



Executive summary

Budget for Fiscal Years 2026 & 2027

The Kansas Lottery provides fun and exciting entertainment that lets its players dream about what they would do if they won.



Primary Components

- Revenue Projections**
- Budgeted Expenditures**
- Transfers to Beneficiaries**

Estimates based on available information and are updated with financial and market analysis



FY 2026 Lottery Requested Budget

Total FY 2026 Lottery Expenditures: \$569,716,577

Expanded Lottery

**Casino Gaming
Revenues - \$425.0 M***

Expenditures - \$313.6 M*

\$ 309.5 M Facility Mgrs. (73%)*
\$ 12.8 M Local Governments (3%)*
\$ 4.1 M Expanded Lottery
Expenses**

Transfers to the State
\$ 93.5 M ELARF (22%)*
\$ 8.5 M PGAGF (2%)*

The payments to gaming facility managers and local governments are included as contractual expenditures in the Lottery budget.

*These figures were adjusted post 2025 FY end.

**Expanded Lottery expenses incurred by the Lottery are reimbursed by the casino facility managers.

**Sports Wagering
Revenues - \$180.0 M***

Expenditures - \$162.0 M*

\$ 162.0 M Facility Mgrs. (90%)*

Transfers to the State
\$ 0.75 M White Collar Crime*
\$ 0.35 M PGAGF (2%)*
\$ 13.8 M APSK (80%)*
\$ 3.10 M SGRF/SGF (18%)*

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Traditional Lottery

Cost of Sales - \$58.2 M

\$ 4.8 M Ticket Printing
\$ 15.4 M Vendor Contracts
\$ 0.0 M Ticket Shipping
\$ 38.0 M Prize Fund Payments

Prize payments to players are net of Federal and State tax withholding when applicable.
These are considered 'non-expense items.'

In general, these type of expenditures increase with increasing sales or decrease with decreasing sales.

The Lottery monitors sales throughout the year and adjusts its spending in these areas appropriately based on sales volume.

Operations - \$17.5 M

\$ 7.0 M Salary and Wages
\$ 0.6 M Sales Expenses
\$ 6.9 M Marketing Expenses
\$ 1.1 M Security / IT Expenses
\$ 1.8 M Administrative Expenses

Transfers to the State
\$90.75 M #

Transfers are inclusive of:

- \$1.26 M - Veterans' programs
- \$8.0 M - Mental Health
- \$79.5 M to SGRF by formula
- Remainder to SGF/APSK

Amounts above include all authorized positions.



FY 2027 Lottery Requested Budget

Total FY 2027 Lottery Expenditures: \$575,683,373

Expanded Lottery

**Casino Gaming
Revenues - \$431.38 M***

Expenditures - \$332.2*

\$ 315.0 M Facility Mgrs. (73%)*
\$ 12.9 M Local Governments (3%)*
\$ 4.3 M Expanded Lottery
Expenses**

Transfers to the State

\$ 94.9 M ELARF (22%)*
\$ 8.6 M PGAGF (2%)*

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* These figures were adjusted post 2025 FY end.

**Expanded Lottery expenses incurred by the Lottery are reimbursed by the casino facility managers.

**Sports Wagering
Revenues - \$185.5M***

Expenditures - \$167.0 M*

\$ 167.0 M Facility Mgrs. (90%)*

Transfers to the State

\$ 0.75 M White Collar Crime*
\$ 0.35 M PGAGF (2%)*
\$ 14.20 M APSK (80%)*
\$ 3.2 M SGRF/SGF (18%)*

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Operations - \$18.4 M

\$ 6.6 M Salary and Wages
\$ 0.6 M Sales Expenses
\$ 7.8 M Marketing Expenses
\$ 1.2 M Security / IT Expenses
\$ 1.8 M Administrative Expenses

Transfers to the State

\$92.75 M #

Transfers are inclusive of:

- \$1.26 M - Veterans' programs
- \$8.0 M - Mental Health
- \$83.5 M to SGRF by formula
- Remainder to SGF/APSK

Amounts above include all authorized positions.



Casino Gaming Proposed Distribution

	Actual FY 2025	Proposed FY 2026	Proposed FY 2027
Expanded Lottery Act Revenues Fund	\$ 92,103,094	\$ 93,500,000	\$ 94,900,000
Problem Gambling and Addictions Fund	8,373,153	8,500,000	8,600,000
Cities & Counties	12,559,730	12,750,000	12,900,000
Lottery Gaming Facility Managers	<u>305,024,818</u>	<u>309,500,000</u>	<u>315,000,000</u>
Net Casino Gaming Revenues	\$ 418,060,795	\$ 424,250,000	\$ 431,400,000

-Revenue growth based on 4 year Compounded Annual Growth Rate (CAGR) with adjustments based on assumptions



Casino Gaming Action Plan

- ❖ Work with all casino managers to administer and monitor their contracts with the Lottery.
- ❖ Providing a system of review and audit to ensure the integrity of electronic gaming devices and the accurate reporting of net gaming revenues at all casinos with state-owned and -operated gaming.
- ❖ To the extent possible, evaluate the fiscal effect of opening of the historical horse racing (HHR) facility in the Wichita area.





Sports Wagering Revenue Projections

- ❖ Regional Sports Wagering Market vs. National Sports Wagering
- ❖ The impact of the Chiefs winning every Super Bowl since Sports Wagering was enacted in Kansas. The Kansas City Chiefs' first Super Bowl loss since sports wagering was legalized in Kansas was tough for fans, but it played a role in driving record-high net sports wagering revenues for the year.
- ❖ Monitoring the impact of the introduction of sports wagering in Missouri.



Sports Wagering Proposed Distribution

	Actual FY 2025	Proposed FY 2026	Proposed FY 2027
White Collar Crime Fund	\$ 750,000	\$ 750,000	\$ 750,000
Problem Gambling and Addictions Fund	334,772	345,000	350,000
Attracting Prof. Sports to Kansas Fund	13,390,893	13,800,000	14,200,000
State Gaming Revenues Fund	3,012,951	3,100,000	3,200,000
Lottery Gaming Facility Managers	<u>157,397,547</u>	<u>162,000,000</u>	<u>167,000,000</u>
Net Sports Wagering Revenues	\$ 174,886,163	\$ 179,995,000	\$ 185,500,000



Sports Wagering Action Plan

- ❖ Work with all casino managers and any other contracted providers to administer and monitor their contracts with the Lottery.
 - ❖ Including review and approval of any new agreements for remaining available mobile platform spots. (Each facility may have up to 3 contracted providers.)
 - ❖ BET365 launched in late July as the third option for Kansas Star.

- ❖ Provide a system of review and audit to ensure the integrity of sports wagering and the accurate reporting of net sports wagering revenues through all licensed operators and venues.



Key Things to Keep in Mind

Impacts of large jackpots in Powerball, Mega Millions and Super Kansas Cash

Differences in profit margin between instant and draw games, and e-games

Self-Service Vending Machines

New Modernization Initiatives



Impact of PB and MEGA Jackpots on Revenue Projections

- ❖ Perhaps the largest variable in revenue forecasting for the last few years has been the frequency of large and very large jackpots in these two national games.
- ❖ For discussion purposes, let's call a jackpot run that ends between \$350 and \$750 million to be a large jackpot and a jackpot run that ends at \$750 million or higher to be a very large jackpot.



PB and Mega Jackpot Impact

Fiscal Year	Large Jackpots	Very Large Jackpots	Combined Sales (\$M)	% Change vs. Prior Year
2019	4	3	64.6	–
2020	3	0	39.5	-38.9%
2021	1	2	52.3	+32.4%
2022	5	0	51.7	-1.1%
2023	3	3	76.5	+47.9%
2024	1	6	80.2	+4.8%
2025	3	1	46.2	-42.4%

In September of 2026 we saw the second largest PowerBall jackpot in history resulting in sales increases on PY at \$1.8 Billion

Impact of PB and MEGA Jackpots on Revenue Projections

- ❖ FY 2025 – 3 large and 2 very large jackpots

- ❖ Mega jackpot at \$1.3 Billion in December of 2024
- ❖ Mega jackpot at \$800 Million in September of 2024
- ❖ 3 “large” Powerball Jackpot hit around \$400 Million

- ❖ National Change to Mega Millions

- ❖ Increase from \$2 Price Point to \$5 Purchase
- ❖ Short-Term impacts resulted in a significant decline in Mega Sales and Long-Term Impacts of the Price Point Change are Currently Unknown
- ❖ Double Play Powerball - Secondary Draw on the same numbers for \$1



Self Service Vending Machines

- ❖ In 2018, legislation was signed allowing the Lottery to use self-service ticket vending machines at new and existing retailer locations.
- ❖ The first machines arrived in June 2019 and now more than 390 machines are currently in service at retailers across the state.
- ❖ Vending machines have allowed for greater sales distribution, while easing long lines during peak purchasing times.
- ❖ Next Steps:
 - ❖ Evaluation of performance of existing locations
 - ❖ Placement of remaining machines, which are primarily EX machines that are suited for social environment retailers



New Modernization Initiatives

- ❖ Deployment of Sci-Q ticket dispensers and display monitors
- ❖ FastPlay Games
- ❖ Launch of PlayOn electronic sales platform in late 2024
 - ❖ Introduction of new and exciting games scheduled in the future



Sci-Q Ticket Dispensers

- ❖ Deployed of Sci-Q ticket dispensers and display monitors in September/October of 2024
- ❖ Approximately 200 of our higher volume retailers throughout the state
- ❖ Increased visibility of available games on new display monitors
- ❖ Increase the number of ticket facings available at some of these retailers
- ❖ Aids the retailers with ticket-by-ticket inventory information on instant game sales





FastPlay Games

- ❖ Launch of FastPlay tickets in June 2024
- ❖ Sales have been favorable without any noticeable decline in sales of Instant and Pull-Tab games
 - ❖ First full year 8.2M in sales
- ❖ Sales Projections for FY 2026 and FY 2027 based on initial trend combined with traditional 4 year CAGR.



Electronic Sales Launch

- ❖ Launch of PlayOn electronic sales platform in February 2025,
- ❖ Sale of e-Instant games as well as Powerball and Mega Millions at launch, more games in the works
- ❖ Introduction of Omni-Channel games
- ❖ Forecasted Sales and Revenues based on half-year of FY 2025 and full year in FY 2026, standard growth into 2027 while factoring in some cannibalization to traditional games





	Actual FY 2025	Proposed FY 2026	Proposed FY 2027
Instant Scratch Tickets	\$ 181,527,444	\$ 197,000,000	\$ 201,500,000
Instant Pull-Tab Tickets	6,323,971	7,000,000	7,150,000
Instant Fast Play Tickets	8,228,793	10,000,000	10,500,000
Draw and Monitor Games	101,430,072	117,100,000	121,200,000
e-Instant Tickets	32,029,571	60,000,000	67,500,000
e-Draw Games	<u>630,817</u>	<u>11,000,000</u>	<u>12,500,000</u>
	\$ 330,170,668	\$ 402,100,000	\$ 420,350,000

	Actual FY 2025	Proposed FY 2026	Proposed FY 2027
State Gaming Revenues Fund	\$ 62,740,000	\$ 79,490,000	\$ 83,490,000
Veterans' Programs	1,260,000	1,260,000	1,260,000
Mental Health Programs	<u>10,000,000</u>	<u>10,000,000</u>	<u>8,000,000</u>
	\$ 74,000,000	\$ 90,750,000	\$ 92,750,000



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KANSAS LOTTERY

Executive Summary

Budget for Fiscal Years 2026 & 2027

Strategic Plan for Lottery

The vision of the Lottery is to be proactive in the industry, maintain public confidence in all lottery products, and provide services that meet or exceed the expectations of the Kansas citizenry. The mission of the Kansas Lottery is to produce the greatest amount of revenue possible for the State of Kansas while ensuring the integrity of all games.

Programs

The Kansas Lottery's eight (8) operating programs consist of Administration, Information Technology, Sales, Security, Cost of Sales, Marketing, Expanded Lottery – Casino Gaming, and Expanded Lottery – Sports Wagering. All but Cost of Sales are working departments within the Lottery. The Lottery divides its focus between two main areas – “Traditional Lottery” that involves selling instant scratch and pull-tab tickets, draw and monitor games like Powerball and Keno, as well as eInstant and eDraw games thru the Lottery website and mobile app, and “Expanded Lottery,” which involves management of the State's casino games and sports wagering and administration of the state's contracts with the casino facility managers.

Prior Year Review of Traditional Lottery

Lottery sales of instant tickets, draw games, and e-Games for fiscal year 2025 were \$330.2 million. This was the Lottery's third highest sales total ever, trailing only the record \$338.2 million in fiscal year 2023, and 337.9 millions in fiscal year 2024. Actual cash transfers to the designated beneficiaries (State Gaming Revenues Fund, veterans' programs, and mental health programs) for fiscal year 2025 totaled \$74.0 million.

Declines in sales were in part due to the lack of large jackpots in the national jackpot games, Mega Millions and Powerball. For fiscal year 2025 there was 1 significant Jackpot over one billion dollars. In fiscal year 2024, there were five separate jackpots topping one billion dollars. The combined sales of these two games were \$46.2 million and \$80.2 million in fiscal years 2025 and 2024, respectively.

Instant Scratch and Pull-Tab tickets sales in fiscal year 2024 saw a combined sales decrease of \$2.4 million from the previous fiscal year. Players have continued to respond favorably to new Lottery-created games at a variety of price points. Increasingly, players are gravitating toward higher price point tickets with bigger prizes and payouts. The combined \$201.2 million in ticket sales was supplemented by an additional \$0.9 million in Fast Play instant game sales, which were launched in June 2024.

Instant Scratch, Pull-Tab and FastPlay tickets sales in fiscal year 2025 saw a combined sales decrease of \$6.1 million from the previous fiscal year. This was offset by sales from the Lottery's new online ticket sales platform of \$32.0M in 2025, which started accepting transactions in February of 2025, result in net sales growth for Instants/Pull-Tab/FastPlay tickets of \$25.9. Players have continued to respond favorably to new Lottery-created games at a variety of price points, such as fast play which saw \$8.2 million in sales in its first full year. Increasingly, players are gravitating toward higher price point tickets

with bigger prizes and payouts. The combined \$220.5 million in ticket sales was supplemented by an additional \$8.2 million in Fast Play instant game sales, which were launched in June 2024.

The Lottery is responsible for distributing the net casino revenues in accordance with the Kansas Expanded Lottery Act. Combined revenues at the four facilities were nearly \$418.7 million, which was higher than 2024 total of \$408.0 millions by \$10.7 million or 2.6%.

The 2022 Legislature passed Senate Bill 84 (SB 84) authorizing sports wagering under the Kansas Expanded Lottery Act, which permitted the Lottery to offer sports wagering through its lottery gaming facility managers. Each of the four lottery gaming facility managers may contract with up to three interactive sports wagering platform providers to offer sports wagering throughout the state. The state retained more than \$17.5 million and \$11.7 million from sports wagering operations during fiscal year 2025 and 2024, respectively.

To grow its player base and create more product value, the Lottery continued to emphasize the PlayOn® players' loyalty program. The Lottery continued offering instant scratch games with interactive games and second-chance drawings, extending the play experience for players and giving them more chances to win.

Traditional Lottery contributed a total of \$74,000,000 to the State. Of that amount, \$1,260,000 was transferred to state programs that provide benefits to Kansas military veterans, \$10,000,000 was transferred for designated mental health programs, and the remainder to the State Gaming Revenues Fund (SGRF).

Overall administrative expenses in FY 2025 were \$16,041,305. Cost of Sales expenses for FY 2025 were \$16,795,396. Total prizes paid to players and commissions earned by retailers for FY 2025 were \$210,591,186 and \$17,296,306 respectively.

Action Plan for Traditional Lottery

The Lottery's goals are to continue to safely and responsibly increase sales, even when not completely driven by large multi-state jackpots. The Lottery's marketing and gaming efforts will include identifying new Kansas-focused partnerships for its instant ticket games as well as improving and expanding its Kansas-only draw games. The Lottery will also continue its partnerships with Kansas Speedway, The Kansas City Chiefs, the Kansas State Fair, Kansas universities and the use of various other licensed properties.

The Lottery will continue and expand on several successful modernization initiatives, including optimizing the use of self-service vending machines, increasing the number and visibility of games offered at individual retailer locations, re-training and re-tasking our district sales managers for the best utilization of our existing methods, and utilizing the PlayOn® players' loyalty program to create more value for players, as well as increasing awareness to the e-Instant and e-Draw platforms while expanding their offerings.

In 2018, legislation was signed allowing the Lottery to use self-service ticket vending machines at new and existing retailer locations. The first machines arrived in June 2019 and now more than 390 machines are currently in service at retailers across the state. The ticket vending machines have allowed for greater sales distribution, while easing long lines during peak purchasing times.

In Fall 2024, the Lottery will begin deployment of new Sci-Q ticket dispensers and display monitors at up to 200 retailers across the state. These dispensers will assist retailers with ticket-by-ticket accounting and inventory management and interact with prominently displayed monitors advertising tickets available for sale at these retailers.

In 2016, the Lottery launched its PlayOn® players' loyalty program, streamlining the process for entering second-chance drawings and increasing player engagement. The Lottery currently has over 139,499 PlayOn® members, with one of the highest utilization rates of any lottery players club in the country.

Leveraging the success of the players' loyalty program, the Lottery has launched its PlayOn® electronic platform in late 2024, offering players the ability to purchase digital versions of e-Instant Lottery games as well as purchase Powerball and Mega Millions (e-Draw) tickets through this online platform. The platform will also include retailer initiatives providing incentive bonuses to lottery retailers and providing players opportunities to earn coupons redeemable at lottery retailers.

Overall sales goals for traditional lottery are \$402.1 million and \$420.4 million for FY 2026 and FY 2027, respectively.

During the previous legislative session, the budgeted transfers for designated beneficiaries (State Gaming Revenues Fund, veterans' programs, and mental health programs) were ultimately set at \$90.5 million for FY 2025 and \$90.5 million for FY 2026. The Lottery is proposing transfers of \$90.75 million and \$92.75 million for FY 2026 and FY 2027, respectively.

Actual and Proposed Sales for Traditional Lottery

	Actual FY 2025	Proposed FY 2026	Proposed FY 2027
Instant Scratch Tickets	\$ 181,527,444	\$ 197,000,000	\$ 201,500,000
Instant Pull-Tab Tickets	6,323,971	7,000,000	7,150,000
Instant Fast Play Tickets	8,228,793	10,000,000	10,500,000
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e-Instant Tickets	32,029,571	60,000,000	67,500,000
e-Draw Games	<u>630,817</u>	<u>11,000,000</u>	<u>12,500,000</u>
	\$ 330,170,668	\$ 402,100,000	\$ 420,350,000

Actual and Proposed Transfers for Traditional Lottery

	Actual FY 2025	Proposed FY 2026	Proposed FY 2027
State Gaming Revenues Fund	\$ 62,740,000	\$ 79,490,000	\$ 83,490,000
Veterans' Programs	1,260,000	1,260,000	1,260,000
Mental Health Programs	<u>10,000,000</u>	<u>10,000,000</u>	<u>8,000,000</u>
	\$ 74,000,000	\$ 90,750,000	\$ 92,750,000

Budgeted Expenses for Traditional Lottery

Expenses for Traditional Lottery are generally divided into two categories – cost of sales and operating expenses. Budgeted cost of sales expenses include costs for ticket printing, contracted costs for the central gaming systems and the player loyalty program, and prize payments to players. Non-budgeted cost of sales expenses include tax withholding on prize payments and retailer commissions. Operating expenses include costs for the Administration, Information Technology, Sales, Security and Marketing department functions.

The FY 2026 legislative-approved cost of sales expenses total \$58,145,000. Total estimated cost of sales Total estimated cost of sales expenses for FY 2026 and FY 2027 are \$58,145,000 and \$58,750,000, respectively.

The FY 2026 legislative-approved operating expenses total \$17,547,817. The majority of the Lottery's operating expenses are for payroll, IT and security protocols, and promotion and sale of lottery products. The Lottery estimates its administrative expenses for FY 2026 and FY 2027 to total \$17,547,817 and \$8,398,137, respectively.

Prior Year Review of Expanded Lottery

Casino Gaming Revenues

The Lottery is responsible for distributing the net casino gaming revenues in accordance with the Kansas Expanded Lottery Act.

For fiscal year 2025, casino gaming net revenues totaled \$418.7 million, which is \$10.7 million more than the previous year. Combined transfers totaling \$103.8 million from casino activities were made to the Expanded Lottery Act Revenues Fund (ELARF) and the Problem Gambling and Addictions Grant Fund (PGAGF). This represents a \$5.6 million increase above the previous year.

Boot Hill Casino in Dodge City: As a mature casino in a relatively sparsely populated area, visitation and gaming at the casino had been consistent over the past several years. Casino management has increasingly placed a great deal of emphasis upon attracting visitors from outside the immediate area. In addition, there has been a strengthening of partnerships with other stakeholders interested in generally increasing tourism in the Dodge City area, especially with the Convention Center adjacent to the Casino, which is sponsored by the Casino itself. More recently the casino was refreshed with new carpeting and other refinements. Boot Hill has faced increased competition from the Golden Mesa Casino in Guymon, Oklahoma, that opened in September 2019. Sports wagering and related amenities have helped offset some of that competition. Also, in August of this year there was a ground-breaking for an additional hotel to be located on the casino's land, which is estimated to be open sometime next year.

Kansas Star Casino in Mulvane: Kansas Star Casino continues to draw players from the Wichita area, Oklahoma and elsewhere, in addition to the gaming facilities themselves, the 300-room hotel, event center, restaurants, and equestrian facilities are being utilized to attract players and other visitors. A brand-new food court with a variety of dining options was just completed this year. A wide range of entertainment events are held in the events center, as well as hosting conventions, wedding receptions, corporate meetings, and similar activities. Although the Kansas Star Casino draws many players from Oklahoma, it also experiences a great deal of competition from the numerous tribal casinos in Oklahoma. Likewise, the CrossWinds tribal casino in Park City continues to expand and compete for

the same players, and late in 2025 a historical horse racing facility is scheduled to open in Park City. Fortunately, availability of sports wagering at the Kansas Star Casino has helped with some of those challenges.

Hollywood Casino at Kansas Speedway in Kansas City: Hollywood Casino continues to compete quite favorably with other casinos in the Kansas City metro area, most of which were in business and well-established prior to Hollywood having opened. Hollywood's interrelationship with Kansas Speedway, the Legends Shopping Center, and the Sporting KC Soccer Arena augment visitation and play at the casino. The addition of interactive sports wagering in 2022 not only increased revenues directly related to the sportsbook but appears to have helped increase visitation to the casino in general. Sports wagering, however, will soon be available in Missouri and it is uncertain what effect that will have on Hollywood Casino's sports wagering revenues and visitation. To help Hollywood Casino to remain competitive in the market, they announced their intention to build a 120 to 140 room hotel adjacent to the casino with construction tentatively slated to begin within the next year.

Kansas Crossing Casino in Pittsburg: Kansas Crossing Casino is the newest (and last) casino to open with state-owned casino gaming, having opened in March 2017. Despite significant competition from pre-existing casinos in Oklahoma and to some extent those in the Kansas City metropolitan area, Kansas Crossing has held its own in the market. Strong marketing efforts have included music concerts, comedy acts and other activities in the "Corral" indoor/outdoor event area, tournaments, various promotions and giveaways and a robust player loyalty program. In addition, the 123-room hotel connected to the Casino and the full-service restaurant located in the Casino have proven to be popular amenities. Like the other casinos, Kansas Crossing offers sports wagering both at the retail and online levels. It is unknown how the recent approval of sports wagering in Missouri will affect Kansas Crossing's sports wagering revenues.

Sports Wagering Revenues

The 2022 Legislature passed Senate Bill 84 (SB 84) authorizing sports wagering under the Kansas Expanded Lottery Act. SB 84 authorizes the Lottery to offer sports wagering through one or more lottery gaming facility managers. Each of the four lottery gaming facility managers may contract with up to three interactive sports wagering platform providers to offer mobile sports wagering throughout the state. Each manager has also chosen to offer retail sports wagering within the casino through one of the approved interactive sports wagering platforms.

The Lottery began sports wagering operations in September 2022. The state share of sports wagering revenues for FY 2025 was more than \$17.5 million and was transferred to the designated beneficiaries in July 2025.

Actual and Proposed Net Revenue and Transfer Estimate for Expanded Lottery*

Casino Gaming Revenues

	Actual FY 2025	Proposed FY 2026	Proposed FY 2027
Expanded Lottery Act Revenues Fund	\$ 92,103,094	\$ 93,500,000	\$ 94,900,000
Problem Gambling and Addictions Fund	8,373,153	8,500,000	8,600,000
Cities & Counties	12,559,730	12,750,000	12,900,000
Lottery Gaming Facility Managers	<u>305,024,818</u>	<u>309,500,000</u>	<u>315,000,000</u>
Net Casino Gaming Revenues	\$ 418,060,795	\$ 424,250,000	\$ 431,400,000

Sports Wagering Revenues**

	Actual FY 2025	Proposed FY 2026	Proposed FY 2027
White Collar Crime Fund	\$ 750,000	\$ 750,000	\$ 750,000
Problem Gambling and Addictions Fund	334,772	345,000	350,000
Attracting Prof. Sports to Kansas Fund	13,390,893	13,800,000	14,200,000
State Gaming Revenues Fund	3,012,951	3,100,000	3,200,000
Lottery Gaming Facility Managers	<u>157,397,547</u>	<u>162,000,000</u>	<u>167,000,000</u>
Net Sports Wagering Revenues	\$ 174,886,163	\$ 179,995,000	\$ 185,500,000

*Consensus Revenue Estimate for ELARF – April 2025.

**State Share of Revenues is distributed in July of the following fiscal year.

Action Plan for Expanded Lottery

The goal of the Kansas Expanded Lottery Act (KELA) is to provide increased revenues to the State of Kansas and other funds as set forth in KELA through the operating of electronic gaming machines, table games, sports wagering, and other casino operations within the gaming zones. Objectives associated with this goal include:

- Work with all casino managers to administer and monitor their contracts with the Lottery and with third party sports wagering platform providers.
- Provide a system of review and audit to ensure the integrity of casino gaming devices and the accurate reporting of net casino gaming revenues at all casinos with state-owned and -operated gaming.
- Provide a system of review and audit to ensure the integrity of sports wagering operations and the accurate reporting of net sports wagering revenues at all casinos with state-owned and -operated sports wagering.

Budgeted Expenses for Expanded Lottery

Budgeted expenses for Expanded Lottery can be divided into two categories: contractual distributions of net revenues and operating expenses.

For casino gaming revenues, the distributions to the Facility Managers and the city and county governments are considered budgeted expenses, while the transfer to ELARF and Problem Gambling and Addictions Grant Fund are considered non-budgeted expenses.

For sports wagering revenues, the distributions to the Facility Managers are considered budgeted expenses, while the transfers to the White Collar Crime Fund, Problem Gambling and Addictions Grant Fund, Attracting Professional Sports to Kansas Fund and the State Gaming Revenues Fund are considered non-budgeted expenses.

Total projected contractual distributions to the Facility Managers are \$471.5M and \$482M for FY 2026 and FY 2027, respectively.

The FY 2026 legislative-approved operating expenses total \$4,520,760. Estimated operating expenses are \$4,520,760 and \$4,532,235 in FY 2026 and FY 2027, respectively.

The budgets include salaries and wages for 17.00 FTE positions. Other costs include travel and training for current staff and costs for legal counsel and consultant fees when necessary. Commodities include vehicle expenses and professional and office supplies. Fees for the Central Communications System are included in the above amount and are estimated as a percentage of net electronic gaming machine revenues.

The operating expenses for the Expanded Lottery are to be reimbursed by the Facility Managers as set forth in KELA and contractual agreements.

Narrative Information—DA 400

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Agency 450-00 KANSAS LOTTERY

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Program AGENCY INFORMATION

GENERAL AGENCY INFORMATION:

The State of Kansas has received more than \$2.3 billion in funds from Kansas Lottery transfers since the Lottery was established in 1987. Those monies were generated from more than \$8.1 billion in lottery ticket sales from the 1987 launch through the end of Fiscal Year 2025. Kansas Lottery players have won nearly \$4.6 billion in prizes during that timeframe and lottery retailers have earned more than \$450.9 million in commissions and selling bonuses. The State of Kansas has received \$61.0 million in privilege fees and \$1.15 billion in revenue transfers from casino gaming under the Kansas Expanded Lottery Act. In addition, local units of government have received \$157.0 million from state-owned casino gaming. More than \$104.6 million has gone to the Problem Gambling and Addictions Grant Fund. The State of Kansas share of revenue from sports wagering totaled more than \$35.0 million in the first three years of operations.

AGENCY MISSION:

To produce the maximum amount of revenue possible for the State of Kansas, while ensuring the integrity of all games.

AGENCY PHILOSOPHY:

To be proactive in the lottery industry, to maintain public confidence in all lottery products, and to provide services that exceed the expectations of Kansas citizens.

PROGRAMS ESTABLISHED TO ASSIST WITH AGENCY MISSION:

Administration

Information Technology

Sales

Security

Marketing

Cost of Sales

Expanded Lottery – Casino Gaming

Expanded Lottery – Sports Wagering

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STATUTORY HISTORY:

In November 1986, by a 64 percent majority vote, Kansas voters approved legislation to authorize a state lottery. The 1987 Kansas Legislature established the Kansas Lottery under K.S.A. 74-8701, *et seq.*, which among other things empowered the governor to appoint an executive director and five commissioners, to oversee operations of the agency. Commissioners serve staggered four-year terms. The Lottery, which is self-funding and self-sustaining, is one of the few remaining state agencies subject to a “sunset” law. The 2007 Legislature passed legislation extending the Lottery until July 1, 2022, which expiration was subsequently extended to July 1, 2037 (see below).

The 2007 Legislature passed SB 66, the Kansas Expanded Lottery Act (KELA). The Act provides for the Lottery to own and operate electronic gaming machines at the three then-existing Kansas Horse and Dog racetracks, upon the county’s voter approval. The Act also allows for the Lottery, upon county voter approval, to own and operate the gaming in four casinos in specific gaming zones. The Kansas Racing and Gaming Commission (KRGC) was given authority of oversight and regulation, background investigations, credentialing and certain auditing functions.

The 2015 Legislature passed House Bill 2155 that, among other gaming-related issues, allowed the Lottery to sell its own products and to advertise onsite at amateur sporting events where the majority of the participants are 18 years old or older. The new law also made it unlawful for anyone under the age of 18 to redeem a winning lottery ticket.

The 2018 Legislature passed House Bill 2194 that, among other gaming-related issues, allowed the Lottery to sell products using self-service ticket vending machines at new and existing retailer locations. A portion of net profits from the related sales have been dedicated by the legislature for mental health programs. The new law extended the Lottery sunset provision to July 1, 2037, and made any ticket null and void if purchased by anyone under the age of 18. The law also extended the Kansas Debt Setoff program to apply to winners of \$1,200 or more at the four casinos with state-owned and operated games.

The 2022 Legislature passed Senate Bill 84 (SB 84) authorizing sports wagering under the Kansas Expanded Lottery Act. SB 84 authorizes the Lottery to offer sports wagering through one or more lottery gaming facility managers. The managers may offer sports wagering in person at the lottery casino facilities or through mobile device applications via interactive sports wagering platforms approved by the Lottery. SB 84 also allows the Lottery to offer sports wagering through federally recognized Indian tribes in the state of Kansas, subject to requests to negotiate new or existing gaming compacts and certain contractual agreements.

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The Kansas Lottery Commission (Commission) approved eInstant game sales at its July 10, 2024 public meeting, and the Office of the Attorney General (KSAG) approved the Lottery's regulations as legal on August 7, 2024. The Commission subsequently approved online draw games sales at its August 14, 2024 public meeting, and the KSAG approved those regulations on September 17, 2024. The Lottery first offered online sales (iLottery) to the public on February 13, 2025, through its website and PlayOn mobile app.

OVERVIEW OF AGENCY-WIDE ACTION PLAN AT EACH BUDGET LEVEL:

PRIOR YEAR FY 2025:

Lottery sales of instant tickets and draw games for fiscal year 2025 were \$330.2 million. This was the Lottery's third highest sales total ever, trailing only the record \$338.2 million in fiscal year 2023, and 337.9 millions in fiscal year 2024. Actual cash transfers to the designated beneficiaries (State Gaming Revenues Fund, veterans' programs, and mental health programs) for fiscal year 2024 totaled \$74.0 million. Declines in sales were in part due to the lack of large jackpots in the national jackpot games, Mega Millions and Powerball. For fiscal year 2025 there was 1 significant Jackpot over one billion dollars. In fiscal year 2024, there were five separate jackpots topping one billion dollars. The combined sales of these two games were \$46.2 million and \$80.2 million in fiscal years 2025 and 2024, respectively.

Instant Scratch, Pull-Tab and FastPlay tickets sales in fiscal year 2025 saw a combined sales decrease of \$6.1 million from the previous fiscal year. This was offset by sales from the Lottery's new online ticket sales platform of \$32.0M in 2025, which started accepting transactions in February of 2025, result in net sales growth for Instants/Pull-Tab/FastPlay tickets of \$25.9. Players have continued to respond favorably to new Lottery-created games at a variety of price points, such as fast play which saw \$8.2 million in sales in its first full year. Increasingly, players are gravitating toward higher price point tickets with bigger prizes and payouts. The combined \$220.5 million in ticket sales was supplemented by an additional \$8.2 million in Fast Play instant game sales, which were launched in June 2024.

In 2018, legislation passed and was signed allowing the Lottery to use self-service ticket vending machines at new and existing retailer locations. The ticket vending machines have allowed for greater sales distribution, while easing long lines during peak purchasing times. The Lottery currently has just under 400 machines at retailers across the state.

The Lottery is responsible for distributing the net casino revenues in accordance with the Kansas Expanded Lottery Act. Combined revenues at the four facilities exceeded \$418.7 million, which sets a record performance year. Combined transfers totaling \$103.8 million

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from casino activities were made to the Expanded Lottery Act Revenues Fund (ELARF) and the Problem Gambling and Addictions Grant Fund (PGAGF).

The 2022 Legislature passed Senate Bill 84 (SB 84) authorizing sports wagering under the Kansas Expanded Lottery Act, which permitted the Lottery to offer sports wagering through its lottery gaming facility managers. The state share of sports wagering revenues for FY 2025 was more than \$17.5 million and was transferred to the designated beneficiaries in July 2025.

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Program AGENCY INFORMATION

CURRENT YEAR FY 2026:

The Kansas Lottery estimates sales revenues for the 2026 budget year will be \$402.1 million. As in the past, the Lottery will continue to compete with the Oklahoma Lottery and casinos; the Missouri Lottery and riverboat casinos; and the Native American casinos in Kansas as well as internet gaming like Daily Fantasy Sports websites and “gray machines” for a portion of the consumers’ entertainment dollars.

The Lottery will: (1) continue to provide a wide variety of instant scratch games with various price-points; (2) continue to actively recruit new full-service retailers to the Lottery’s sales outlet base and ensure they are ADA compliant; (3) continue to offer new and exciting retailer and player sales promotions and incentives, including second-chance drawings, by partnering with various Kansas-based businesses; and, (4) look for other types of lottery products to introduce into the product mix.

The Lottery’s marketing and gaming efforts will include identifying new Kansas-focused partnerships for its instant ticket games as well as improving and expanding its Kansas-only draw games. The Lottery will also continue its partnerships with Kansas Speedway, The Kansas City Chiefs, the Kansas State Fair, Kansas universities and the use of various other licensed properties.

Self-service ticket vending machines will continue to allow for even greater sales distribution, while easing long lines during peak purchasing times. The Lottery continues to evaluate the performance of the more than 390 machines that are currently in service and work with retailer partners to secure additional placements.

In Fall 2024, the Lottery will begin deployment of new Sci-Q ticket dispensers and display monitors at up to 200 retailers across the state. These dispensers will assist retailers with ticket-by-ticket accounting and inventory management and interact with prominently displayed monitors advertising tickets available for sale at these retailers.

In 2016, the Lottery launched its PlayOn® players’ loyalty program, streamlining the process for entering second-chance drawings and increasing player engagement. The Lottery currently has over 120,000 PlayOn® members, with one of the highest utilization rates of any lottery players club in the country.

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CURRENT YEAR FY 2026: (Continued)

Leveraging the success of the players' loyalty program, the Lottery launched its PlayOn® electronic platform in late 2024, offering players the ability to purchase digital versions of e-Instant Lottery games as well as purchase Powerball and Mega Millions (e-Draw) tickets through this online platform. The platform will also include retailer initiatives providing incentive bonuses to lottery retailers and providing players opportunities to earn coupons redeemable at lottery retailers.

The Kansas Lottery has proposed for FY 2026 the Lottery's minimum transfer to the Lottery's designated beneficiaries (State Gaming Revenues Fund, veterans' programs, and mental health programs) to be \$90.75 million including \$1.26 million from veterans' games and \$10.0 million for mental health programs.

Lottery operating expenditures for the budget year have been budgeted for \$17.5 million. Prize expenses are estimated at \$261.0 million, and retailer commissions are estimated at \$17.8 million for FY 2026. The payroll, contractual service, and commodities are projected to have moderate increases. Capital outlay includes the replacement of four high-mileage vehicles to be replaced during the budget year for the Sales Department.

The Expanded Lottery contractual disbursements for City/County governments and to the gaming facility managers related to casino gaming are expected to be \$313.0 million for FY 2026. Contractual distributions for gaming facility managers related to sports wagering are expected to be \$173.25 for FY 2026.

Due to the uncertainty of revenue projections after less than two years of sports wagering and possible enabling legislation in neighboring states, it is possible that the underlying revenue projections may change significantly during both the fall and spring consensus revenue estimate meetings.

All operating expenses are to be reimbursed by the lottery gaming facility managers as set forth in KELA and contractual agreements. Expanded Lottery operating expenses are estimated to be \$4.1million for FY 2026.

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State of Kansas

Program AGENCY INFORMATION

BUDGET YEAR FY 2027:

The Kansas Lottery estimates sales revenues for the 2026 budget year will be \$420.35million.

The Kansas Lottery has proposed for FY 2027 the Lottery's minimum transfer to the Lottery's designated beneficiaries (State Gaming Revenues Fund, veterans' programs, and mental health programs) to be \$92.75 million including \$1.26 million from veterans' games and \$8.0 million for mental health programs.

Lottery operating expenditures for the budget year have been budgeted for \$18.4 million. Prize expenses are estimated at \$273.9 million, and retailer commissions are estimated at \$18.9 million for FY 2027. The payroll, contractual service, and commodities are projected to have moderate increases. Capital outlay includes the replacement of seven high-mileage vehicles to be replaced during the budget year for the Sales & Security Department. Increases are included in the Marketing budget outside of payroll to cover the rising costs of Marketing and Advertising, as well as upcoming contract renewals. Additional request of \$50,000 annual to support problem gambling initiatives including a WLA membership and promo/event fees. Additional requests include new IT equipment and increases in travel expense to cover rising travel costs.

The Expanded Lottery contractual disbursements for City/County governments and to the gaming facility managers related to casino gaming are expected to be \$320.5 million for FY 2027. Contractual distributions for gaming facility managers related to sports wagering are expected to be \$189.0 for FY 2027.

Due to the uncertainty of revenue projections after less than two years of sports wagering and possible enabling legislation in neighboring states, it is possible that the underlying revenue projections may change significantly during both the fall and spring consensus revenue estimate meetings.

All operating expenses are to be reimbursed by the lottery gaming facility managers as set forth in KELA and contractual agreements. Expanded Lottery operating expenses are estimated to be \$4.25 million for FY 2026.

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Program AGENCY INFORMATION

NARRATIVE INFORMATION - DA 400

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME
AGENCY CODE

KANSAS LOTTERY
450-00

Performance indicators	FY 2025 Budgeted	% of KL Sales	FY 2025 Actual	% of KL Sales	FY 2026 Current Year	% of KL Sales	FY 2027 Budget Year	% of KL Sales
Lottery Sales (actual)	318,600,000	100.00%	330,170,956	100.00%	402,100,000	100.00%	420,350,000	100.00%
Cost Reimbursements - Retailers	1,000,000		1,128,284		1,000,000		1,000,000	
Casino Gaming Net Revenue	399,200,000		418,657,665		425,000,000		431,375,000	
Sports Wagering Net Revenue	100,000,000		174,866,035		180,000,000		185,500,000	
Expanded Lottery Reimbursements	4,350,644		3,901,048		4,100,000		4,250,000	
Lottery Operating:								
Prize payments (actual)	195,352,000	61.32%	202,384,917	61.30%	261,002,000	64.91%	273,879,000	65.15%
Transfers to the State (actual)	80,250,000	25.19%	74,000,000	22.41%	90,750,000	22.57%	92,750,000	22.06%
Administrative Expenses	15,464,920	4.85%	16,639,623	5.04%	17,808,267	4.43%	18,398,137	4.38%
Expanded Lottery Expenses	4,350,644		3,901,048		4,100,000		4,250,000	
Retailer Commissions	18,573,889	5.83%	17,344,027	5.25%	18,717,714	4.65%	18,876,683	4.49%
Vendor Commissions and Contracts	9,062,000	2.84%	7,136,227	2.16%	12,787,000	3.18%	14,692,000	3.50%
Ticket Printing	4,800,000	1.51%	2,999,405	0.91%	4,800,000	1.19%	4,800,000	1.14%
Ticket Shipping	750,000	0.24%	650,000	0.20%	800,000	0.20%	800,000	0.19%
Casino Gaming Distribution:								
ELARF	87,824,000		92,103,094		93,500,000		94,900,000	
Problem Gambling & Addictions	7,984,000		8,373,153		8,500,000		8,600,000	
County/City	11,976,000		12,559,730		12,750,000		12,900,000	
Management Fees	291,416,000		305,024,818		309,500,000		315,000,000	
Sports Wagering Distribution:								
White Collar Crime Fund	750,000		750,000		750,000		750,000	
Problem Gambling & Addictions	185,000		334,772		345,000		350,000	
Attracting Professional Sports	7,400,000		13,390,893		13,800,000		14,200,000	
SGRF / SGF	1,665,000		3,012,951		3,100,000		3,200,000	
Management Fees	90,000,000		157,397,547		162,000,000		167,000,000	

KANSAS LOTTERY

SALES ESTIMATES	FY 2025 ACTUAL	FY 2026 CURRENT YEAR	FY 2027 BUDGET YEAR
Instant Tickets			
Scratch	181,527,444	197,000,000	201,500,000
Pulltab	6,323,971	7,000,000	7,150,000
Fast Play	8,228,793	10,000,000	10,500,000
TOTAL INSTANT	196,080,208	214,000,000	219,150,000
CHANGE FROM PRIOR YEAR		9.1%	2.4%
Draw Games			
Powerball	24,425,398	35,000,000	40,000,000
Mega Millions	21,813,782	25,000,000	22,500,000
Lotto America	8,246,125	6,000,000	6,150,000
2 by 2	1,383,103	1,600,000	1,550,000
Raffles	3,000,000	3,000,000	3,000,000
Kansas Cash	12,617,186	12,000,000	12,500,000
Keno	7,546,494	10,000,000	9,500,000
Pick 3	8,293,086	8,500,000	8,500,000
Lucky 4 Life	7,191,952	8,000,000	8,750,000
Racetrax	6,913,234	8,000,000	8,750,000
TOTAL DRAW	101,430,360	117,100,000	121,200,000
CHANGE FROM PRIOR YEAR		15.4%	3.5%
e-Lottery Games			
e-Instant	32,029,571	60,000,000	67,500,000
e-Draw	630,817	11,000,000	12,500,000
TOTAL e-LOTTERY	32,660,388	71,000,000	80,000,000
CHANGE FROM PRIOR YEAR		117.4%	12.7%
TOTAL NET SALES	330,170,956	402,100,000	420,350,000
CHANGE FROM PRIOR YEAR		21.8%	4.5%

BUDGETED - ALL DEPARTMENTS FY 2026

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

Agency Name

KANSAS LOTTERY

Agency Number

450-00

Program Title & Number

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OBJECT OF EXPENDITURES	OBJ CODE	Administration 01303	IT 70100	Sales 70300	Security 70400	COS 70500	Exp - Casino 70600	Marketing 70700	Sports Wag 70800	TOTAL All Depts
01 TOTAL SALARY & WAGES	100	2,148,858	835,779	2,156,633	620,439	-	1,926,360	1,262,443	-	8,950,512
05 Communication	200	30,000	280,000	-	-	-	12,000	-	-	322,000
05 Freight & Express	210	500	-	1,000	-	-	500	4,000	-	6,000
05 Printing & Advertising	220	7,500	-	29,000	-	4,800,000	350	30,000	-	4,866,850
05 Rents	230	963,000	-	7,000	-	-	1,800	10,000	-	981,800
05 Repairing & Servicing	240	24,000	200,000	20,000	5,000	450,000	6,000	10,000	-	715,000
05 Travel & Subsistence-In State	250	28,000	3,000	32,000	3,200	-	27,500	50,000	-	143,700
05 Travel & Subsistence-Out State	250	55,200	10,000	15,000	10,000	-	35,000	12,500	-	137,700
05 Fees-Other Services	260	468,000	130,000	2,500	7,000	-	309,500,000	10,000	162,000,000	472,117,500
05 Fees-Professional Services	270	40,000	70,000	22,000	15,000	14,895,000	2,500,000	6,550,000	-	24,092,000
05 Utilities	280	1,000	-	-	-	-	-	500	-	1,500
05 Other Contractual Services	290	40,000	-	2,000	600	-	750	500	-	43,850
06 TOTAL CONTRACTUAL SERVICES		1,657,200	693,000	130,500	40,800	20,145,000	312,083,900	6,677,500	162,000,000	503,427,900
10 Clothing	300	1,000	-	3,400	1,000	-	3,000	7,000	-	15,400
10 Feed & Forage	310	-	-	-	-	-	-	-	-	-
10 Food for Human Consumption	320	-	-	-	-	-	-	-	-	-
10 Fuel	330	-	-	-	-	-	-	-	-	-
10 Maint. Materials, Supplies & Parts	340	3,500	10,000	-	150	-	200	-	-	13,850
10 Motor Vehicle Parts, Supplies	350	11,500	-	70,000	6,000	-	6,000	3,000	-	96,500
10 Professional & Scientific Supplies	360	5,600	-	138,000	5,000	-	500	4,250	-	153,350
10 Stationery & Office Supplies	370	18,100	90,000	2,600	500	-	600	1,000	-	112,800
10 Scientific Research Supplies	380	-	-	-	-	-	-	-	-	-
10 Other Supplies, Materials, Parts	390	10,000	500	39,000	1,600	-	200	224,000	-	275,300
11 TOTAL COMMODITIES		49,700	100,500	253,000	14,250	-	10,500	239,250	-	667,200
15 TOTAL CAPITAL OUTLAY	400	25,000	300,000	232,965	25,000	-	-	-	-	582,965
20 CLAIMS	500	-	-	-	-	-	-	-	-	-
25										
30 5100-LOTTERY OPERATING FUND		3,880,758	1,929,279	2,773,098	700,489	20,145,000	314,020,760	8,179,193	162,000,000	513,628,577
35 Federal Aid to Local Units	500	-	-	-	-	-	-	-	-	-
35 State Aid to Local Units	510	-	-	-	-	-	12,003,000	-	-	12,003,000
36 TOTAL AID TO LOCAL UNITS										-
37 State Paid Prizes (Fund 7381)		-	-	-	-	38,000,000	-	-	-	38,000,000
37 Tax Withholding - Non-Expense		-	-	-	-	6,000,000	-	-	-	6,000,000
37 Operating Transfers - Non-Expense		-	-	-	-	-	-	-	-	-
37 5104-Hospitality		5,000	-	-	-	-	-	-	-	5,000
37		80,000	-	-	-	-	-	-	-	80,000
40										
45 Number of Full Time Positions		22.75	8.50	23.37	5.50	-	17.50	13.38	-	91.00

BUDGETED - ALL DEPARTMENTS FY 2027

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

Agency Name

Agency Number

Program Title & Number

KANSAS LOTTERY

450-00

Function No. 01

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OBJECT OF EXPENDITURES	OBJ CODE	Administration 01303	IT 70100	Sales 70300	Security 70400	COS 70500	Exp L 70600	Marketing 70700	Sports Wag 70800	TOTAL All Depts
01 TOTAL SALARY & WAGES	100	2,146,462	770,958	1,907,905	699,762	-	1,934,836	1,122,199	-	8,582,122
05 Communication	200	30,000	280,000	-	-	-	12,000	-	-	322,000
05 Freight & Express	210	500	-	1,000	-	-	500	4,000	-	6,000
05 Printing & Advertising	220	17,500	-	29,000	-	4,800,000	350	30,000	-	4,876,850
05 Rents	230	963,000	-	7,000	-	-	1,800	10,000	-	981,800
05 Repairing & Servicing	240	24,000	200,000	20,000	5,500	450,000	6,000	10,000	-	715,500
05 Travel & Subsistence-In State	250	35,500	3,500	32,500	3,700	-	30,000	50,500	-	155,700
05 Travel & Subsistence-Out State	250	82,700	10,500	15,500	10,000	-	35,500	13,000	-	167,200
05 Travel & Subsistence-International	250	-	-	-	-	-	-	-	-	-
05 Fees-Other Services	260	468,000	130,000	2,500	7,000	-	315,000,000	10,000	167,000,000	482,617,500
05 Fees-Professional Services	270	50,000	70,000	22,000	15,000	15,500,000	2,500,000	7,500,000	-	25,657,000
05 Utilities	280	1,000	-	-	-	-	-	500	-	1,500
05 Other Contractual Services	290	40,000	-	2,000	600	-	750	500	-	43,850
06 TOTAL CONTRACTUAL SERVICES		1,712,200	694,000	131,500	41,800	20,750,000	317,586,900	7,628,500	167,000,000	515,544,900
10 Clothing	300	1,000	-	3,400	1,000	-	3,000	7,000	-	15,400
10 Feed & Forage	310	-	-	-	-	-	-	-	-	-
10 Food for Human Consumption	320	-	-	-	-	-	-	-	-	-
10 Fuel	330	-	-	-	-	-	-	-	-	-
10 Maint. Materials, Supplies & Parts	340	3,500	10,000	-	150	-	200	-	-	13,850
10 Motor Vehicle Parts, Supplies	350	11,500	-	70,000	6,000	-	6,000	3,000	-	96,500
10 Professional & Scientific Supplies	360	5,600	-	138,000	5,000	-	500	4,250	-	153,350
10 Stationery & Office Supplies	370	18,100	90,000	2,600	500	-	600	1,000	-	112,800
10 Scientific Research Supplies	380	-	-	-	-	-	-	-	-	-
10 Other Supplies, Materials, Parts	390	10,000	500	39,000	1,600	-	200	224,000	-	275,300
11 TOTAL COMMODITIES		49,700	100,500	253,000	14,250	-	10,500	239,250	-	667,200
15 TOTAL CAPITAL OUTLAY	400	25,000	400,000	232,965	143,186	-	-	-	-	801,151
20 CLAIMS	500	-	-	-	-	-	-	-	-	-
25										
30 5100-LOTTERY OPERATING FUND		3,933,362	1,965,458	2,525,370	898,998	20,750,000	319,532,236	8,989,949	167,000,000	525,595,373
35 Federal Aid to Local Units	500	-	-	-	-	-	-	-	-	-
35 State Aid to Local Units	510	-	-	-	-	-	12,003,000	-	-	12,003,000
36 TOTAL AID TO LOCAL UNITS										
37 State Paid Prizes (Fund 7381)		-	-	-	-	38,000,000	-	-	-	38,000,000
37 Tax Withholding - Non-Expense		-	-	-	-	6,000,000	-	-	-	6,000,000
37 5104-Hospitality		5,000	-	-	-	-	-	-	-	5,000
37 5400-Auditors	700	80,000	-	-	-	-	-	-	167,000,000	80,000
38										
40										
45 Number of Full Time Positions		22.75	8.50	23.37	5.50	-	17.50	13.38	-	91.00

Narrative Information—DA 400

Division of the Budget

Agency

450-00

KANSAS LOTTERY

State of Kansas

Program

ADMINISTRATION 01030

EXPENDITURE JUSTIFICATION – ADMINISTRATION

Account Code 100: Salaries and Wages

Summary: This program is headed by the Executive Director of the Kansas Lottery. FY 2026 and FY2027 includes twenty-four and twenty-five hundredths (24.25) FTE positions, one (1) Non-FTE Unclassified Temporary, and five (5) Appointed Commissioner positions. Program responsibilities encompass executive and administrative functions: human resources, procurement, facilities and vehicle management, policy formation and distribution; communications and public information and social media; research, internal auditing, claims receipt and processing, financial and accounting services, daily certification and transfer of dollars to applicable state fund accounts, accounts receivable and accounts payable, budget and other financial operations, and general office and electronic game draw support, and agency-wide information security . Less than 100% positions that perform work primarily for traditional lottery and on a limited basis for expanded lottery are funded in this program area and in the Expanded Lottery program area. Filled and Vacant Unclassified and Classified Regular FTE positions included in this program are: one (1) fifty percent (50%) Executive Director, one (1) fifty percent (50%) Assistant Attorney General, one (1) fifty percent (50%) Director of Finance, one (1) seventy-five percent (75%) Public Information Officer, one (1) seventy-five percent (75%) Information Security Officer, one (1) seventy-five percent (75%) Executive Secretary, one (1) fifty percent (50%) Director of Human Resources, one (1) Procurement Officer, one (1) Director of Social Media, one (1) Draw Official, two (2) Administrative Specialist, one (1) Internal Auditor, one (1) Policy and Program Analyst, one (1) Program Administrator, one (1) Human Resources Professional, three (3) Accountants, one (1) Deputy Draw Manager, one (1) fifty percent (50%) Deputy Executive Director, one (1) Deputy Director of Finance, one (1) fifty percent (50%) Responsible Gaming Manager, one (1) Administrative Officer, one (1) Program Associate, two (2) Claims Service Consultants, one (1) Coordinator, one (1) Unclassified Temporary Program Specialist/Draw Official, and five (5) fifty-percent (50%) Non-FTE Commissioner positions.

Budget Year FY 2026: \$2,001,898. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2027: \$2,146,461. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program. All positions included in FY 2026 are included in the FY 2027 request.

Narrative Information—DA 400

Division of the Budget

Agency

450-00

KANSAS LOTTERY

State of Kansas

Program

ADMINISTRATION 01030

Object Code 200: Contractual Services

Summary: The expenditures in this category include rent on the Topeka facility and agency costs for postage, supplies and copier rentals. Also included are the publication fees from the Secretary of State's office for publishing the official game rules, and other service fees.

The travel expenses for the Lottery Commissioners and members of the Executive Director's staff to attend gaming and lottery industry conferences, meetings and seminars and to perform other lottery related duties throughout the state of Kansas. Training and attendance at the conferences is very important to remain current on new technologies, games and products, industry research, legal concerns and marketing, advertising and operational trends, ensuring staff industry expertise.

Fees for professional services include costs for annual financial audits and for preparation and distribution of annual tax reporting forms for players and retailers. Fees for other services include items that further enhance agency goals and business such as multi-state lottery (MUSL) operating costs and annual fees that dues to industry organizations and subscriptions to industry periodicals. This also includes annual inter-agency support fees such as the Monumental Building Surcharge, Department of Administration Systems Support, and Lease Administration.

The official hospitality line item of \$5,000 is also included here.

Current Year FY 2026:

\$1,657,200 is requested. \$960,000 is for the rents for the Lottery office in Topeka and for equipment. \$83,200 is requested to cover the travel expenses of the Executive Director, staff, and the five Kansas Lottery Commissioners. The professional fees include \$80,000 for the annual financial and compliance audit and costs for processing annual W-2G and 1099 documents. Included in other services fees is the annual monumental building surcharge fee, and the Financial Management Service (FMS) fee. Other services fees include the publication of game rules, NASPL and WLA membership dues and \$5,000 for the hospitality fund. Other contractual services include lottery related membership dues and periodical subscriptions and other minor expenses.

Budget Year FY 2027:

\$1,712,200 is requested. This funding level would continue the Lottery's occupation of the Topeka office. It also provides for postage, mailing service fees, annual monumental buildings surcharge fee, and other professional services. Hospitality is included in the amount of \$5,000.

Narrative Information—DA 400

Division of the Budget

Agency

450-00

KANSAS LOTTERY

State of Kansas

Program

ADMINISTRATION 01030

Object Code 300: Commodities

Summary: The Administration Program is responsible for the maintenance of a number of Lottery owned vehicles and the purchase of office and other supplies for the full agency, except for the Information Technology Department's office supplies.

Current Year FY 2026:

\$49,700 is requested. The majority of this request is to maintain adequate supplies of paper and general office supplies. Paper products continue to show substantial cost increases, and an increase in vehicle expenses. Also purchased as needed are copies of the Kansas Session Laws, Legislative Handbook, statute supplements and other professional items. Additional office supplies are needed for the replacement of non-capital outlay items such as office chairs that have become deteriorated or broken. Also included in this request is the purchase of Lottery shirts for employees working with the public.

Budget Year FY 2027:

\$49,700 is requested. This funding level would allow the Lottery to maintain the same inventory level of office supplies and material needed to sustain ongoing operations, vehicle expenses, and continuing to replace equipment as needed.

Object Code 400: Capital Outlay

Current Year FY 2026:

\$25,000 is requested. \$15,000 has been designated for any renovations to accommodate any warehouse or other agency restructuring due to remote work capabilities and changes in related processes. The reminder is requested for the purchase of computer hardware and software to improve agency efficiency and to accommodate central gaming system vendor needs.

Budget Year FY 2027:

\$25,000 is requested. \$15,000 has been designated for any renovations to accommodate any warehouse or other agency restructuring due to remote work capabilities and changes in related processes. The reminder is requested for the purchase of computer hardware and software to improve agency efficiency and to accommodate central gaming system vendor needs.

Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program INFORMATION TECHNOLOGY 01350

INFORMATION TECHNOLOGY

Account Code 100: Salaries and Wages

Summary: This program is headed by the Director of Information Technology. It consists of eight and seventy-five hundredths (8.75) FTE in FY 2026 and FY 2027. One (1) less than 100% position (positions that perform work primarily for traditional lottery and on a limited basis for expanded lottery) is also funded in the Expanded Lottery Program. The Information Technology program provides support services to the entire Lottery staff (traditional and expanded), approximately 1,750 Lottery retailers, and all Lottery players in Kansas. Program responsibilities encompass electronic information and telecommunications functions. Positions included in this program for FY 2026 and FY 2027 are: one (1) seventy-five percent (75%) Director of Information Technology, one (1) Applications Developer, one (1) Change Management/UAT System Administrator, one (1) Technology Support Consultant, one (1) IT Systems/Applications Analyst, one (1) Deputy Director of IT, one (1) iLottery Quality Assurance Analyst, one (1) Information Systems Administrator, and one (1) Network Administrator.

Budget Year FY 2026: \$755,102. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2027: \$770,958. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program INFORMATION TECHNOLOGY 01350

Account Codes 200: Contractual Services

Summary: The major expenditures in this category are for communications and computer maintenance. Travel expenses are for the training of employees to remain current in hardware/software technology and other IT needs. These items requested are considered basic necessities for the ongoing statewide operations of the Lottery.

Current Year FY 2026: \$693,000

Budget Year FY 2027: \$694,000

Account Code 300: Commodities

Summary: The Information Technology division is responsible for the maintenance of all Lottery computer equipment, and the purchase of microcomputers and toner for printers throughout the agency. Office Supplies are needed for replacement of equipment as it comes off warranty and if the repair costs would exceed the cost of the item as computer components, communication equipment.

Current Year FY 2026: \$100,500

Budget Year FY 2027: \$100,500

Account Code 400: Capital Outlay

This request also provides funding for the purchase of computer hardware and software to improve agency efficiency, security, and integrity of Lottery's operation.

Current Year FY 2026: \$300,000

Budget Year FY 2027: \$400,000

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program SALES 04200

EXPENDITURE JUSTIFICATION – SALES

Account Code: 100 Salaries and Wages

Summary: This program is headed by the Director of Sales and Marketing. It consists of funding for twenty-two and thirty-seven hundredths (22.37) FTE positions in FY 2026 and FY 2027. Less than 100% positions (positions that perform work primarily for traditional lottery and on a limited basis for expanded lottery) are also funded in the Expanded Lottery and Marketing Programs. This program provides direct services to approximately 1,750 Lottery retailers and all Kansas Lottery players. Responsibilities encompass retailer recruitment and retention, telephone and in-person sales calls to independent and corporate retailers, developing and recommending strategies to increase retailer sales, retailer training, product promotion and player education. Positions included in this program are: one (1) thirty-seven percent (37%) Director of Sales and Marketing, two (2) Lottery Regional Sales Managers, one (1) Vending Machine Manager, sixteen (16) Lottery District Managers, one (1) Senior District Managers, one (1) Administrative Director, and one (1) Coordinator. Organization changes began in January 2019 that combined the Sales and Marketing departments under the Director of Sales and Marketing. These changes were designed to enhance coordination between and amongst departments, streamline operations and provide for consistent, coordinated service delivery strategies and increased sales and transfers to the state. As sales professionals are generally paid via base and commission pay, a Retailer Recruitment Commission was implemented. This commission is designed to enhance the recruitment of qualified lottery retailers and provide incentive to staff that recruit and service new retailers. Additional commission-type incentive options will be explored as the Lottery looks for additional ways to increase sales and transfers to the State and program changes within the Sales department and within the Lottery will continue to occur to fulfill agency goals, enhance capacity, and dollar transfers to the State.

Budget Year FY 2026: \$1,901,142. Requested dollars include monies to fund salary and wages, overtime, funding for the employee recognition program.

Budget Year FY 2027: \$1,907,904. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.³

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program SALES 04200

Account Code: 200 Contractual Services

Summary: The Sales Department makes sales calls throughout the state to approximately 1800 retail locations. Regular sales calls to these retailers, statewide recruiting efforts, and sales calls to the headquarter offices of corporate accounts all require travel. The travel to provide adequate service for these retailers and prospective new retailers constitutes the majority of the budget monies directed to travel expenses. Recruiting efforts, state sales team meetings, regular sales calls and sales management staff spending time in the field training and monitoring sales efforts will continue. In accord with the on-line contract, all of the retailers receive equipment of terminals, customer display screens, keno boards, LDDS monitors, and check-a-ticket devices.

The freight and express expenses associated with our automated distribution system of instant tickets via a courier delivery service is included as a no-limit item in Cost of Sales. The field sales staff will be required to complete increased sales related duties; recruiting new retailers; promoting lottery products, providing retailer and player education, and reviewing sales with individual and corporate retail accounts to identify opportunities to increase sales.

Merchandise, printing and advertising expenses will increase in a continued effort to improve Lottery impulse purchasing, and communications with our retailers. New programs developed on the Lottery Internet site as well as the District Managers having more immediate access to reports and information in the field will change the type of reports and signs produced. Co-op advertising with corporate chains will be increased to promote our products.

Current Year FY 2026: \$130,500

Budget Year FY 2027: \$131,500

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program SALES 04200

Account Code: 300 Commodities

Summary: Professional supplies are needed to implement the Lottery's merchandising standards and to provide new retailers with necessary equipment; along with other supplies needed to support promotional efforts account for the majority of this allocation. Better merchandising of games means larger dispensers and increased price points of instant scratch games as well as other supplies to support our projected sales goals. New products need additional support to be successful in terms of advertising, printed informational flyers, retailer training, player education and promotions at Lottery retailers. As the price of gas continues to rise along with the cost of maintaining vehicles, more money is allocated to meet these expenses.

The Sales Department also will require supplies to fulfill the objective to promote awareness of Lottery products. Promotions will be held at retail locations, targeting specific products and player education will be emphasized. Promotional items containing Lottery advertising messages will be distributed with Lottery purchases.

Current Year FY 2026: \$253,000

Budget Year FY 2027: \$253,000

Account Code 400 Capital Outlay

Summary: These amounts will allow five vehicles (account code 5406) to be replaced in each of the fiscal years. The vehicles are used by the Sales Department to service retailer accounts, recruitment, and other Lottery related duties. The vehicles will be replacements because of their high mileage and excessive repairs. The estimates are based on projected prices in the Budget Cost Indices.

Current Year FY 2026: \$232,965

Budget Year FY 2027: \$232,965

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program SECURITY 04300

EXPENDITURE JUSTIFICATION – SECURITY

Account Code 100: Salaries and Wages:

Summary: This program is headed by the Director of Security. It consists of funding for six and seventy-five hundredths (6.75) FTE positions in FY 2026 and FY 2027. Less than 100% positions (positions that perform work primarily for traditional lottery and on a limited basis for expanded lottery) are also funded in the Expanded Lottery Program. Program responsibilities encompass all Lottery security, including physical structures and inventory, facility and computer system security, retailer and staff background clearances, investigations related to lottery products, sales, and other activities, the administration and oversight of all ADA Compliance reviews on new retailers, bonus compliance, and change of ownerships. Security related to casino operations is also provided. Included in this program is funding for one (1) seventy-five percent (75%) Director of Security, one (1) Deputy Director of Security, four (4) Enforcement Agents, and one (1) Program Manager. The Director of Security, Deputy Director of Security, and the Enforcement Agents are certified law enforcement officers. As certified law enforcement officers they may also conduct and/or assist local law enforcement with criminal investigations that involve Lottery products.

Budget Year FY 2026: \$657,593. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2025: \$699,762. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program SECURITY 04300

Account Code 200: Contractual Services

Summary: The expenditures are for repairs, travel and other service fees. The repairs and maintenance expense is for building security video monitoring and recording equipment, building access control system, alarm system, and vehicle repair/service. The in-state travel is for lodging and subsistence cost related to investigations, support activity for major Lottery events and training. The out-of-state travel is for vendor background investigation travel, second chance drawing events, and attendance at training events by Security personnel. Other service fees are incurred for background criminal history record checks and fingerprinting of employees, applicants, vendors and lottery retailers. Also included in the fees is the expense incurred for facility access control and alarm maintenance.

Current Year FY 2026: \$40,800

Budget Year FY 2027: \$41,800

Account Code 300: Commodities

Summary: Computer printer ink cartridge replacement and replacement photo I.D. badge supplies. The Enforcement Agents are required to qualify with their issued handguns twice annually. Replacement ammunition will be necessary. Vehicle operating costs include fuel, replacement parts and repairs for the Security Department's three vehicles. The cost for replacement maintenance supplies for the lifeline automated external defibrillators (AED's) has been requested for each year. Soft uniform shirts are being issued to agents for wear at events.

Current Year FY 2026: \$14,250

Budget Year FY 2027: \$14,250

Account Code 400: Capital Outlay

Summary: Costs each year include replacements or upgrades to security access controls and monitoring equipment. Costs in FY 2027 include replacement of three vehicles and a new random number generating machine.

Current Year FY 2026: \$25,000

Budget Year FY 2027: \$143,186

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program COST OF SALES 04401

COST OF SALES 70500

EXPENDITURE JUSTIFICATION

Account Code 200: Contractual Services

Summary: These costs consist of Ticket Printing, Ticket Shipping and Third Party Vendor Fees. The ticket printing contracts were effective September 10, 2016 and were renewed in July 2022. The Central Gaming Services contract was effective July 1, 2018 for a ten-year period. The Lottery has a third party contract for its PlayOn Players' Loyalty program that helps increase player engagement, gather player data and facilitates second chance drawings.

Ticket Printing – Instant and Pull-tab ticket sales in FY 2023 and FY 2022 were \$203.7 million and \$207.2 million, respectively. The Lottery has between 40 and 60 games marketable at all times. Each game printed consists of anywhere from 300 thousand to 8.0 million tickets and is sold by Lottery retailers until the announced end of the game by the Executive Director. The number of tickets and games printed are in direct relationship to sales. Tickets printed for larger denominations tend to be of larger size and have more eye-catching graphics.

The cost of printing \$1 tickets is about \$.02 per ticket up through \$.04 per ticket depending on the number of tickets printed, whereas the \$2 tickets cost approximately \$.02 per ticket to \$.09 per ticket, the \$3 tickets cost from \$.03 per ticket to \$.12, the \$5 tickets cost from \$.05 to \$.27 per ticket, the \$10 tickets cost from \$.09 to \$.38 per ticket, and the \$20 tickets cost from \$.14 to \$.59 per ticket. Printing costs for Pull-tab tickets run from \$.02 to \$.07 per ticket.

Shipping--In FY 2023 all instant tickets were delivered by FedEx with a cost of \$620,000 plus \$67,720 in shipping services and supplies (commodities).

Central Gaming Services –The Lottery began the contract in FY 2019 with its vendor, Scientific Games (SGI) after completing an RFP process for a ten-year contract period ending on 7/1/2028. The contract includes a base annual amount of \$1.04 million plus 5.2559% of gross gaming revenues (GGR), which is defined as sales net of prizes paid to players. Other SGI costs under the gaming system contract include maintenance and other costs related to operation of the Lottery's self-service vending machines. Total payments for the central gaming system and other services for FY 2023 were \$8,663,431, compared to \$8,375,067 in FY 2022.

PlayOn Players' Loyalty program – The contract with Pollard Banknote Limited (Pollard) initially began in October 2016 and has been extended through October 31, 2026. The contract is for \$812,000 annually. All costs for prizes awarded through the program are the responsibility of the Lottery.

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program COST OF SALES 04401

Budget Year FY 2026: \$20,145,000

Budget Year FY 2027: \$20,750,000

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program COST OF SALES 04401

Account Code 300: Commodities

Budget Year FY 2026: \$0

Budget Year FY 2027: \$0

Account Code 400: Capital Outlay

Budget Year FY 2026: \$0

Budget Year FY 2027: \$0

During the 2018 legislative session, the Lottery received the ability to implement the use of self-service vending terminals as are utilized in 38 of 45 lottery jurisdictions. The Lottery was granted an amendment to the FY 2019 budget of \$4,423,736 for the initial purchase of 272 machines. A similar purchase was anticipated and approved for the FY 2020 budget. Due to COVID-19 issues, the second purchase was delayed and the FY 2020 appropriation was allowed to lapse. The Lottery executed purchases of 72 additional machines from both FY 2021 and FY 2022 appropriations. The machines typically have a manufacturing lead time of 6 to 8 months, which has been longer due to recent supply chain issues. The 72 machines ordered in FY 2021 arrived in Summer 2022 and have begun being placed at retailers. The 72 machines ordered in FY 2022 arrived in Fall 2023. At this time, no future purchase are anticipated.

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program COST OF SALES 04401

Non-Revenue Items:

Summary--Retailer Commissions:

Retailer Commissions is the five percent commission each retailer earns on their net lottery ticket sales and the one percent commission they earn for cashing instant and on-line winning tickets, except two percent is earned on Keno, Racetrax, and Kansas Hold'Em cashing. Retailers receive bonuses ranging from \$1,000 to \$10,000 for selling jackpot and other top tier prizes for Powerball, Mega Millions, Raffle, Lotto America, or Lucky for Life. Retailers also receive selling commissions of up ranging from \$10 to \$100 for other prizes in excess of \$599 that are required to be claimed at the Lottery.

Commission payments are made to retailers through the lottery's retailer accounts receivable by issuing a credit for the amount of commission. Retailers have the option of paying prizes on validated winning tickets up to and including an amount of \$599. Retailer commissions are deducted from the sales accounts receivable.

Summary--Prizes:

Prizes consist of retailer paid and prizes paid by the Lottery using fund 7381. Prizes may be claimed at the retailers up to \$599. Retailer paid prizes are deducted from the sales accounts receivable. Claims \$600 and larger must be claimed at the Lottery. Claims less than and including \$5,000 are paid instantly at the Lottery Headquarters using an imprest fund which is replenished from the prize fund 7381. Claims over \$5,000 and the federal and state taxes (taxes are non-expense items) associated with that claim are paid with a state check from the prize fund 7381. Approximately 30 percent of the prizes are paid by the prize fund each year, and this is the amount reported on the DA404 and DA 406.

	FY 2023 Actual	FY 2024 Current Year	FY 2025 Budget Year
Prizes paid by State (7381)	34,973,448	38,000,000	38,000,000
Non-Expense—Federal & State Taxes	19,288,170	6,000,000	6,000,000
Prizes paid by Retailers	149,436,232	147,490,760	148,502,460

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program MARKETING 04600

EXPENDITURE JUSTIFICATION – MARKETING

Account Code 100: Salaries and Wages

Summary: This program is headed by the Director of Sales and Marketing and consists of eleven and thirty-eight hundredths (11.38) FTE positions for FY 2026 and FY 2027. Less than 100% positions (positions that perform work primarily for traditional lottery and on a limited basis for expanded lottery) are also funded in the Expanded Lottery and Marketing Program. Marketing Program responsibilities encompass the development of new games and collaborative partnerships, contracted advertising, and special promotional events and activities. Included in this program are: one (1) thirty-eight hundredths percent (38%) Director of Sales and Marketing, one (1) Design and Promotion Administrator, one (1) Media Promotions and Second Chance Draw Coordinator, and one (1) Player Loyalty Coordinator, one (1) Product Development Manager, one (1) iLottery and Digital Games Product Manager, one (1) Advertising Coordinator, one (1) Sales and Marketing Coordinator, one (1) iLottery Program Manager, , one (1) Draw Game Product Manager, one (1) Deputy Director, and one (1) Portfolio Manager. Strategies designed to enhance player involvement and ticket sales continue to be the focus of all marketing staff. Organization changes began in January 2019 that combined the Sales and Marketing departments under the Director of Sales and Marketing. These changes were designed to enhance coordination between and amongst departments, streamline operations and provide for consistent, coordinated service delivery strategies and increased sales and transfers to the State.

Budget Year FY 2026: \$981,163. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2027: \$1,122,200. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program MARKETING 04600

Account Code 200: Contractual Services

Summary: The major expenditures in this category are for professional services, printing, travel and costs required marketing for the various lottery products. The Lottery will continue its partnerships with Kansas Speedway, the Wichita Riverfest, the Kansas State Fair, Kansas universities and the use of various licensed properties.

The Lottery will invest advertising monies to promote these new products and engage a broader demographic, while maintaining the interest of the Lottery's current solid base. This will include on-going media levels of TV, radio, and web ads to engage a broader demographic of players in order to increase sales of all products.

Printing expenditures are used for printing through contracted printers and/or the State Printer, brochures, publications, and in store display materials, which highlight the specific games or the availability of Lottery products. With any game changes, new game materials will need to be produced in order to educate the players on the changes as well as a comprehensive media campaign implemented.

Travel and subsistence expenditures are utilized for travel of staff to host special events, media interviews, radio remote broadcasts, and to supervise advertising agency projects.

Professional services include all advertising agency fees, production costs, and media placement costs of Lottery advertising. This includes television, radio, billboards, and sponsorships including a sponsorship with Kansas Speedway.

Expenditures continue to increase with the volume of partnerships and sponsorships the Lottery will need to participate in. Increased work will have to be done by the ad agency in order to supply advertising and promotional support for the additional promotions and new games. With any changes to national games, monies will have to be used to develop new TV and radio ads in order to educate the public on the new product offering.

The increases in projected contractual expenditures in FY 2026 and FY 2027 are due to increases in production and placement costs for lottery advertising.

Current Year FY 2026: \$6,677,500

Budget Year FY 2027: \$7,628,500

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program MARKETING 04600

Account Codes 300: Commodities

Summary: This includes promotional items given to players at events throughout the state. A portion of the marketing budget is for professional supplies. One factor is the maintenance of existing equipment and the replacement of deteriorated equipment. Repairs are required for vehicles used to pull the sales trailers.

Current Year FY 2026: \$239,250

Budget Year FY 2027: \$239,250

Account Code 400: Capital Outlay

Current Year FY 2026: \$0

Budget Year FY 2027: \$0

Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program EXPANDED LOTTERY EXPENSES 04500

EXPANDED LOTTERY

Account Code 100: Salaries and Wages

Summary: This program is headed by the Director of Gaming Facilities and includes seventeen and fifty hundredths (17.50) FTE positions in FY 2026 and FY 2027. Responsibilities encompass the requirements of the KELA. Included in this program are one (1) Director of Gaming Facilities, one (1) Manager Casino Audits, ten (10) Lottery Gaming Facility Analysts and one (1) Lottery Gaming Facility Accountant. Less than 100% positions that perform work primarily for traditional lottery and on a limited basis for expanded lottery are funded in their respective program areas and in the Expanded Lottery program area. These positions and their respective Expanded Lottery percentages include one (1) of each of the following positions: 50% Lottery Executive Director, 50% Lottery Deputy Executive Director, 50% Assistant Attorney General, 50% Director of Finance, 50% Director of Human Resources, 25% Director of Security, 25% Public Information Officer, 25% Director of Information Technology, 25% Director of Sales and Marketing, 25% Information Security Officer, 25% Executive Secretary, and 50% of each of the five commissioner positions.

Budget Year FY 2026: \$1,882,185. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2027: \$1,934,838. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program EXPANDED LOTTERY EXPENSES 04500

Account Codes 200: Contractual Services

CASINO GAMING AND SPORTS WAGERING

Summary: The major expenditures in this category are for communications, travel, services fees, professional fees, and other contractual services which include the Casino Management (fund 5128) fees. These items are considered basic necessities for the operations. Note that any cost to the Lottery is reimbursed by the Facility Managers with signed contracts per requirements set forth in the KELA, and contracts with the Lottery.

Current Year FY 2026:

\$474,083,900 is requested. This funding level would continue the Expanded Lottery Department's training and travel to the casino facilities. Also included in the request is the potential continued need for an outside legal counsel, and the needs and requirements for the many aspects of the KELA.

\$300,395,000 has been estimated for other services to cover Casino Facility Management fees. This estimate will be evaluated and may be revised during October and April CRE meetings. Casino Facility Management fees are based on 73% of net casino gaming revenue. Funding for this expense will be from the ELARF fund (5128). IGT Central System professional fees are budgeted at \$2,500,000.

\$162,000,000 has been estimated for other services to cover Sports Wagering Management fees. This estimate will be evaluated and may be revised during October and April CRE meetings. Sports Wagering Management fees are based on 90% of net sports wagering revenue. Funding for this expense will be from the Sports Wagering Receipts fund (2946).

Budget Year FY 2027:

\$484,586,900 is requested. This funding level would continue the Expanded Lottery Department's training and travel to the casino facilities. Also included in the request is the potential continued need for an outside legal counsel, and the needs and requirements for the many aspects of the KELA.

\$315,000,000 has been estimated for other services to cover Casino Facility Management fees. This estimate will be evaluated and may be revised during October and April CRE meetings. Casino Facility Management fees are based on 73% of net casino gaming revenue. Funding for this expense will be from the ELARF fund (5128). IGT Central System professional fees are budgeted at \$2,500,000.

\$167,000,000 has been estimated for other services to cover Sports Wagering Management fees. This estimate will be evaluated and may be revised during October and April CRE meetings. Sports Wagering Management fees are based on 90% of net sports wagering revenue. Funding for this expense will be from the Sports Wagering Receipts fund (2946).

Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program EXPANDED LOTTERY EXPENSES 04500

Account Codes 300: Commodities

CASINO GAMING AND SPORTS WAGERING

Summary: The Expanded Lottery Department will be responsible for the maintenance of a number of Lottery owned vehicles and the purchase of supplies for staffing and managing the department. Note that any cost to the Lottery is reimbursed by the Facility Managers with signed contracts per requirements set forth in the KELA, and contracts with the Lottery.

Current Year FY 2026:

\$10,500 is requested. This funding level would allow the Expanded Lottery Department to provide supplies for existing staff, as well as, maintain and fuel Lottery owned vehicles.

Budget Year FY 2027:

\$10,500 is requested. This funding level would allow the Expanded Lottery Department to provide supplies for existing staff, as well as, maintain and fuel Lottery owned vehicles.

Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program EXPANDED LOTTERY EXPENSES 04500

Object Code 400: Capital Outlay

CASINO GAMING AND SPORTS WAGERING

Summary: The Expanded Lottery Department will be responsible for the maintenance of a number of Lottery owned vehicles and the purchase of supplies for staffing and managing the department. Note that any cost to the Lottery is reimbursed by the Facility Managers with signed contracts per requirements set forth in the KELA, and contracts with the Lottery.

Current Year FY 2024: \$0

Budget Year FY 2025: \$0