

# Iowa Lottery Overview

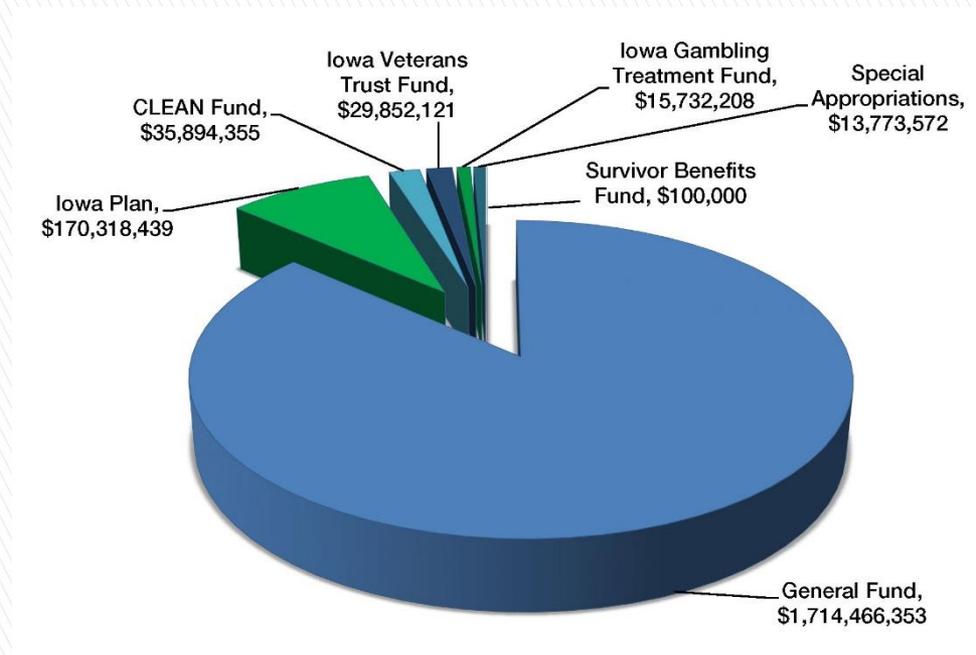
Presented to:  
Administration And Regulation Appropriations Subcommittee

February 12, 2020

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# More Than \$2 Billion For State Causes



- In fall 2019, total Iowa Lottery proceeds to state causes surpassed \$2 billion.
- Lottery tickets in Iowa made their debut on Aug. 22, 1985. In the 34 years since, lottery players have won \$4.5 billion in prizes while lottery sales have totaled \$7.9 billion.

# Highlighting the Iowa Veterans Trust Fund

- This past fall, the Iowa Lottery partnered with the Iowa Commission of Veterans Affairs to produce and promote a new video highlighting and raising awareness for the Iowa Veterans Trust Fund.
- The Iowa Veterans Trust Fund receives \$2.5 million annually in proceeds from the Iowa Lottery.
- The 3-minute video and two shorter versions of it have been viewed nearly 700,000 times since it was released in November 2019.



Direct link to video:

<https://tinyurl.com/yzlp7t98>

# Lottery Transfer To New Fund



- In late October, the Iowa Lottery made its first proceeds transfer to a new state initiative that became law in May 2019. \$100,000 in lottery proceeds is dedicated each year to the Public Safety Survivor Benefits Fund.
- Money from the fund is used to help the surviving family members of Iowa peace officers and fire fighters who have died in the line of duty pay for accident or medical insurance coverage.
- The Iowa Department of Public Safety will distribute the money in the fund each year to nonprofit organizations that provide grants to eligible families.

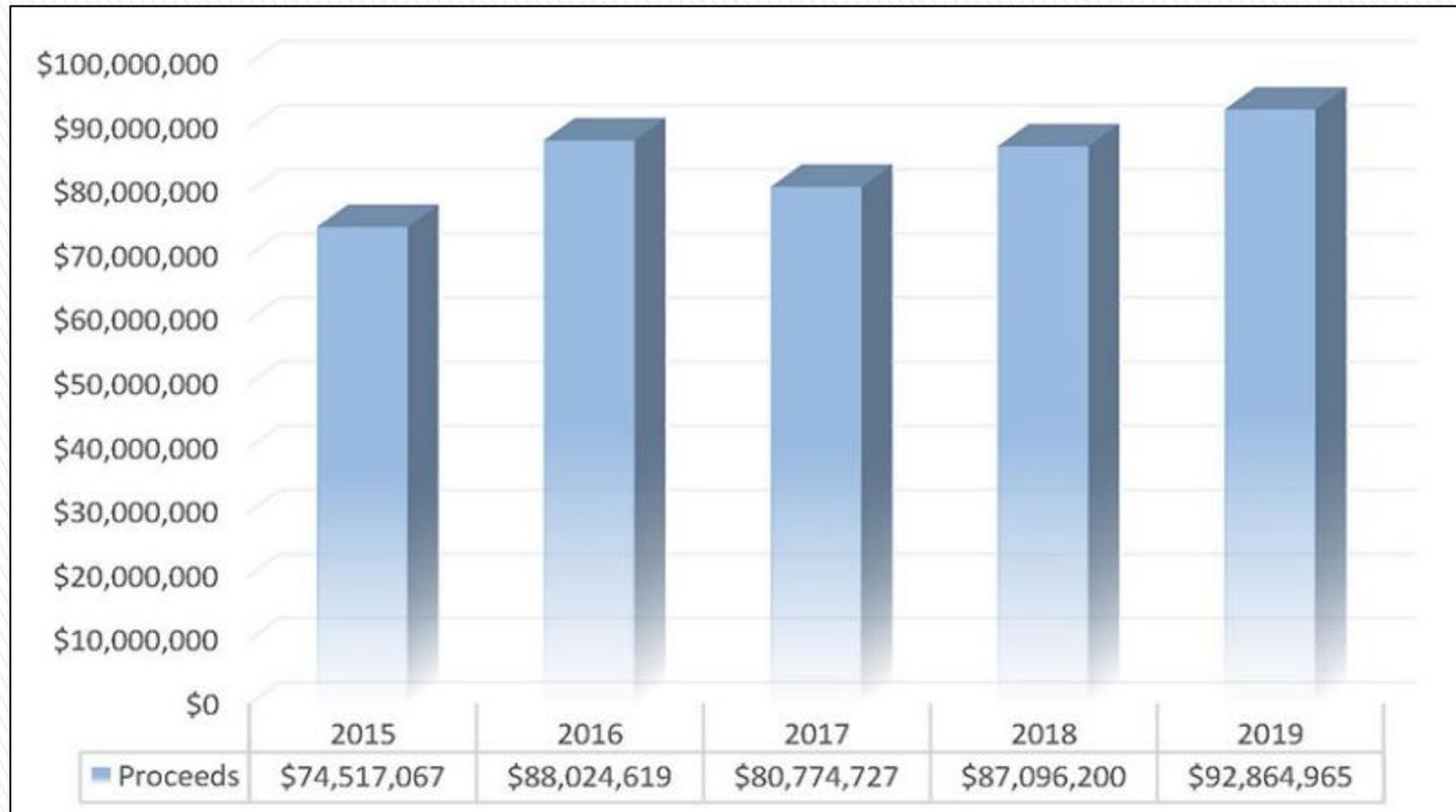


# FY 2019 Final Results

- ▶ Record year for lottery proceeds, sales, prizes, and retail commissions.
  - **\$390.9 million** in sales
  - **\$92.9 million** in proceeds to state causes
  - **\$241.9 million** in prizes paid to players
  - **\$25.4 million** in sales commissions to Iowa retail businesses



# 5-Year Overview Of Lottery Proceeds



# Focus On Responsible Gaming



- In addition to its other efforts through the year, in December and March, the Iowa Lottery focuses heavily on responsible gaming messages.
- The reminders about appropriate gift giving and playing responsibly also include details about 1-800-BETSOFF, the helpline of the Iowa Gambling Treatment Program within the Iowa Department of Public Health, and the help available through that program.
- The lottery also includes message about the helpline on the millions of lottery tickets, brochures, point-of-sale materials, and other publications it produces across the state.

# Maintaining Lottery Integrity through Security Compliance Checks

- Each year, the lottery conducts unannounced security-compliance checks at retail locations.
- Undercover Iowa Lottery investigators pose as customers presenting lottery tickets for payment, check that tickets are handled appropriately, and ensure that lottery equipment is appropriately placed within the business.
- The lottery's performance target is for compliance checks annually in at least 20 percent of its 2,400 licensed retail locations.
- In FY 2019, the lottery conducted compliance checks at 29 percent of its retail locations.



# Statewide Gaming System RFP



- The largest project undertaken each decade by the Iowa Lottery is currently underway.
- In July 2019, the lottery issued an RFP for its statewide gaming system, the largest contract within the operation of the Iowa Lottery. The Lottery Board is expected to issue an intent to award a contract in March 2020.
- The gaming system includes a statewide central communications system and the lottery terminals, self-checkers, and self-service kiosks that are used to sell, validate, and cash tickets at the 2,400 retail locations in Iowa where lottery tickets are sold.
- After a vendor contract is approved, the new gaming system will be manufactured and deployed, with a go-live date in July 2021.

# Audits and Reports



- The Lottery reports its financial results quarterly and annually to the Governor, Auditor and Legislature. The Lottery also reports on its operations twice a year to Government Oversight Committees.
- The Lottery comes under legislative review, but is not subject to the appropriations process.
- The lottery is audited annually by the State Auditor's Office. Here is a direct link to the FY 2019 audit report on the lottery: <https://www.auditor.iowa.gov/reports/file/59214/embed>
- The Lottery's annual report is issued once its audited results are available. Here is a direct link to the lottery's FY 2019 annual report: <https://www.pageturnpro.com/iowa-Lottery/93204-FY-2019-Annual-Report/sindex.html#1>

# FY 2021 Budget For Lottery Fund

## Budget for Lottery Fund

	FY 2018 ACTUAL	FY 2019 BOARD APPROVED FINAL BUDGET	FY 2020 BOARD APPROVED FINAL BUDGET	FY 2021 BOARD APPROVED FINAL BUDGET
<u>Resources</u>				
Lottery sales	370,956,887	338,300,000	346,500,000	354,650,000
Interest income	313,694	500,000	500,000	500,000
Application fees	3,725	5,000	5,000	5,000
Other	8,135	5,000	5,000	5,000
<b>Total Resources</b>	<b>371,282,441</b>	<b>338,810,000</b>	<b>347,010,000</b>	<b>355,160,000</b>
<u>Expenses and Change in Net Assets</u>				
Prizes	227,491,072	204,672,000	209,944,600	215,185,050
Retailer compensation	24,213,812	22,667,100	23,216,500	23,762,550
Advertising production and media purchases	7,162,018	13,532,000	13,860,000	14,186,000
Retailer Lottery system/Terminal Communications	8,290,135	6,521,491	7,800,085	9,131,645
Instant/Pull-tab ticket expense	3,198,940	3,977,250	4,120,750	4,263,375
Vending machines & maintenance/Ticket dispensers	525,394	531,928	531,928	531,928
Courier delivery of instant tickets	612,121	660,000	660,000	660,000
Interest expense	-	-	-	-
Lottery operating expense	13,747,904	15,367,308	15,351,608	15,251,608
Increase (decrease) in net assets	(262,764)	(237,100)	(482,600)	(512,600)
<b>Total Expenses and Change in Net Assets</b>	<b>284,978,631</b>	<b>267,691,977</b>	<b>275,002,871</b>	<b>282,459,556</b>
<u>Proceeds</u>				
Proceeds Transfer to General Fund	84,596,200	68,618,023	69,507,129	70,200,444
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000
<b>Total Proceeds Transfers</b>	<b>87,096,200</b>	<b>71,118,023</b>	<b>72,007,129</b>	<b>72,700,444</b>
<b>Total Expenses and Proceeds</b>	<b>372,074,831</b>	<b>338,810,000</b>	<b>347,010,000</b>	<b>355,160,000</b>



# FY 2021 Lottery Operations

## Lottery Operations - Budget Detail

	FY 2018 ACTUAL	FY 2019 BOARD APPROVED FINAL BUDGET	FY 2020 BOARD APPROVED FINAL BUDGET	FY 2021 BOARD APPROVED FINAL BUDGET
Administrative payroll*	10,936,612	11,637,508	11,637,508	11,637,508
Travel	252,945	410,000	417,800	417,800
Supplies	122,963	105,000	105,000	105,000
Printing	5,288	20,000	20,000	20,000
Postage	5,561	7,000	7,000	7,000
Communications	147,069	186,000	186,000	186,000
Rentals	305,225	320,000	320,000	320,000
Utilities	95,757	101,000	101,000	101,000
Professional fees	150,430	259,500	259,500	259,500
Outside services and repair	224,823	419,000	379,000	279,000
Data processing	94,977	125,000	125,000	125,000
Equipment	364,117	494,200	494,200	494,200
Reimbursement to state agencies	440,449	506,000	506,000	506,000
Depreciation	546,260	691,100	707,600	707,600
Other expenses	55,428	86,000	86,000	86,000
<b>Total operating expenses</b>	<b>\$ 13,747,904</b>	<b>\$ 15,367,308</b>	<b>\$ 15,351,608</b>	<b>\$ 15,251,608</b>

\* 2020 and 2021 Proposed Budgets for "Administrative Payroll" do not include salary and benefit cost increases



Thank you! Questions?

