

FY 2003 Budget Presentation



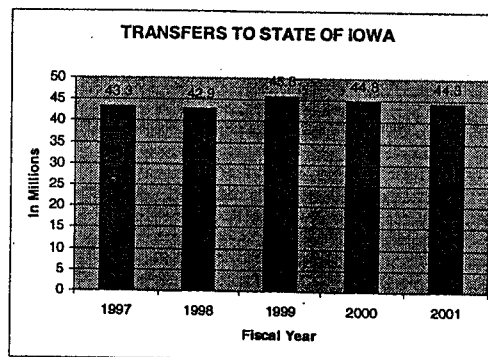
Division of Iowa Department of Revenue and Finance
Edward J. Stanek, Ph.D.
Commissioner

March 13, 2002

Budgeting for Results

- Iowa Code Chapter 99E directs the lottery to "produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people."

Steady Revenues to the State



- Iowa Lottery revenues to the state have remained steady for the past several years.

BUDGET FOR LOTTERY FUND (633)

	FY 01 ACTUAL	FY 02 BUDGET	FY 03 BUDGET REQUEST
Resources			
Lottery Sales	175,592,015	175,000,000	175,000,000
Interest	529,305	800,000	500,000
Application Fees	20,675	25,000	25,000
Other	4,587	5,000	5,000
Total Resources	<u>176,146,582</u>	<u>175,830,000</u>	<u>175,530,000</u>
Expenditures			
Terminal Communications	1,430,511	2,046,475	475,338
Instant PT Vending machine rentals	2,295,104	2,320,644	2,336,988
Retailer Lottery System	4,742,227	5,699,022	5,699,022
Proceeds Transfer	35,430,828	32,433,038	33,450,990
Gamblers Assistance	502,616	502,490	501,500
Marketing, Education and Information	6,020,752	6,666,667	6,666,667
Sales Tax Transfer	8,317,324	8,333,333	8,333,333
Ticket Dispensers	197,947	162,679	127,000
Prizes	95,910,212	94,929,464	95,209,136
Retailer Compensation	11,115,834	11,137,736	11,138,356
Instant PT Ticket Expense	2,579,553	2,708,106	2,700,856
Refunds	2,157	1,632	2,100
Total Expenditures	<u>168,545,065</u>	<u>166,941,286</u>	<u>166,641,286</u>
State Appropriations			
Lottery Operations	7,954,789	8,888,714	8,888,714
Total Expenditures and Appropriations	<u>176,499,854</u>	<u>175,830,000</u>	<u>175,530,000</u>

BUDGET FOR LOTTERY OPERATIONS

Resources	<u>FY 01</u> <u>ACTUAL</u>	<u>FY 02</u> <u>BUDGET</u>	<u>FY 03</u> <u>BUDGET</u> <u>REQUEST</u>
Appropriation Lottery Operations	7,954,789	8,888,714	8,888,714
FTE	114	117	117
Expenditures			
Personal Services	5,587,333	6,273,635	6,273,635
Personal Travel in State	117,236	129,322	132,606
State Vehicle Operation	228,427	281,913	282,006
Vehicle Depreciation	169,655	191,956	191,525
Personal Travel Out of State	38,847	37,331	37,413
Office Supplies	172,935	165,012	165,720
Facility Maintenance Supplies	6,419	9,539	9,663
Other Supplies	1,204	1,333	1,487
Printing and Binding	76,391	86,000	86,000
Communications	135,104	156,549	156,551
Rentals	563,380	597,536	597,536
Utilities	78,563	78,474	78,106
Prof & Scientific Services	164,442	153,875	153,875
Outside Services	54,126	56,759	56,841
Outside Repairs	9,452	13,441	13,378
Attorney General	83,534	95,325	95,325
Auditor of State	91,577	114,750	114,750
Reimbursement to Other Agencies	203,854	218,538	219,575
ITS Reimbursement	4,839	5,638	5,638
Equipment	148	2,740	2,009
Office Equipment	10,447	15,375	15,375
Equipment Non Inventory	22,167	25,781	24,600
Data Processing Inventory	2,797	10,150	6,150
Data Processing Non Inventory	115,715	123,648	123,000
Other Expenses	13,665	39,775	41,650
Fees	2,532	4,319	4,300
Total Expenditures	<u>7,954,789</u>	<u>8,888,714</u>	<u>8,888,714</u>

STATE OF IOWA
BUDGETING FOR RESULTS

Budget Unit: 633-627
Iowa Lottery

	Fiscal Year	General Fund Appropriations	Other Appropriations	Receipts	TOTAL BUDGET
Actual	2001	\$0	\$0	\$175,855,856	\$175,855,856
Estimated	2002	\$0	\$0	\$175,830,000	\$175,830,000
Department Request	2003	\$0	\$0	\$175,530,000	\$175,530,000
Governor's Recommendation	2003				

The goal of the Iowa Lottery is to produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people.

Programs

Lottery sales
Gambler's treatment program

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CODE

22.6	\$0	\$175,530,000	\$175,530,000
22.7	\$0	\$501,500	\$501,500

Lottery Sales

Program Purpose:

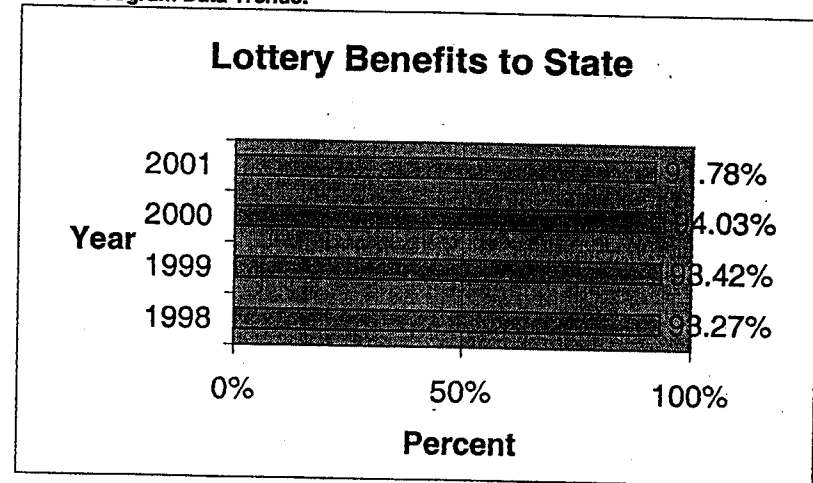
To develop and operate Lottery games that provide Iowans with fun and entertainment while maximizing net revenues in a manner which maintains the dignity of the state and the general welfare of its people.

Performance Measures

Percentage of sales returned as direct benefits to residents of the state.
Direct benefits consists of prizes, retailer compensation, proceeds to the state, payment to Iowa vendors, gambler's treatment transfers, sales tax, and salaries.

\$0	\$175,530,000	\$175,530,000
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Program Data Trends:



Gambler's Treatment Information

Program Purpose:

To cooperate with the Gambling Treatment Program administered by the Iowa Department of Public Health to incorporate information regarding the Gambling Treatment Program and its toll-free telephone number in printed materials.

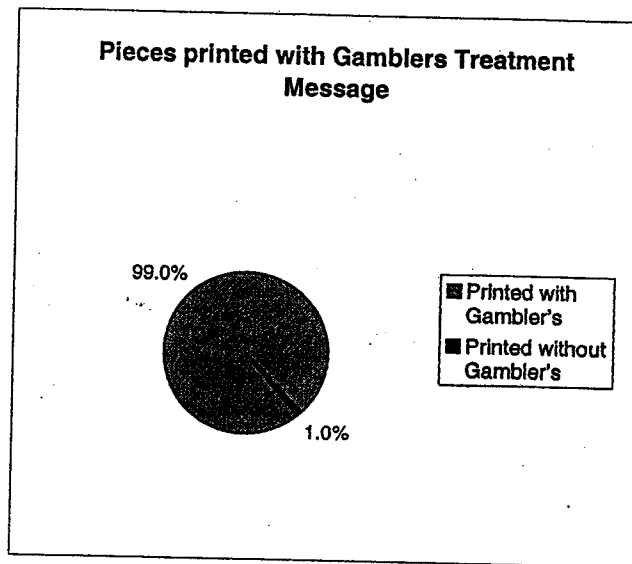
Performance Measures

Percentage of Lottery's printed materials that refer to the Gambler's Treatment Program.

Over 110 million printed items contained the Gambler's Treatment message and phone number.

\$0		\$501,500	\$501,500
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Program Data Trends:

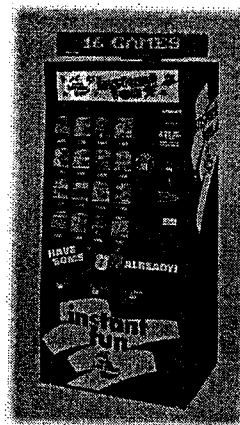


Terminal Communications

- The Lottery projects that those costs will be about \$475,000 in FY 03.

Vending Machine Leases

- The Iowa Lottery leases about 1,200 vending machines to sell pull-tab tickets and another 400 vending machines to sell scratch tickets at retailers around the state.



Retailer Lottery System

- The Iowa Lottery's computerized sales and validation equipment is used at about 2,500 retail locations across the state.



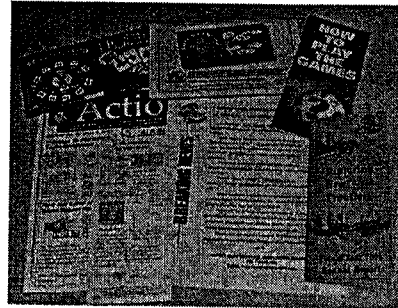
Gamblers Assistance

- The Iowa Lottery provides a portion of its proceeds annually to the state Gambling Treatment Fund.

CALL 1-800-BETS-OFF
Iowa Gambling Treatment Program
Outside Iowa, call 1-800-527-6700

Marketing, Education and Info.

- The lottery's marketing and educational materials range from ads and game brochures to news releases about winners.

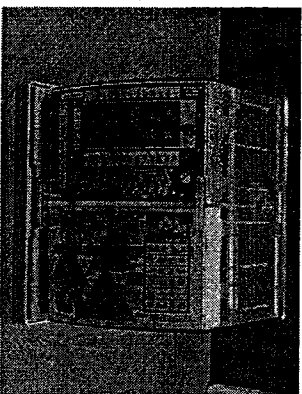


Sales Tax Transfer

- The lottery expects to transfer more than \$8.3 million in sales tax proceeds to the general fund in FY '02 and expects a similar transfer in FY '03.

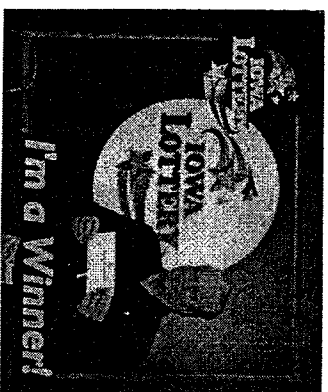
Ticket dispensers

- To help maintain security and reduce theft of its products, the lottery provides dispensers to retailers for its scratch tickets.



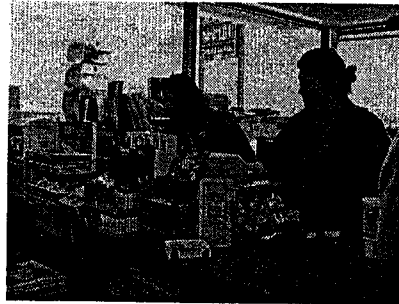
Prizes

- Iowa Lottery players won nearly \$96 million in prizes in FY '01 and are on pace to match that amount in FY '02.



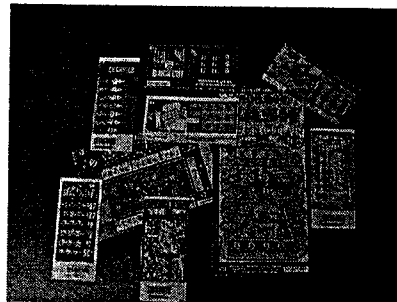
Retailer Compensation

- Iowa Lottery retailers receive a commission for selling lottery tickets, another way lottery proceeds circulate through the state's economy.



Ticket Expense

- The lottery pays for production and printing of the tickets it sells.



Current Conditions: A Mix

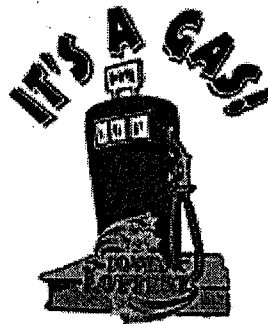
- The state and national economy have been in a recession.
- Internet pirates continue to steal sales from lotteries and other forms of legalized gaming.
- "Super stores" are displacing historic retailers.

But ...

- The Powerball jackpot that reached \$295 million in August meant a strong start to the fiscal year.
- People have been able to continue their normal routines during the mild winter.
- Gasoline prices are low.

Looking to the Future ...

- The lottery expects its FY '03 proceeds to top its FY '02 figures.
- Promotions and new games will help us achieve that goal.





Games and Promotions

