

PROGRAM DESCRIPTION

Department **REVENUE**

HB Section(s): 4.175-4.190

Program Name **MISSOURI LOTTERY COMMISSION**

Program is found in the following core budget(s): **LOTTERY - OPERATING - OTHER FUNDS**

1a. What strategic priority does this program address?

Helps fund public education.

1b. What does this program do?

The core functions of the Lottery are: a) recruit and license Lottery retailers; b) create, market and distribute Lottery products; c) collect revenues from retailers; d) pay Lottery prizes and retailer commissions; e) ensure the security and integrity of Lottery operations and games and f) transfer profits to the Lottery Proceeds Fund for appropriation.

The Missouri Lottery Commission is a revenue source for Missouri public education. Lottery operating appropriations allow the Commission to expend resources they earn through the sale of tickets to support the development, implementation, sales, delivery and administration of a full array of lottery games, for the expressed purpose of generating profits that may be appropriated by the legislature for Missouri public education.

Expenditures are from funds generated by the sale of tickets and not from the General Revenue Fund.

2a. Provide an activity measure(s) for the program.

- 1.) **Lottery Retailers** - 4,700 Lottery retailers across the state who received \$106.4 million in retailer commissions and incentives in FY 2021.
- 2.) **Lottery Players** - over \$1.2 billion paid to players in prizes in FY 2021.
- 3.) **Minority and Women-owned Businesses** - \$18.6 million and \$6.5 million to minority and women-owned businesses, respectively, in FY 2021, for participation rates of 12.2% and 4.2%, respectively.

2b. Provide a measure(s) of the program's quality.

- 1.) **Player Satisfaction** - Increases in ticket sales reflect player satisfaction. FY 2021 sales exceeded \$1.8 billion, the highest in Missouri Lottery history.
- 2.) **Retailer Satisfaction** - 2021 retailer satisfaction survey showed an overall satisfaction with the Lottery of 4.43 out of 5.

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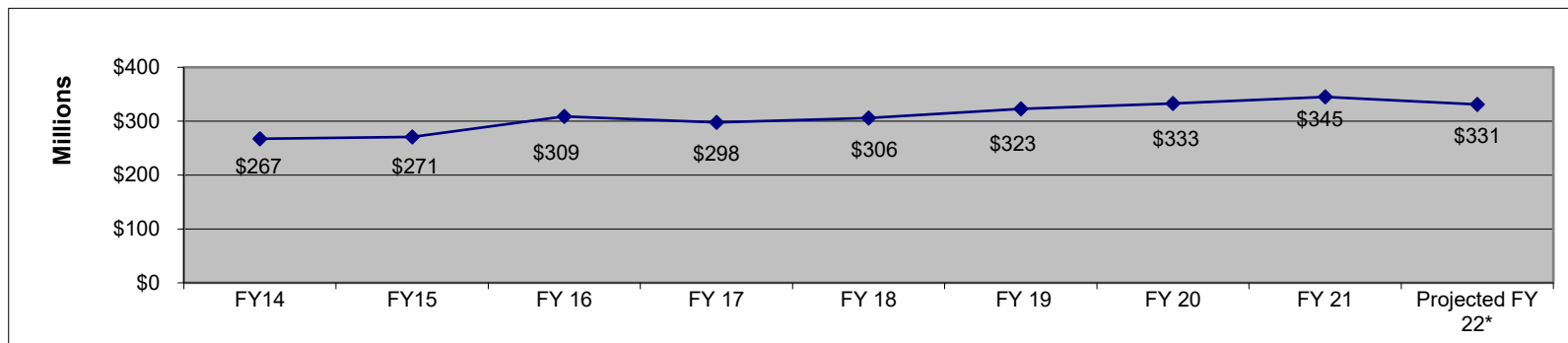
3.) Responsible Gaming - Missouri Lottery has achieved Level 4 certification through the World Lottery Association's responsible gaming framework, the highest certification status. Only 8 US lotteries have achieved Level 4 status. Missouri Lottery also offers a self-exclusion program for players who classify themselves as problem gamblers.

4.) Statutory audits - Missouri Lottery is audited by the State Auditor's Office (SAO) every two years and annually by an independent certified public accounting (CPA) firm. The two most recent SAO audits, covering the two years ended June 30, 2018 and the two years ended June 30, 2020, contained no findings and "Excellent" ratings.

5.) Excellence in Reporting- Missouri Lottery has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for each of the last 21 years. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Comprehensive Annual Financial Reports can be found on Lottery's website.

2c. Provide a measure(s) of the program's impact.

1.) Annual Transfers to Education



*Projected FY 22 is calculated as the previous five years' average plus 1% in order to neutralize/counterbalance fluctuations from jackpots and product mix in any one year, plus FY 21 proceeds not transferred until FY 22 of \$32.8 million

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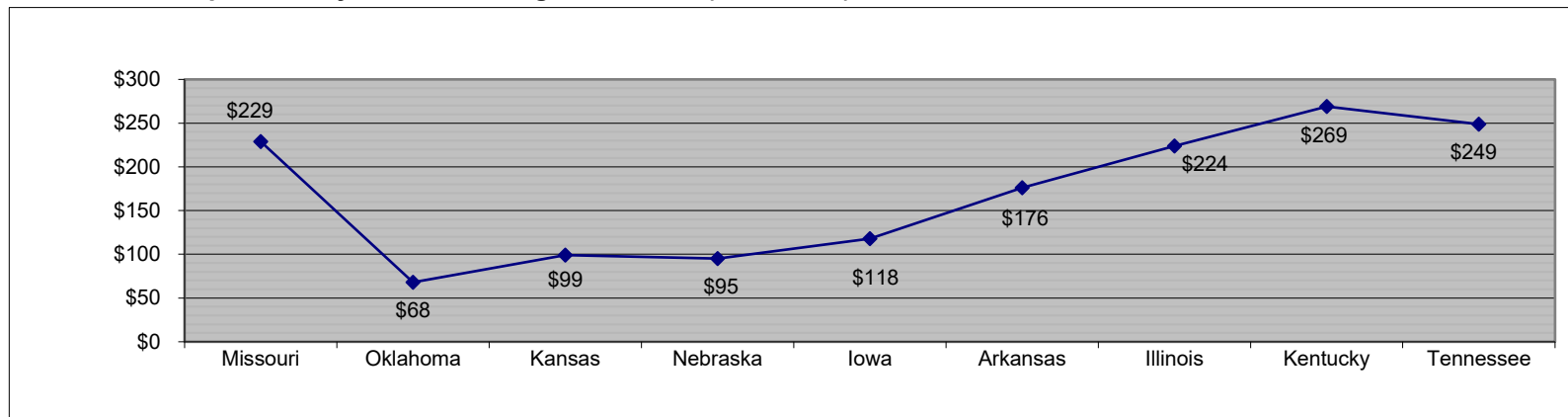
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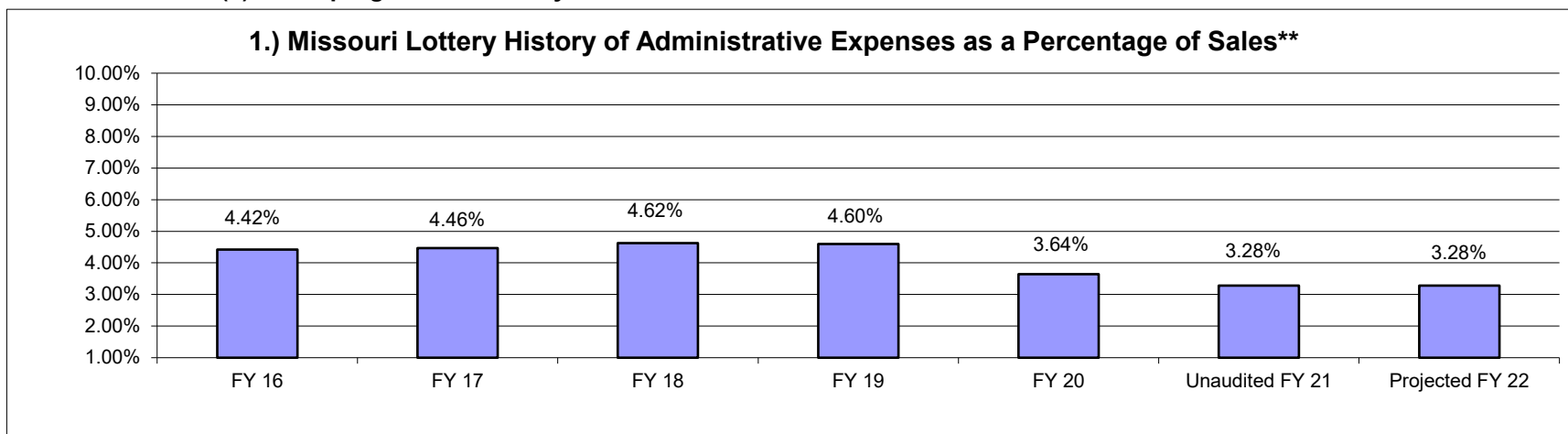
Program is found in the following core budget(s): LOTTERY - OPERATING - OTHER FUNDS

2.) FY 2020 Per Capita Lottery Sales of Contiguous States (Unaudited)



3.) State Tax Withholdings and Debt Offsets on Lottery Winnings - In FY 2021, the Lottery remitted \$5.1 million in state tax withholdings to Missouri Department of Revenue and \$1.1 million in debt offsets to various state agencies from Lottery prize winnings.

2d. Provide a measure(s) of the program's efficiency.



**Administrative expenses include ticket costs and related vendor fees, wages and benefits, depreciation, advertising and other general and administrative costs.

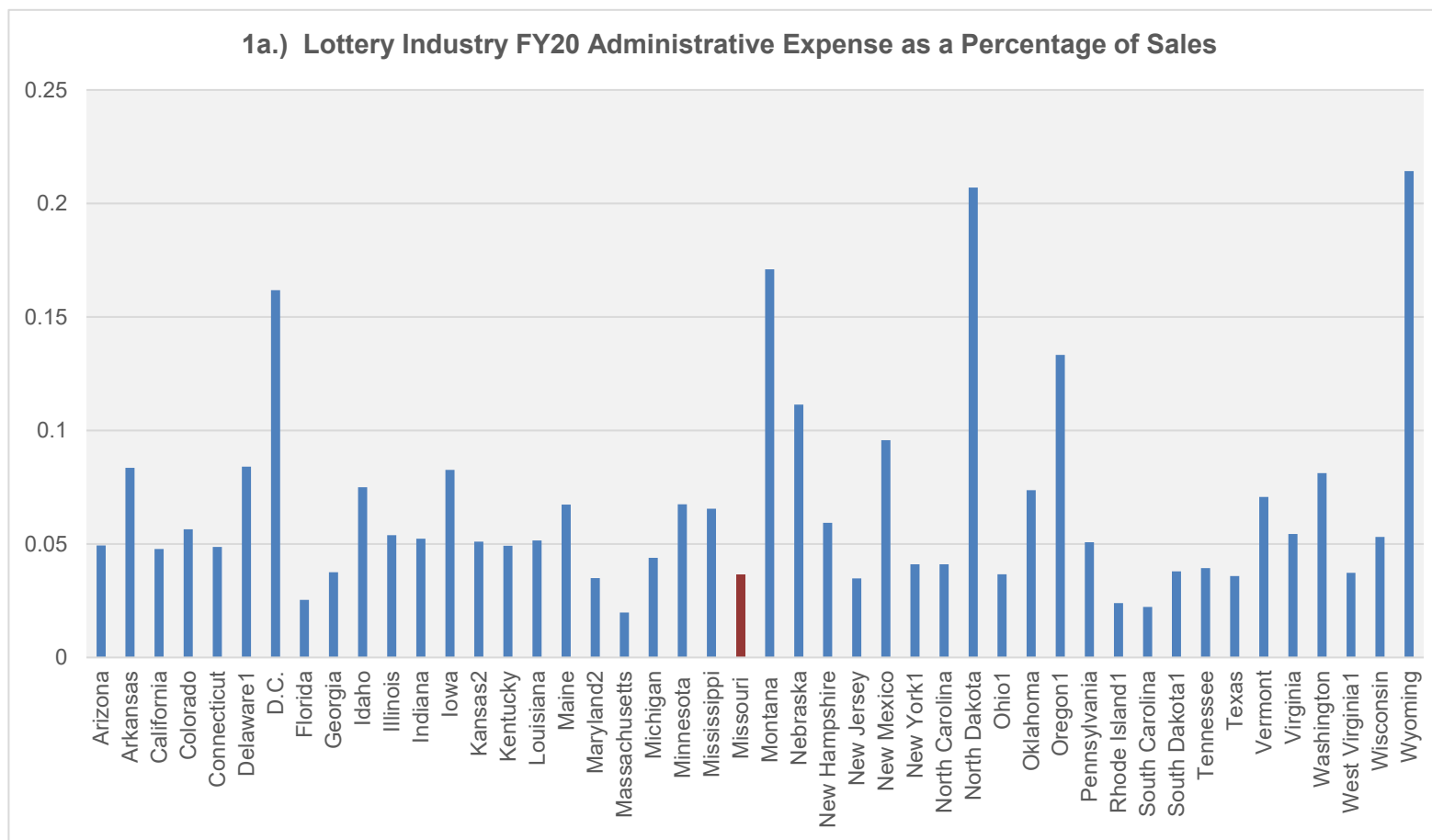
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Program Name **MISSOURI LOTTERY COMMISSION**

Program is found in the following core budget(s): **LOTTERY - OPERATING - OTHER FUNDS**



In FY 20, Missouri Lottery's administrative expenses were 3.64% of sales compared to the FY 20 U.S. Lottery industry average of 6.68%.

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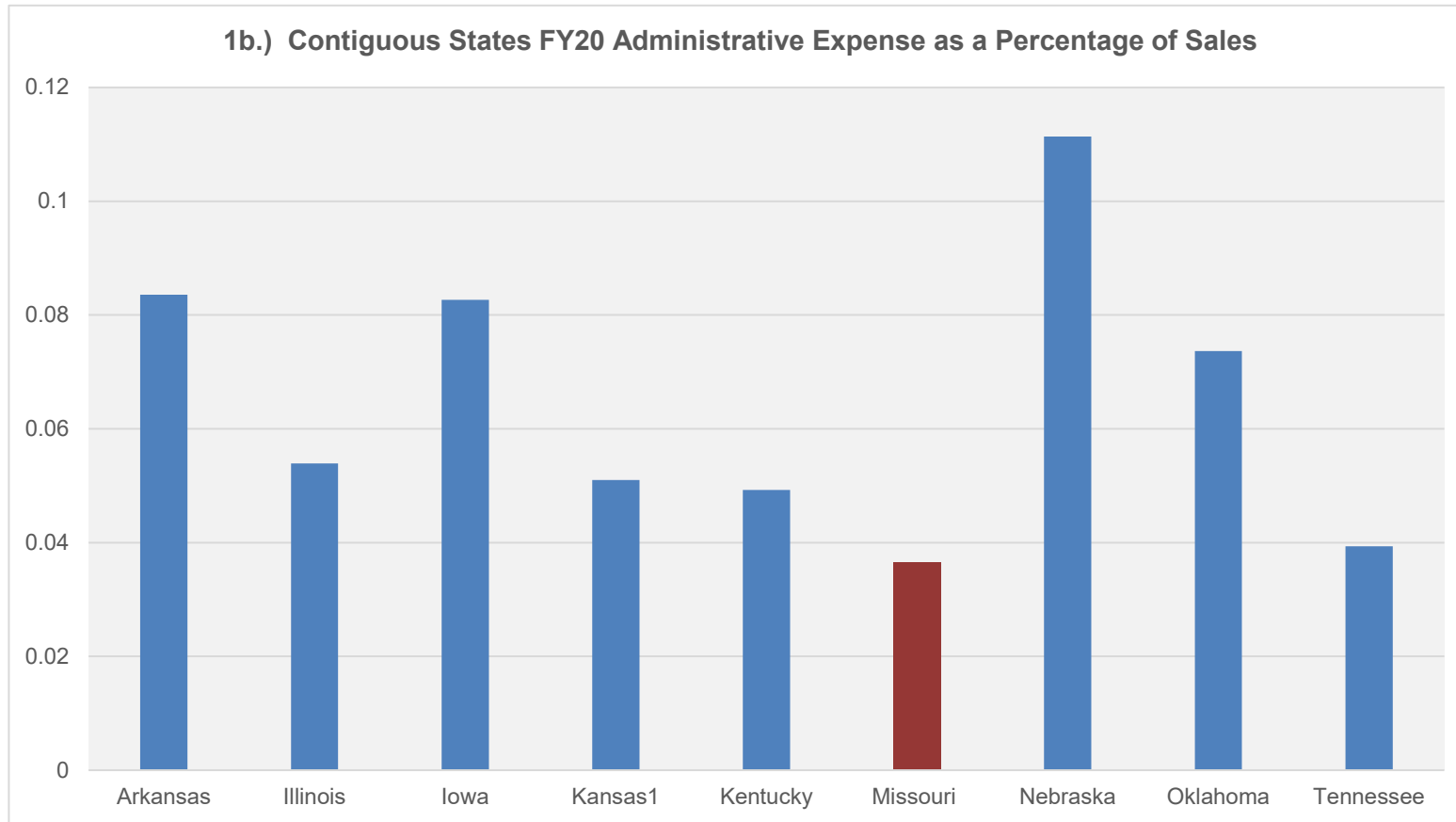
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In FY 20, Missouri Lottery's administrative expenses were 3.64% of sales compared to the contiguous state lotteries' average of 6.81%.
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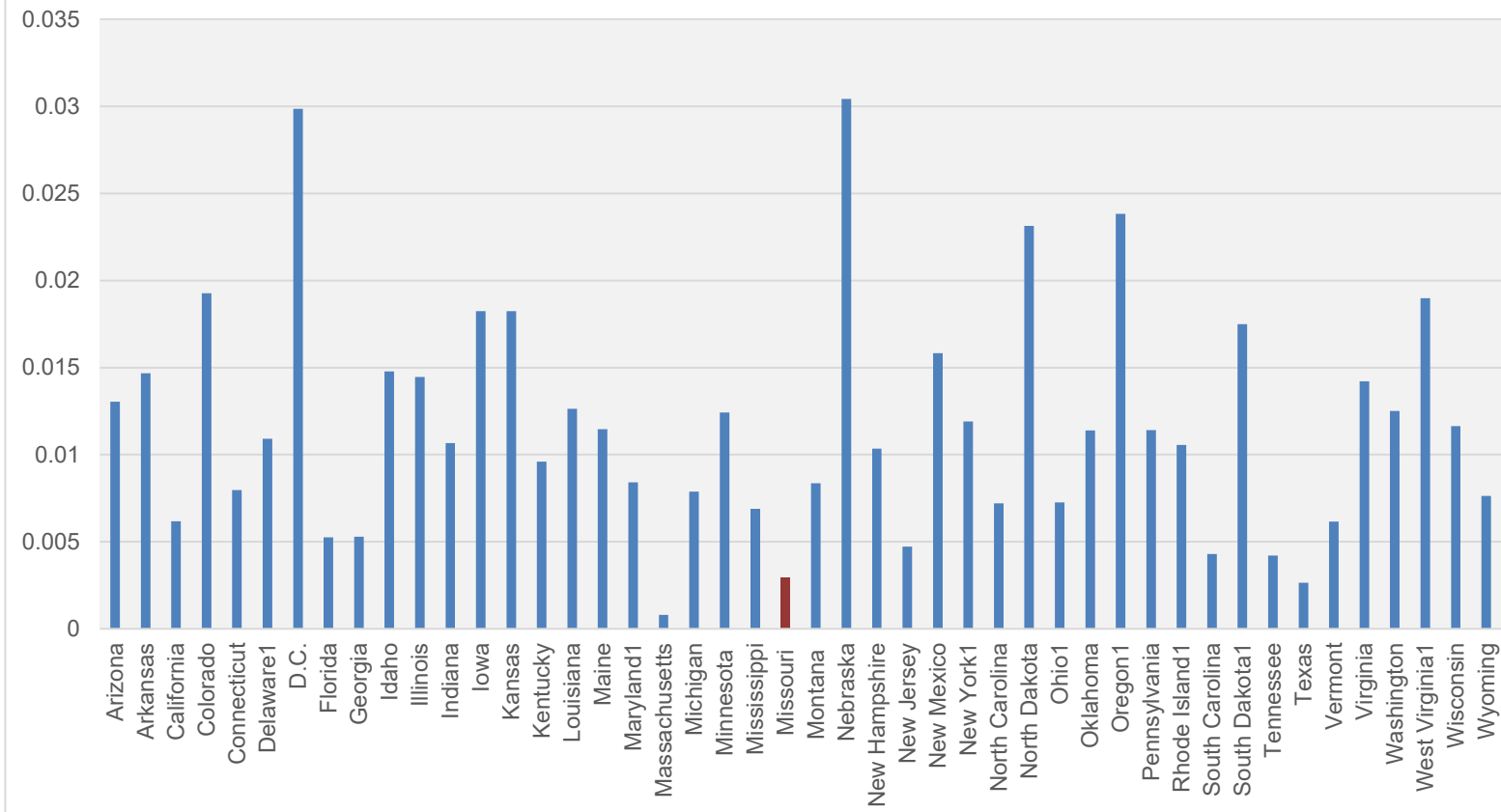
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2.) Lottery Industry FY20 Advertising Budget as a Percentage of Sales



In FY 20, Missouri Lottery's advertising budget was .30% of sales compared to the FY 20 U.S. Lottery industry average of 1.17%.

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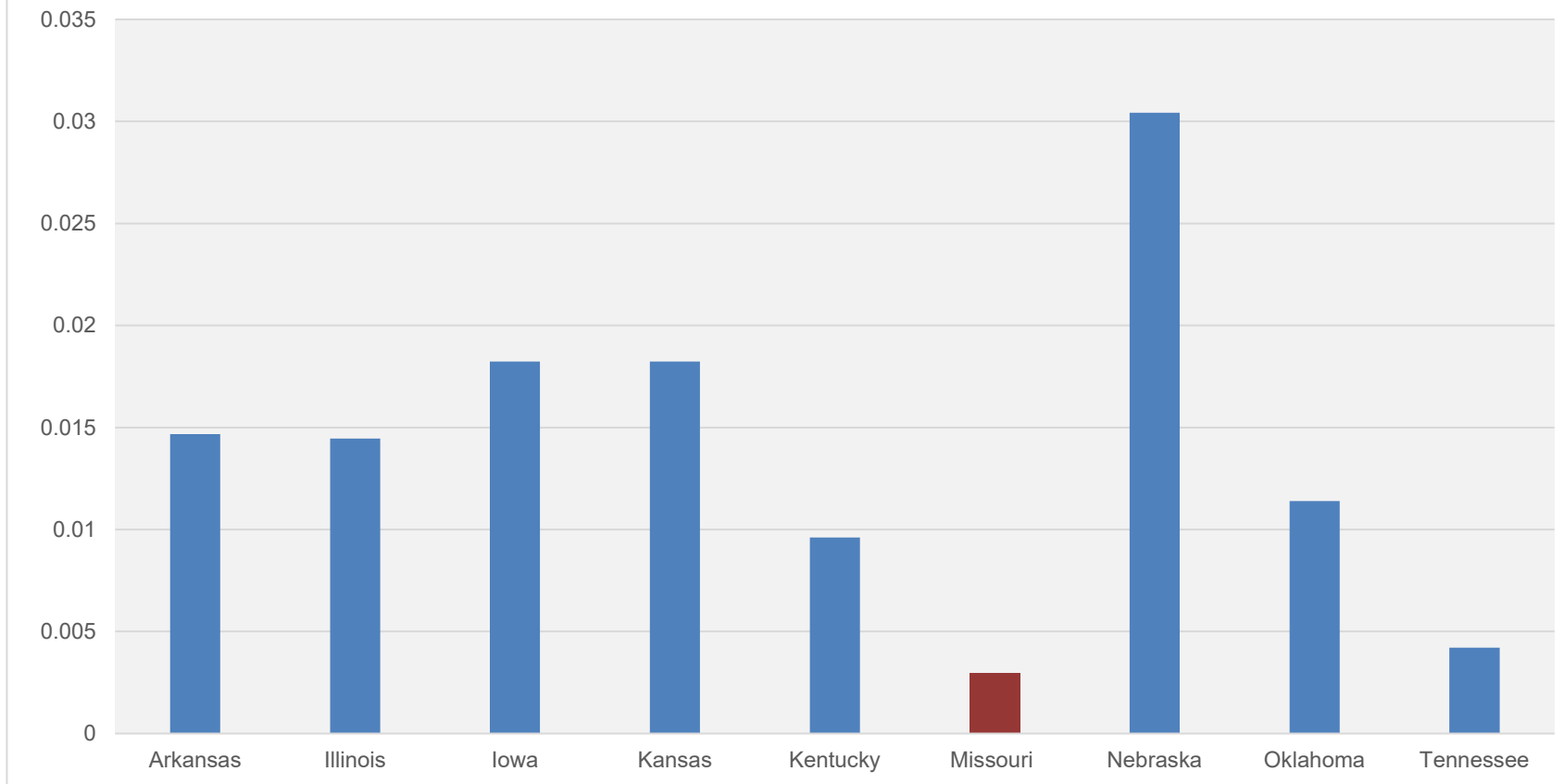
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2a.) Contiguous States FY20 Advertising Budget as a Percentage of Sales



In FY 20, Missouri Lottery's advertising budget was .30% of sales compared to contiguous state lotteries' average of 1.52%.

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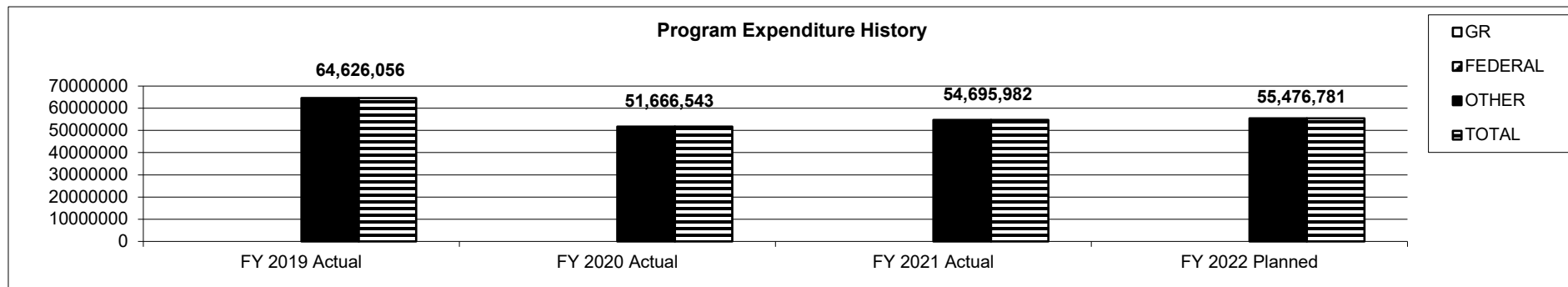
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year.

(Note: Amounts do not include fringe benefit costs, capital improvements, leasing, state-owned building, or Attorney General PS, all of which are included in other agency budgets.)



Program Expenditures include Lottery operating budget expenditures only: PS, E&E, Advertising, and Vendor Payments.

4. What are the sources of the "Other " funds?

Proceeds from the sale of tickets.

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

State statutes: RSMo 313.200-313.351; Article III, Section 39(b) of the Missouri State Constitution.

6. Are there federal matching requirements? If yes, please explain.

No

7. Is this a federally mandated program? If yes, please explain.

No