prize innovations to ensure the Lottery continues to meet the expectations of Iowa consumers into the future.

Here is a year-to-year comparison of Lottery sales (July-May) by product:

	<u>FY 2025</u>	<u>FY 2024</u>
Instant-scratch games	\$267.5 million	\$279.3 million
InstaPlay games	\$28.8 million	\$25.8 million
Pick 3	\$8.5 million	\$8.4 million
Powerball	\$35.0 million	\$74.1 million
Mega Millions	\$26.0 million	\$37.7 million
Pick 4	\$5.3 million	\$5.4 million
Lucky for Life	\$7.7 million	\$7.9 million
Lotto America	\$8.4 million	\$6.2 million
Pull-tab games	\$13.8 million	\$12.1 million

As referenced in the introduction to this report, Lottery sales and proceeds fluctuate from year to year based upon the strength of sales in particular product categories.

The Lottery’s latest monthly financial statement for May 2025 is included in this report as **Attachment A.**

Problem Gambling Awareness Month



This spring, the Iowa Lottery developed a new public-service campaign to highlight the help available in Iowa for those impacted by gambling disorders. In the new videos that the Lottery developed for use online and on television, two Iowans talk about the issue of gambling addiction.

The Iowa Lottery released the videos as part of its efforts in support of Problem Gambling Awareness Month.

In the PSAs, an Iowa man shares the story of his struggle when he gambled too much, how it harmed his life, and the moment he knew he needed to make a change.

The Burlington counselor who helped the man find his way through his gambling disorder also shares what treatment looks like, and the turn-around it can make in someone's life.

Throughout March, the Lottery's messages in support of Problem Gambling Awareness Month were available statewide on outdoor billboards, television, radio, streaming services, and online platforms.

A direct link to the Lottery's video playlist is here:

<https://www.youtube.com/watch?v=HalUluzP-eU&list=PLLYi-eBcBoH5t1hE3qu1Q9X4NnveE4JOa>

The Lottery campaign achieved 11,572 public service announcements through traditional channels such as TV, cable, and radio for nearly 5,800 minutes of coverage. There were nearly 3.8 million impressions delivered through digital billboards and nearly 1.5 million impressions through broadcast television.

The Iowa Lottery believes that utilizing a broad range of placements for its problem-gambling messages is critical to reach Iowans in all demographic groups and best ensure they know where they can find help for themselves or a loved one.

The Lottery's annual support for Problem Gambling Awareness Month supplements its ongoing commitment to educating and informing Iowans year-round about healthy play.

Application for WLA Certification in Responsible Gaming



In late April, the Iowa Lottery applied for the next level of responsible gaming certification from the World Lottery Association (WLA). The WLA represents more than 150 state-authorized lotteries and sports betting operators in 80 countries on five continents. Its certification is a global standard for responsible gaming and corporate social responsibility.

The WLA offers four levels of responsible gaming certification, with organizations applying for a single level at a time. The Iowa Lottery has Level 1 certification and is seeking Level 2.

The Lottery’s application required its team members to do an in-depth analysis over about a six-month period of its current responsible gaming efforts to identify areas of strength and weakness. Future levels of certification would involve implementing changes and improvements from the Lottery’s current state.

With its Level 2 application submitted, the Lottery is currently awaiting feedback from the WLA assessors regarding the details it provided.

The Iowa Lottery Celebrates 40 Years



To celebrate its 40th anniversary, the Iowa Lottery has introduced a throwback version of its very first game.

Tickets in 2025’s version of the “Scratch, Match & Win” scratch game feature artwork of a hand holding a coin to scratch a ticket, much like the Lottery’s original scratch game from August 1985. But today’s version is a \$5 game with instant prizes of up to \$50,000. And tickets in the game are a lot bigger than those from 40 years ago.

Legislation allowing a Lottery in Iowa was signed into law on April 18, 1985, and Iowa Lottery sales began a little more than 4 months later with a kick-off celebration on Aug. 22, 1985, at the Iowa State Fair.

By the numbers, here’s a look at 40 years of a Lottery in Iowa.

- \$10.4 billion** Total Iowa Lottery sales
- \$6.1 billion** Total prizes won by Iowa Lottery players
- \$2.5 billion** Total Lottery proceeds raised for Iowa causes

\$722.5 million	Total Lottery sales commissions paid to the local Iowa businesses that sell Lottery tickets
\$343.9 million	Largest Lottery prize won in Iowa. A Redfield woman claimed that Powerball® jackpot on Nov. 5, 2018.
6.4 million	Number of Lottery tickets sold during the Lottery's first week of sales
2,500	Number of retail locations in Iowa that sell Lottery tickets
189	Number of Iowa Lottery tickets to date that have won prizes of \$1 million or more
9	Number of Powerball jackpots won to date by Iowa Lottery players

Lottery Security-Compliance Reviews At Retail



Each year, the Iowa Lottery's Security Department conducts unannounced security checks at retail locations across the state to ensure that winning tickets are being handled appropriately by Lottery retail licensees and that the placement of Lottery equipment is in compliance with Lottery requirements.

During the compliance checks, undercover Iowa Lottery investigators visit retail locations and pose as customers presenting Lottery tickets for validation and payment.

In FY 2025, the Lottery has met its performance target of its investigators conducting compliance checks in at least 25 percent of the 2,500 retail locations that are licensed to sell Iowa Lottery products.

The Iowa Lottery is committed to conducting its games with fairness and integrity and invites anyone with a question or concern about the Lottery or its products to contact Iowa Lottery Security directly at 515-725-7900 or wmaster@ialottery.com.

IOWA LOTTERY
Statement of Revenues, Expenses and Changes in Net Position
For the Eleven Months Ending Saturday, May 31, 2025

	Month ended 5/31/2025	Month ended 5/31/2024	Year-to-date 5/31/2025	Year-to-date 5/31/2024
Operating revenues:				
Scratch ticket sales	\$ 24,793,964.00	\$ 25,559,667.00	\$ 267,470,677.00	\$ 279,326,088.00
InstaPlay sales	3,000,403.00	3,532,863.00	28,791,888.00	25,807,945.00
Pick 3 sales	785,965.00	779,214.50	8,450,763.00	8,351,063.00
Powerball sales	2,799,673.50	3,091,569.00	35,031,831.00	74,132,355.50
Mega Millions Sales	1,585,825.00	2,552,344.00	26,039,847.00	37,665,778.00
Pick 4 sales	512,587.00	518,505.00	5,318,976.50	5,436,759.50
Lucky for Life sales	718,940.00	711,396.00	7,656,738.00	7,892,194.00
Lotto America sales	943,528.00	481,864.00	8,385,476.00	6,196,672.00
Pull-tab sales	1,245,641.00	1,217,535.46	13,840,532.42	12,076,965.13
Application fees	525.00	625.00	5,500.00	5,375.00
Other	727.58	2,011.85	70,805.95	9,840.84
Total operating revenues	<u>36,387,779.08</u>	<u>38,447,594.81</u>	<u>401,063,034.87</u>	<u>456,901,035.97</u>
Operating expenses:				
Scratch ticket prizes	16,844,906.08	16,930,852.00	183,023,794.58	192,996,422.31
InstaPlay prizes	2,300,675.79	2,596,177.46	20,847,466.36	18,638,537.02
Pick 3 prizes	471,579.00	467,528.70	5,361,491.70	5,010,637.80
Powerball prizes	1,389,091.98	1,558,518.80	17,587,191.46	37,097,553.19
Mega Millions prizes	792,912.50	1,276,172.00	13,065,485.39	18,832,889.00
Pick 4 prizes	307,552.20	423,414.20	3,191,385.90	3,374,366.90
Lucky for Life prizes	427,291.19	422,807.55	4,550,667.36	4,671,276.94
Lotto America prizes	471,764.00	240,932.00	4,160,444.60	3,098,336.00
Pull-tab prizes	777,565.51	760,782.62	8,669,236.84	7,552,529.27
Advertising/publicity	599,766.29	920,360.72	7,796,713.16	10,662,770.37
Retailer compensation expense	2,345,472.61	2,502,600.95	26,065,669.88	29,792,791.53
Ticket expense	380,449.24	278,966.75	3,157,011.90	2,959,691.07
Vendor compensation expense	1,039,456.99	613,863.57	6,992,571.02	7,334,834.72
Salary and benefits	848,937.50	831,639.16	9,732,275.53	9,507,563.46
Travel	33,530.41	21,969.91	280,570.34	245,373.77
Supplies	10,908.53	41,910.66	76,438.00	99,692.86
Printing	27.50	55.00	4,409.76	2,690.89
Postage	389.27	320.38	7,554.75	7,294.66
Communications	16,317.64	16,748.78	184,061.46	194,848.37
Rentals	8,667.97	8,623.08	98,269.17	97,703.55
Utilities	5,213.82	5,823.48	89,482.19	91,772.48
Professional fees	24,143.00	34,787.69	145,790.56	210,794.59
Vending machine maintenance	52,998.24	26,006.40	436,716.00	282,381.98
Outside services and repairs	209,699.77	133,836.86	1,885,015.95	1,402,617.32
Data processing	10,005.38	7,370.34	118,929.96	127,452.95
Equipment	40,142.27	67,960.56	645,580.47	243,854.67
Reimbursement to other state agencies	39,622.66	33,567.62	408,252.92	406,614.91
Depreciation	73,961.46	39,311.63	655,071.24	443,844.02
Amortization	45,884.70	45,884.70	504,731.70	504,731.70
MUSL/Lotto administrative expense	29,850.65	9,380.83	87,643.74	122,534.19
Debit card fees	31,021.21	20,336.25	289,195.91	239,221.78
Other	158,442.71	5,273.07	324,733.43	56,362.54
Total operating expenses	<u>29,788,248.07</u>	<u>30,343,783.72</u>	<u>320,443,853.23</u>	<u>356,309,986.81</u>
Operating income	<u>6,599,531.01</u>	<u>8,103,811.09</u>	<u>80,619,181.64</u>	<u>100,591,049.16</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(6,890,293.04)	(7,462,046.63)	(81,063,348.12)	(101,706,660.42)
Interest income	113,925.75	176,144.66	969,926.46	1,259,504.12
Interest expense	(1,633.58)	(2,155.87)	(20,743.02)	(26,682.87)
Capital Contributions	-	-	203,250.00	-
Gain (Loss) on disposal of capital assets	-	-	3,250.00	30,735.00
Net non-operating revenues (expenses)	<u>(6,778,000.87)</u>	<u>(7,288,057.84)</u>	<u>(79,907,664.68)</u>	<u>(100,443,104.17)</u>
Change in net position	<u>(178,469.86)</u>	<u>815,753.25</u>	<u>711,516.96</u>	<u>147,944.99</u>
Net position beginning of period	10,210,880.38	6,241,026.19	9,320,893.56	6,908,834.45
Net position end of period	<u>10,032,410.52</u>	<u>7,056,779.44</u>	<u>10,032,410.52</u>	<u>7,056,779.44</u>