KANSAS LOTTERY
Executive Summary

Budget for Fiscal Years 2027, 2028 & 2029

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 2026 were a preliminary $500.5 million. This was the Lottery's highest sales total ever. Preliminary cash transfers to the designated beneficiaries (State Gaming Revenues Fund, veterans' programs, mental health programs, and the Attracting Sports to Kansas Fund) for fiscal year 2026 totaled $88.3 million. FY2026 results remain subject to completion of the annual financial statement audit.

Declines in Mega Millions sales were in part due to the increase in the ticket price to $5. Two Powerball jackpot runs reached approximately $1.8B in September and December and helped lift sales by 85.5 percent compared to fiscal year 2025. The combined sales of these two games were $64.4 million in fiscal year 2026 compared with $46.2 million in fiscal year 2025 for a combined increase of 39.4 percent.

Instant Scratch and Pull-Tab ticket sales in fiscal year 2026 saw a combined sales decrease of $13.6 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 $174.3 million in ticket sales was supplemented by an additional $8.0 million in Fast Play instant game sales, which were launched in June 2024.

Instant Scratch, Pull-Tab and Fast Play ticket sales in fiscal year 2026 saw a combined sales decrease of $13.8 million from the previous fiscal year. This was more than offset by i-Lottery sales of $203.2M in 2026. Combined sales of instant tickets, Fast Play, pull tabs and i-Lottery totaled $385.5 million for the fiscal year.

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 $431.6 million in fiscal year 2026, which was higher than the FY2025 total of $418.7 million by $12.9 million or 3.1%.

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 $17.8 million and $17.5 million from sports wagering operations during fiscal year 2026 and 2025, 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 $88,299,993 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, $5,549,997 was transferred to the Attracting Sports to Kansas Fund and the remainder to the State Gaming Revenues Fund (SGRF).

Overall administrative expenses in FY 2026 were $17,732,079. Cost of Sales expenses for FY 2026 were $18,801,759. Total prizes paid to players and commissions earned by retailers for FY 2026 were $351,626,697 and $17,106,810 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, Sci-Q ticket dispensers and display monitors were deployed at retailers across the state. These dispensers 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 208,446 PlayOn® members utilizing the platform.

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.

Total Lottery sales forecasts are $503.6 million, $513.9 million and $524.5 million for FY 2027, FY 2028 and FY 2029, respectively.

Preliminary transfers for designated beneficiaries (State Gaming Revenues Fund, veterans' programs, and mental health programs) were $88.29 million for FY 2026. The Lottery transfer forecast is $90.48 million, $92.34 million and $94.24 million for FY 2027, FY 2028 and FY 2029, respectively.

Actual and Forecast Sales for Traditional Lottery

	Actual FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Instant Scratch Tickets	$ 169,349,437	$ 170,000,000	$ 171,700,000	$ 173,417,000
Instant Pull-Tab Tickets	$ 4,948,038	$ 5,000,000	$ 4,500,000	$ 4,000,000
Instant Fast Play Tickets	$ 7,985,916	$ 7,800,000	$ 7,600,000	$ 7,400,000
Draw and Monitor Games	$ 115,010,499	$ 109,600,000	$ 110,600,000	$ 111,600,000
e-Instant Tickets	$ 197,330,950	$ 205,100,000	$ 213,200,000	$ 221,600,000
e-Draw Games	$ 5,877,266	$ 6,100,000	$ 6,300,000	$ 6,500,000
	$ 500,502,106	$ 503,600,000	$ 513,900,000	$ 524,517,000

Actual and Forecast Transfers for Traditional Lottery

Transfers to:	Actual FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
State Gaming Revenue Fund	$ 71,490,000	$ 71,490,000	$ 71,490,000	$ 71,490,000
Veterans Programs	$ 1,260,000	$ 1,260,000	$ 1,260,000	$ 1,260,000
Mental Health Programs	$ 9,999,996	$ 9,999,996	$ 9,999,996	$ 9,999,996
Attracting Sports to Kansas Fund	$ 5,549,997	$ 7,734,966	$ 9,585,631	$ 11,524,680
Total	$ 88,299,993	$ 90,484,962	$ 92,335,627	$ 94,243,250

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, i-lottery contractual costs 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. Operating expenses for these functions include salaries, commodities, contractual and capital outlays.

The FY 2026 actual cost of sales expenses, inclusive of prizes paid from the prize fund, total $68,477,981. Estimated cost of sales expenses for FY 2027, FY2028 and FY 2029 are $63,740,930, $64,608,553 and $65,503,439 respectively.

The FY 2026 actual operating expenses, including capital expenditures total $17,732,079. 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 operating expenses including capital for FY 2027 through FY 2029 to total $21,081,000, $22,525,000 and $22,550,000 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 2026, casino gaming net revenues totaled $431.6 million, which is $12.9 million more than the previous year. Combined transfers totaling $104.8.5 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 $0.7 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 in late 2026

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 with gaming devices similar to slot machines 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.

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 Forecast Net Revenue and Transfer Estimate for Expanded Lottery

Casino Gaming Revenues

	Actual FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Expanded Lottery Act Revenues Fund	$ 95,853,157	$ 98,800,000	$101,900,000	$ 105,000,000
Problem Gambling and Addictions Fund	8,632,413	$ 8,900,000	$ 9,200,000	$ 9,500,000
Cities & Counties	12,952,442	13,160,000	13,370,000	13,580,000
Lottery Gaming Facility Managers	314,380,705	324,100,000	334,200,000	344,500,000
Net Casino Gaming Revenues	$431,818,717	$ 444,960,000	$458,670,000	$ 472,580,000

Sports Wagering Revenues*

	Actual FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
White Collar Crime Fund	$ 750,000	$ 750,000	$ 750,000	$ 750,000
Problem Gambling and Addictions Fund	334,772	340,000	350,000	350,000
Attracting Prof. Sports to Kansas Fund	13,613,066	13,800,000	14,100,000	14,300,000
State Gaming Revenues Fund	3,062,940	3,100,000	3,200,000	3,200,000
Lottery Gaming Facility Managers	159,746,813	162,300,000	164,900,000	167,500,000
Net Sports Wagering Revenues	$177,507,591	$ 180,290,000	$183,300,000	$ 186,100,000

**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 $486,400,000, $499,100,000 and $512,000,000 for FY 2027 through FY 2029, respectively.

FY 2026 actual operating expenses total $4,193,433. Estimated operating expenses are $4,300,000, $4,500,000 and $4,600,000 in FY 2027 through FY 2029, respectively.

The budget includes salaries and wages for 17.50 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 agreement.

KANSAS LOTTERY

SALES ESTIMATES	FY 2026 ACTUAL	FY 2027 CURRENT YEAR	FY 2028 BUDGET YEAR	FY 2029 BUDGET YEAR
Instant Tickets				
Scratch	169,349,437	170,000,000	171,700,000	173,417,000
Pulltab	4,948,038	5,000,000	4,500,000	4,000,000
Fast Play	7,985,916	7,800,000	7,600,000	7,400,000
TOTAL INSTANT	182,283,391	182,800,000	183,800,000	184,817,000
CHANGE FROM PRIOR YEAR		0.3%	0.5%	0.6%
Draw Games				
Powerball	45,321,109	38,900,000	38,900,000	38,900,000
Mega Millions	19,597,650	19,500,000	19,500,000	19,500,000
Lotto America	7,363,092	7,800,000	8,300,000	8,800,000
2 by 2	1,762,948	1,800,000	1,900,000	2,000,000
Raffles	3,000,000	3,000,000	3,000,000	3,000,000
Kansas Cash	9,837,895	10,200,000	10,600,000	11,000,000
Keno	6,412,006	6,400,000	6,400,000	6,400,000
Pick 3	8,457,492	8,500,000	8,500,000	8,500,000
Lucky 4 Life	4,541,858	-	-	-
Racetrax	5,896,394	5,700,000	5,700,000	5,700,000
Millionaire for Life	2,820,055	7,800,000	7,800,000	7,800,000
TOTAL DRAW	115,010,499	109,600,000	110,600,000	111,600,000
CHANGE FROM PRIOR YEAR		-4.7%	0.9%	0.9%
e-Lottery Games				
e-Instant	197,330,950	205,100,000	213,200,000	221,600,000
e-Draw	5,877,266	6,100,000	6,300,000	6,500,000
TOTAL e-LOTTERY	203,208,216	211,200,000	219,500,000	228,100,000
CHANGE FROM PRIOR YEAR		3.9%	3.9%	3.9%
TOTAL NET SALES	500,502,106	503,600,000	513,900,000	524,517,000
CHANGE FROM PRIOR YEAR		0.6%	2.0%	2.1%

Executive Budget
***(budget tables from IBARS don't include FY2029 Salaries and Wages Request)**

Obj. Code	OBJECTS OF EXPENDITURE	FY 2026 Actuals	FY 2027 Base Budget Entry	FY 2027 Base Budget Request	FY 2027 Agency Change Packages	FY 2028 Base Budget Request	FY 2029 Base Budget Request
	Salaries and Wages	1,168,141	0	1,458,277	248,000	1,784,954	0
	TOTAL Salaries and Wages	**1,168,141**	**0**	**1,458,277**	**248,000**	**1,784,954**	**0**
52100	Freight and Express	100	100	100	0	110	120
52200	Printing and Advertising	25	30	30	0	35	40
52300	Rents	1,980	2,050	2,050	0	2,125	2,200
52400	Reparing and Servicing	320	335	335	0	350	370
52500	Travel and Subsistence	9,104	15,130	15,130	0	15,700	16,400
52510	InState Travel and Subsistence	735	765	765	0	795	825
52520	Out of State Travel and Subsis	8,653	13,060	13,060	0	13,555	14,035
52600	Fees-other Services	29,150	48,420	48,420	0	50,200	52,100
52700	Fee-Professional Services	4,819	35,000	35,000	0	37,200	38,800
52900	Other Contractual Services	3,410	4,750	4,750	0	4,980	5,210
	TOTAL Contractual Services	**58,296**	**119,640**	**119,640**	**0**	**125,050**	**130,100**
53000	Clothing	735	25,000	25,000	0	25,000	25,000
53700	Office and Data Supplies	334	350	350	0	365	380
53900	Other Supplies and Materials	2,723	2,780	2,780	0	2,925	3,045
	TOTAL Commodities	**3,792**	**28,130**	**28,130**	**0**	**28,290**	**28,425**
	TOTAL Capital Outlay	**54,072**	**0**	**0**	**0**	**0**	**0**
	TOTAL REPORTABLE EXPENDITURES	**1,284,301**	**147,770**	**1,606,047**	**248,000**	**1,938,294**	**158,525**
	SUBTOTAL State Operations	**1,284,301**	**147,770**	**1,606,047**	**248,000**	**1,938,294**	**158,525**
	TOTAL EXPENDITURES	**1,284,301**	**147,770**	**1,606,047**	**248,000**	**1,938,294**	**158,525**

IT Budget

Obj. Code	OBJECTS OF EXPENDITURE	FY 2026 Actuals	FY 2027 Base Budget Entry	FY 2027 Base Budget Request	FY 2027 Agency Change Packages	FY 2028 Base Budget Request	FY 2029 Base Budget Request
	Salaries and Wages	738,244	0	796,368	0	841,429	0
	TOTAL Salaries and Wages	**738,244**	**0**	**796,368**	**0**	**841,429**	**0**
52000	Communication	173,067	179,355	179,355	0	185,655	192,165
52200	Printing and Advertising	100	105	105	0	110	115
52300	Rents	282,156	292,035	292,035	0	302,260	312,840
52400	Reparing and Servicing	198,335	205,280	205,280	0	212,470	219,910
52500	Travel and Subsistence	1,838	1,910	1,910	0	1,980	2,055
52510	InState Travel and Subsistence	888	920	920	0	955	990
52520	Out of State Travel and Subsis	2,383	2,470	2,470	0	2,555	2,650
52600	Fees-other Services	186,448	192,985	192,985	0	199,750	202,810
	TOTAL Contractual Services	**845,215**	**875,060**	**875,060**	**0**	**905,735**	**933,535**
53000	Clothing	452	500	500	0	525	545
53400	Maint Constr Material Supply	2,360	2,450	2,450	0	2,540	2,630
53500	Vehicle Part Supply Accessory	58	70	70	0	85	100
53600	Pro Science Supply Material	1,996	2,070	2,070	0	2,150	2,225
53700	Office and Data Supplies	80,085	82,895	82,895	0	85,800	88,810
53900	Other Supplies and Materials	1,353	1,410	1,410	0	1,465	1,520
	TOTAL Commodities	**86,304**	**89,395**	**89,395**	**0**	**92,565**	**95,830**
	TOTAL Capital Outlay	**143,783**	**421,710**	**421,710**	**0**	**589,765**	**192,915**
	TOTAL REPORTABLE EXPENDITURES	**1,813,546**	**1,386,165**	**2,182,533**	**0**	**2,429,494**	**1,222,280**
	SUBTOTAL State Operations	**1,813,546**	**1,386,165**	**2,182,533**	**0**	**2,429,494**	**1,222,280**
	TOTAL EXPENDITURES	**1,813,546**	**1,386,165**	**2,182,533**	**0**	**2,429,494**	**1,222,280**

Finance and Administration Budget

Obj. Code	OBJECTS OF EXPENDITURE	FY 2026 Actuals	FY 2027 Base Budget Entry	FY 2027 Base Budget Request	FY 2027 Agency Change Packages	FY 2028 Base Budget Request	FY 2029 Base Budget Request
	Salaries and Wages	700,385	0	914,960	0	1,003,890	0
	TOTAL Salaries and Wages	**700,385**	**0**	**914,960**	**0**	**1,003,890**	**0**
52000	Communication	11,548	13,595	13,595	0	14,075	14,570
52100	Freight and Express	1,562	1,600	1,600	0	1,675	1,750
52200	Printing and Advertising	1,252	1,300	1,300	0	1,350	1,400
52300	Rents	984,232	1,316,805	1,316,805	0	1,333,141	1,359,531
52400	Reparing and Servicing	24,981	24,210	24,210	0	26,105	27,035
52500	Travel and Subsistence	1,726	1,790	1,790	0	1,855	1,925
52520	Out of State Travel and Subsis	2,200	2,280	2,280	0	2,360	2,450
52600	Fees-other Services	433,825	449,505	449,505	0	465,239	481,524
52700	Fee-Professional Services	80,136	81,405	81,405	0	84,256	87,209
52800	Utilities	4,526	4,690	4,690	0	4,855	5,025
52900	Other Contractual Services	44,306	45,870	45,870	0	47,475	49,165
	TOTAL Contractual Services	**1,590,294**	**1,943,050**	**1,943,050**	**0**	**1,982,386**	**2,031,584**
53000	Clothing	904	940	940	0	975	1,010
53200	Food for Human Consumption	0	0	0	0	0	0
53400	Maint Constr Material Supply	250	260	260	0	270	280
53500	Vehicle Part Supply Accessory	4,296	4,897	4,897	0	5,583	6,365
53600	Pro Science Supply Material	367	400	400	0	415	430
53700	Office and Data Supplies	5,835	6,044	6,044	0	6,260	6,481
53900	Other Supplies and Materials	27,118	28,070	28,070	0	29,060	30,090
	TOTAL Commodities	**38,770**	**40,611**	**40,611**	**0**	**42,563**	**44,656**
	TOTAL Capital Outlay	**1,090**	**56,127**	**56,127**	**0**	**61,167**	**1,209**
	SUBTOTAL State Operations	**2,330,539**	**2,039,788**	**2,954,748**	**0**	**3,090,006**	**2,077,449**
55500	State Special Grants	700	725	725	0	750	776
	TOTAL Other Assistance	**700**	**725**	**725**	**0**	**750**	**776**
	TOTAL REPORTABLE EXPENDITURES	**2,331,239**	**2,040,513**	**2,955,473**	**0**	**3,090,756**	**2,078,225**
	TOTAL EXPENDITURES	**2,331,239**	**2,040,513**	**2,955,473**	**0**	**3,090,756**	**2,078,225**

Sales Budget

Obj. Code	OBJECTS OF EXPENDITURE	FY 2026 Actuals	FY 2027 Base Budget Entry	FY 2027 Base Budget Request	FY 2027 Agency Change Packages	FY 2028 Base Budget Request	FY 2029 Base Budget Request
	Salaries and Wages	1,735,353	0	1,920,031	0	2,040,384	0
	TOTAL Salaries and Wages	**1,735,353**	**0**	**1,920,031**	**0**	**2,040,384**	**0**
52000	Communication	11,500	11,905	11,905	0	12,325	12,760
52200	Printing and Advertising	4,335	4,490	4,490	0	4,650	4,815
52300	Rents	4,113	4,260	4,260	0	4,410	4,565
52400	Reparing and Servicing	47,629	49,305	49,305	0	51,050	52,845
52500	Travel and Subsistence	6,760	7,005	7,005	0	7,255	7,515
52510	InState Travel and Subsistence	31,802	32,920	32,920	0	34,075	35,270
52600	Fees-other Services	1,050	1,090	1,090	0	1,130	1,170
52700	Fee-Professional Services	2,118	2,195	2,195	0	2,275	2,355
52900	Other Contractual Services	600	625	625	0	650	675
	TOTAL Contractual Services	**109,907**	**113,795**	**113,795**	**0**	**117,820**	**121,970**
53000	Clothing	1,358	1,410	1,410	0	1,460	1,515
53400	Maint Constr Material Supply	264	275	275	0	285	295
53500	Vehicle Part Supply Accessory	70,378	79,916	79,916	0	90,780	103,153
53600	Pro Science Supply Material	91,443	94,650	94,650	0	97,965	101,395
53700	Office and Data Supplies	500	520	520	0	545	565
53900	Other Supplies and Materials	5,581	5,780	5,780	0	5,985	6,195
	TOTAL Commodities	**169,524**	**182,551**	**182,551**	**0**	**197,020**	**213,118**
	TOTAL Capital Outlay	**139,927**	**144,830**	**144,830**	**0**	**149,905**	**155,160**
	TOTAL REPORTABLE EXPENDITURES	**2,154,711**	**441,176**	**2,361,207**	**0**	**2,505,129**	**490,248**
	SUBTOTAL State Operations	**2,154,711**	**441,176**	**2,361,207**	**0**	**2,505,129**	**490,248**
	TOTAL EXPENDITURES	**2,154,711**	**441,176**	**2,361,207**	**0**	**2,505,129**	**490,248**

Security Budget

Obj. Code	OBJECTS OF EXPENDITURE	FY 2026 Actuals	FY 2027 Base Budget Entry	FY 2027 Base Budget Request	FY 2027 Agency Change Packages	FY 2028 Base Budget Request	FY 2029 Base Budget Request
	Salaries and Wages	556,520	0	616,610	0	649,586	0
	TOTAL Salaries and Wages	**556,520**	**0**	**616,610**	**0**	**649,586**	**0**
52000	Communication	101	105	105	0	110	115
52100	Freight and Express	410	425	425	0	440	455
52200	Printing and Advertising	100	105	105	0	1,110	1,150
52300	Rents	6,692	6,930	6,930	0	7,175	7,430
52400	Reparing and Servicing	36,278	37,565	37,565	0	38,895	40,275
52500	Travel and Subsistence	3,128	3,240	3,240	0	3,360	3,485
52510	InState Travel and Subsistence	700	730	730	0	760	790
52520	Out of State Travel and Subsis	3,141	3,255	3,255	0	3,370	3,490
52600	Fees-other Services	7,199	7,455	7,455	0	7,725	8,005
52700	Fee-Professional Services	67,926	70,310	70,310	0	72,775	75,325
52900	Other Contractual Services	1,350	1,400	1,400	0	1,450	1,505
	TOTAL Contractual Services	**127,025**	**131,520**	**131,520**	**0**	**137,170**	**142,025**
53000	Clothing	777	2,400	2,400	0	2,500	2,600
53400	Maint Constr Material Supply	659	685	685	0	710	735
53500	Vehicle Part Supply Accessory	3,296	3,739	3,739	0	4,244	4,818
53600	Pro Science Supply Material	3,661	5,000	5,000	0	5,175	5,356
53700	Office and Data Supplies	455	475	475	0	495	515
53900	Other Supplies and Materials	6,580	6,810	6,810	0	7,050	7,300
	TOTAL Commodities	**15,428**	**19,109**	**19,109**	**0**	**20,174**	**21,324**
	TOTAL Capital Outlay	**55,787**	**77,750**	**77,750**	**0**	**64,785**	**66,885**
	TOTAL REPORTABLE EXPENDITURES	**754,760**	**228,379**	**844,989**	**0**	**871,715**	**230,234**
	SUBTOTAL State Operations	**754,760**	**228,379**	**844,989**	**0**	**871,715**	**230,234**
	TOTAL EXPENDITURES	**754,760**	**228,379**	**844,989**	**0**	**871,715**	**230,234**

Marketing Budget

Obj. Code	OBJECTS OF EXPENDITURE	FY 2026 Actuals	FY 2027 Base Budget Entry	FY 2027 Base Budget Request	FY 2027 Agency Change Packages	FY 2028 Base Budget Request	FY 2029 Base Budget Request
	Salaries and Wages	968,502	0	966,577	0	1,030,386	0
	TOTAL Salaries and Wages	**968,502**	**0**	**966,577**	**0**	**1,030,386**	**0**
52100	Freight and Express	2,297	2,380	2,380	0	2,465	2,550
52200	Printing and Advertising	3,628	3,765	3,765	0	3,890	4,030
52300	Rents	4,000	4,140	4,140	0	4,285	4,435
52400	Reparing and Servicing	2,699	2,825	2,825	0	2,895	2,995
52500	Travel and Subsistence	8,781	9,090	9,090	0	9,430	9,750
52510	InState Travel and Subsistence	19,494	20,180	20,180	0	20,890	21,625
52520	Out of State Travel and Subsis	4,472	4,630	4,630	0	4,800	4,960
52600	Fees-other Services	(41,900)	4,765	4,765	0	4,950	5,100
52700	Fee-Professional Services	6,624,771	7,500,000	7,500,000	0	7,800,000	8,100,000
52800	Utilities	0	0	0	0	0	0
	TOTAL Contractual Services	**6,628,242**	**7,551,775**	**7,551,775**	**0**	**7,853,605**	**8,155,445**
53000	Clothing	741	3,000	3,000	0	3,500	4,000
53200	Food for Human Consumption	326	340	340	0	355	370
53400	Maint Constr Material Supply	100	110	110	0	115	120
53500	Vehicle Part Supply Accessory	1,000	1,140	1,140	0	1,300	1,482
53600	Pro Science Supply Material	0	0	0	0	0	0
53700	Office and Data Supplies	1,293	1,345	1,345	0	1,395	1,445
53900	Other Supplies and Materials	134,068	140,025	140,025	0	144,930	150,040
	TOTAL Commodities	**137,528**	**145,960**	**145,960**	**0**	**151,595**	**157,457**
	TOTAL Capital Outlay	**60**	**100**	**100**	**0**	**125**	**150**
	SUBTOTAL State Operations	**7,734,332**	**7,697,835**	**8,664,412**	**0**	**9,035,711**	**8,313,052**
55500	State Special Grants	300	0	0	0	0	0
	TOTAL Other Assistance	**300**	**0**	**0**	**0**	**0**	**0**
	TOTAL REPORTABLE EXPENDITURES	**7,734,632**	**7,697,835**	**8,664,412**	**0**	**9,035,711**	**8,313,052**
	TOTAL EXPENDITURES	**7,734,632**	**7,697,835**	**8,664,412**	**0**	**9,035,711**	**8,313,052**

KANSAS LOTTERY

FY27–FY29 Budget & Sales Forecast

Budget strategy, sales outlook, Expanded Lottery and transfers

Commission Budget Presentation | September 2026

FY26 actuals presented in this deck remain preliminary and subject to completion of the annual financial statement audit.

Executive Outlook

Conservative sales assumptions fund modernization while state transfers continue to grow.

KANSAS LOTTERY

01 Sales Outlook

FY27 sales of $503.6M grow 0.6%. Growth rises to about 2% in FY28 and FY29, led by iLottery.

02 Budget Strategy

Recurring authority is right-sized and redirected to claims, infrastructure, security and finance modernization.

03 Expenditure Trajectory

Excluding transfers, expenditures rise from $575.6M in FY27 to $604.8M in FY29, a 5.1% increase.

04 State Transfers

Expanded Lottery transfers reach $146.7M by FY29. Traditional and iLottery transfers reach $94.2M.

COMMISSION POSITION

A conservative plan that funds modernization through reallocation while recognizing structural cost growth.

FY26 actuals remain preliminary and subject to completion of the annual financial statement audit.

External Factors Influencing Scratch Ticket Sales

A changing competitive landscape and pressure on discretionary spending are reshaping the consumer wallet.

COMPETITIVE PRESSURE

Prediction Markets

Alternative wagering and entertainment competing for discretionary gaming spend.

RETAIL COMPETITION

Gray Machines

Retail gaming alternatives competing for spend in or near traditional lottery channels.

SCRATCH TICKET SALES

COMPETITION / SUBSTITUTION + ECONOMIC PRESSURE

CHANNEL SHIFT

iLottery

Digital lottery access can expand engagement while also shifting some play from physical scratch.

WALLET PRESSURE

Consumer Inflation

Higher household costs reduce the discretionary dollars available for entertainment.

KEY TAKEAWAY

Scratch ticket performance increasingly reflects both competition for gaming spend and broader pressure on consumers' discretionary budgets.

Conceptual framework — directional effects and magnitudes are not quantified.

Large Jackpots Are a Key Driver of Draw Game Sales

Jackpot frequency and magnitude create material year-to-year volatility in Powerball and Mega Millions sales.

KANSAS LOTTERY

DEFINITION

Large Jackpot

Run ends between $350M and $750M.

DEFINITION

Very Large Jackpot

Run ends at $750M or higher.

CONTEXT

FY26 Powerball Highlights

Kansas shared the April 29 $143.4M jackpot with Indiana. Two jackpot runs reached approximately $1.8B in September and December.

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%
2026	**1**	**3**	**64.4**	**39.4%**

KEY TAKEAWAY

Draw game sales can swing materially with the jackpot cycle: FY26 combined sales rebounded 39.4%, alongside two exceptionally large Powerball runs.

Large/very large classifications use the ending jackpot for each run. The April 29 Kansas win is local context and is not classified as a large-jackpot event.

Sales Forecast: Stable FY27 and Moderate Growth

Sales stabilize in FY27, then grow about 2% annually as iLottery offsets conservative physical-game assumptions.

Sales ($M)	FY26 Actual*	FY27	Δ %	FY28	Δ %	FY29	Δ %
Instant	182.3	182.8	+0.3%	183.8	+0.5%	184.8	+0.6%
Draw	115.0	109.6	-4.7%	110.6	+0.9%	111.6	+0.9%
iLottery	203.2	211.2	+3.9%	219.5	+3.9%	228.1	+3.9%
TOTAL	**500.5**	**503.6**	**+0.6%**	**513.9**	**+2.0%**	**524.5**	**+2.1%**

NEAR TERM

FY27

Stabilization year: +0.6% total sales.

OUT YEAR

FY28

+2.0% as digital growth and traditional stabilization build.

OUT YEAR

FY29

+2.1% with the same measured growth profile.

KEY TAKEAWAY

Growth is concentrated in iLottery. The forecast assumes only modest improvement in physical products.

* FY26 actual sales are preliminary and remain subject to completion of the annual financial statement audit.

Instant Games: Stabilization Followed by Modest Growth

The forecast assumes the recent shock to scratch tickets moderates, while smaller instant categories are conservatively modeled.

Instant Sales ($M)	FY26 Actual*	FY27	Δ %	FY28	Δ %	FY29	Δ %
Scratch – Regular	169.3	170.0	+0.4%	171.7	+1.0%	173.4	+1.0%
Pull-Tabs	4.9	5.0	+1.1%	4.5	-10.0%	4.0	-11.1%
Fast Play	8.0	7.8	-2.3%	7.6	-2.6%	7.4	-2.6%
TOTAL INSTANT	**182.3**	**182.8**	**+0.3%**	**183.8**	**+0.5%**	**184.8**	**+0.6%**

CORE ASSUMPTION

Scratch Stabilization

After disruption from gray machines, prediction markets and other competitive pressures, regular scratch sales are expected to stabilize in FY27 and return to approximately 1% annual growth.

FORECAST DISCIPLINE

Conservative Mix

Pull-Tabs and Fast Play are not assumed to rebound. This keeps the overall instant forecast measured even as the core scratch category improves.

KEY TAKEAWAY

Regular scratch tickets remain the anchor of the instant portfolio; the forecast assumes stabilization rather than a rapid recovery from recent market pressures.

* FY26 actual sales are preliminary and remain subject to completion of the annual financial statement audit.

Draw Games: Conservative Forecast Assumptions

Keno and Racetrax remain in the draw portfolio, supported by marketing and product refresh initiatives.

Draw Sales ($M)	FY26 Actual*	FY27	Δ %	FY28	Δ %	FY29	Δ %
Powerball	45.3	38.9	-14.2%	38.9	0.0%	38.9	0.0%
Mega Millions	19.6	19.5	-0.5%	19.5	0.0%	19.5	0.0%
Keno	6.4	6.4	-0.2%	6.4	0.0%	6.4	0.0%
Racetrax	5.9	5.7	-3.3%	5.7	0.0%	5.7	0.0%
Lucky for Life	4.5	—	—	—	—	—	—
Millionaire for Life	2.8	7.8	n/m	7.8	0.0%	7.8	0.0%
Other Draw Games	30.5	31.3	+2.6%	32.3	+3.2%	33.3	+3.1%
TOTAL DRAW	**115.0**	**109.6**	**-4.7%**	**110.6**	**+0.9%**	**111.6**	**+0.9%**

Note: Other Draw Games include Pick 3, Lotto America, 2 by 2, raffles and Kansas Cash.

REFRESH + STABILIZE

Keno & Racetrax

Marketing and game-refresh efforts are expected to stabilize both products at a sustainable sales base.

PRODUCT TRANSITION

Annuity Transition

Millionaire for Life is expected to replace the revenue previously generated by Lucky for Life.

FORECAST DISCIPLINE

Jackpot Games

Powerball and Mega Millions use conservative baselines

KEY TAKEAWAY

Draw sales normalize from FY26 jackpot activity, while Keno/Racetrax stabilize and Millionaire for Life replaces the Lucky for Life revenue base.

* FY26 actual sales are preliminary and remain subject to completion of the annual financial statement audit.

Budget Strategy: Right-Size, Reallocate and Invest

Align budget authority with actual spending and redirect available capacity to priority investments.

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1 BASELINE DISCIPLINE

Right-Size Existing Lines

Use historical spending to right-size recurring authority while preserving appropriate operating flexibility.

2 INTERNAL REALLOCATION

Reallocate Available Capacity

Redirect available capacity to investments that improve customer experience, resilience, controls and productivity.

3 STRATEGIC INVESTMENT

Fund Priority Initiatives

Deploy resources to targeted modernization initiatives with clear operational value and longer-term efficiency benefits.

KEY TAKEAWAY

The strategy redirects existing resources toward higher-priority investments wherever practical.

Modernization Priorities

Reallocated funding supports customer service, infrastructure, field operations and finance systems.

CUSTOMER EXPERIENCE

Winner Experience

Claims Center remodel and service improvements; kiosks to replace paper claim forms and streamline the claims process.

TECHNOLOGY

Core Infrastructure

Replace aging servers to improve reliability, security and operational resilience.

FIELD OPERATIONS

Security Operations

Replace aging security radios; provide uniforms, less lethal weapons, and enhanced training for agents.

IMPLEMENTATION CAPACITY

Transformation Support

Consulting support for future-state finance operations, process automation, software selection and implementation.

FINANCE MODERNIZATION

Integrate Finance Systems

Establish a technology platform connecting data from gaming ledgers (IGT, Pollard and GMS) with data from SMART and IBARS

Improve financial reporting, year-end close and budget development; reduce manual data entry; increase efficiency; and provide budget dashboards for department heads.

KEY TAKEAWAY **Reallocation converts lower-use budget capacity into service improvements and foundational modernization.**

FY27 Structural Cost Growth

External requirements and revenue-linked contracts create cost growth outside discretionary investments.

NEW REQUIRED COST

Administrative Chargebacks

$80,000 increase to cover Secretary of State chargebacks associated with the new administrative rules system.

This is a new externally driven cost rather than a lottery driven discretionary modernization initiative.

VARIABLE CONTRACTUAL COST

Revenue-Linked Cost of Sales

Contractual expenses tied to net gaming revenue include:

- iLottery system fees
- Casino management fees
- Sports wagering management fees

FORECAST-DRIVEN INCREASE

FY27 Forecast Effect

Updated FY27 net gaming revenue forecasts increase the expected management and system fees embedded in cost of sales.

These costs rise with the underlying revenue base and should be distinguished from controllable operating spending.

KEY TAKEAWAY

FY27 separates reallocated investments from external requirements and revenue-linked costs.

Out-Year Inflation Planning Benchmark

FY27 remains within the current allocation. FY28 and FY29 use 3.5% as a planning benchmark.

KANSAS LOTTERY

3.5%

Planning Benchmark

A 3.5% benchmark based on Midwest CPI and wage trends supports FY28 and FY29 planning. Individual line items may vary.

14%

Fuel Price Pressure

A substantially higher cost pressure than the general inflation assumption.

$7.5M

Advertising

One of the Lottery's largest spending categories and an important exposure to media-cost inflation.

BUDGET PATH

FY27
Budget allocation

FY28
+3.5%

FY29
+3.5%

PLANNING APPROACH

FY27 advertising remains at the approved allocation. FY28 and FY29 use 3.5% as a benchmark for contractual and commodity spending, with adjustments where specific cost information is available.

KEY TAKEAWAY

The 3.5% benchmark provides a consistent baseline. Individual budget lines may vary based on contracts and operating requirements.

FY27–FY29 Budget Summary

The expenditure total covers operations and Expanded Lottery costs. State transfers are shown separately.

$ Millions	FY27	FY28	FY29
COST OF SALES			
Ticket Printing	4.90	5.10	5.40
Vendor Contracts	15.60	15.90	16.20
Prize Fund Payments	43.30	43.60	44.00
Total Cost of Sales	**63.80**	**64.60**	**65.60**
OPERATIONS			
Salaries and Wages	9.14	9.41	9.69
Sales Expenses*	0.44	0.47	0.49
Marketing Expenses	7.70	8.01	8.31
Security and IT Expenses*	1.61	2.40	1.82
Administrative Expenses	2.19	2.24	2.24
Total Operations	**21.08**	**22.53**	**22.55**
Transfers to the State	**90.48**	**92.34**	**94.24**
Expanded Lottery Expenditures	**490.70**	**503.60**	**516.60**
TOTAL EXPENDITURES (LESS TRANSFERS)	**575.58**	**590.73**	**604.75**

$575.6

FY27 Expenditures ($M)

Excludes state transfers.

$604.8

FY29 Expenditures ($M)

$29.2M above FY27.

~85%

Expanded Lottery

About 85% of expenditures, excluding transfers.

KEY TAKEAWAY

Excluding transfers, expenditures rise $29.2M from FY27 to FY29. Expanded Lottery accounts for $25.9M of the increase.

* Sales Expenses and Security & IT Expenses include planned capital investment in servers and vehicles.

Expanded Lottery Revenue and Expenses

Casino revenue uses 3.1% annual growth. Sports wagering uses a 1.6% annual growth assumption.

$ Millions	FY26 Actual*	FY27	Δ %	FY28	Δ %	FY29	Δ %
Casino net gaming revenue	**431.6**	**445.0**	**+3.1%**	**458.8**	**+3.1%**	**473.0**	**+3.1%**
Sports wagering net gaming revenue	**177.7**	**180.6**	**+1.6%**	**183.4**	**+1.6%**	**186.4**	**+1.6%**
Casino operator management fee	314.4	324.1	+3.1%	334.2	+3.1%	344.5	+3.1%
Sports wagering management fee	159.7	162.3	+1.6%	164.9	+1.6%	167.5	+1.6%
Operating expenses	4.2	4.3	+3.1%	4.5	+3.1%	4.6	+3.1%

CONSERVATIVE BASELINE

Casino Growth

The 3.1% annual forecast is below the 3.5% FY25–FY26 increase and provides a conservative baseline.

MEASURED GROWTH

Sports Wagering

1.6% annual growth provides a measured baseline for the forecast period.

CURRENT OBSERVATION

Market Resilience

Preliminary results do not show a material effect from Missouri sports wagering or the Chiefs missing the Super Bowl.

KEY TAKEAWAY

Revenue assumptions remain measured. Contractual management fees increase with the underlying gaming revenue base.

* FY26 actuals remain subject to completion of the annual financial statement audit.

Expanded Lottery Transfers

Forecast growth in casino and sports wagering revenue increases statutory and formula-based distributions.

$ Millions	FY26 Actual*	FY27	Δ %	FY28	Δ %	FY29	Δ %
Expanded Lottery Act Revenues Fund	95.9	98.8	+3.1%	101.9	+3.1%	105.0	+3.1%
Problem Gambling Fund – Casino	8.6	8.9	+3.1%	9.2	+3.1%	9.5	+3.1%
Problem Gambling Fund – Sports	0.3	0.3	+1.6%	0.3	+1.6%	0.4	+1.6%
Attracting Sports to Kansas Fund	13.6	13.8	+1.6%	14.1	+1.6%	14.3	+1.6%
White Collar Crime Fund	0.8	0.8	+1.6%	0.8	+1.6%	0.8	+1.6%
State Gaming Revenues Fund	3.1	3.1	+1.6%	3.2	+1.6%	3.2	+1.6%
City & County Governments	13.0	13.2	+1.6%	13.4	+1.6%	13.6	+1.6%
TOTAL	**135.2**	**138.9**	**+2.8%**	**142.8**	**+2.8%**	**146.7**	**+2.8%**

NEAR TERM

FY27 Transfers

$138.9M forecast, approximately 2.8% above preliminary FY26 actuals.

+2.8%

FY28

$142.8M total transfers.

+2.8%

FY29

$146.7M total transfers, $11.5M above FY26.

KEY TAKEAWAY

Expanded Lottery transfers increase from $135.2M in FY26 to $146.7M in FY29.

* FY26 actuals remain subject to completion of the annual financial statement audit.

Traditional Lottery and iLottery Transfers

Core transfers remain stable while iLottery increases the Attracting Sports to Kansas Fund.

Transfers ($M)	FY26 Actual*	FY27	Δ %	FY28	Δ %	FY29	Δ %
State Gaming Revenue Fund	71.49	71.49	0.0%	71.49	0.0%	71.49	0.0%
Veterans Programs	1.26	1.26	0.0%	1.26	0.0%	1.26	0.0%
Mental Health Programs	10.00	10.00	0.0%	10.00	0.0%	10.00	0.0%
Attracting Sports to Kansas Fund	**5.55**	**7.73**	**+39.4%**	**9.59**	**+23.9%**	**11.52**	**+20.2%**
TOTAL	**88.30**	**90.48**	**+2.5%**	**92.34**	**+2.0%**	**94.24**	**+2.1%**

BASELINE

Stable Core Transfers

State Gaming Revenue Fund, Veterans and Mental Health transfers remain essentially flat through FY29.

GROWTH DRIVER

iLottery-Driven Growth

Transfers to the Attracting Sports to Kansas Fund rise as iLottery sales grow and the statutory distribution rate increases.

KEY TAKEAWAY

Traditional and iLottery transfers increase from $88.3M in FY26 to $94.2M in FY29. The Attracting Sports to Kansas Fund receives the incremental growth.

* FY26 actuals remain subject to completion of the annual financial statement audit.

Commission Conclusions

The budget pairs conservative forecasts with targeted reinvestment and increasing state distributions.

01 Sales Outlook

FY27 sales are forecast at $503.6M, then grow about 2% annually. iLottery remains the primary source of growth.

02 Budget Strategy

Budget lines reflect actual spending. Available capacity supports customer service, infrastructure, security and finance modernization.

03 Expenditure Trajectory

Excluding transfers, expenditures rise from $575.6M in FY27 to $604.8M in FY29. Expanded Lottery drives most of the increase.

04 Transfers

Expanded Lottery transfers reach $146.7M by FY29. Traditional and iLottery transfers reach $94.2M.

BOTTOM LINE

The plan uses measured sales assumptions, funds priority modernization and maintains growing distributions to state programs.

FY26 actuals remain preliminary and subject to completion of the annual financial statement audit.

ACTUAL - ALL DEPARTMENTS FY 2026				Agency Name		KANSAS LOTTERY			
DIVISION OF THE BUDGET				Agency Number		450-00		Function No. 01	
DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS				Program Title & Number					Page
	OBJECT OF EXPENDITURES	OBJ CODE	Administration 01303	IT 70100	Sales 70300	Security 70400	COS 70500	Exp L 70600	Marketing 70700	TOTAL All Depts
01	TOTAL SALARY & WAGES	100	1,868,526	738,244	1,735,353	556,520	-	1,659,890	968,502	7,527,035
05	Communication	200	11,548	173,067	11,500	101	-	11,129	-	207,345
05	Freight & Express	210	1,662	-	-	410	-	-	2,297	4,369
05	Printing & Advertising	220	1,277	100	4,335	100	3,515,000	-	3,628	3,524,440
05	Rents	230	986,212	282,156	4,113	6,692	-	2,603	4,000	1,285,776
05	Repairing & Servicing	240	25,301	198,335	47,629	36,278	1,018,000	11,673	2,699	1,339,915
05	Travel & Subsistence-In State	250	10,830	1,838	6,760	3,128	-	6,685	8,781	38,022
05	Travel & Subsistence-Out State	250	735	888	31,802	700	-	10,869	19,494	64,488
05	Travel & Subsistence-International	250	10,853	2,383	-	3,141	-	-	4,472	20,849
05	Fees-Other Services	260	462,975	186,448	1,050	7,199	-	534,415,057	(41,900)	535,030,829
05	Fees-Professional Services	270	84,955	-	2,118	67,926	17,462,000	2,600,000	6,624,771	26,841,770
05	Utilities	280	4,526	-	-	-	-	-	-	4,526
05	Other Contractual Services	290	47,716	-	600	1,350	-	611	-	50,277
06	TOTAL CONTRACTUAL SERVICES		1,648,590	845,215	109,907	127,025	21,995,000	537,058,627	6,628,242	568,412,606
10	Clothing	300	1,639	452	1,358	777	-	735	741	5,702
10	Feed & Forage	310								
10	Food for Human Consumption	320	-	-	-	-	-	-	326	326
10	Fuel	330								-
10	Maint. Materials, Supplies & Parts	340	250	2,360	264	659	-	111	100	3,744
10	Motor Vehicle Parts, Supplies	350	4,296	58	70,378	3,296	-	3,400	1,000	82,428
10	Professional & Scientific Supplies	360	367	1,996	91,443	3,661	-	-	-	97,467
10	Stationery &Office Supplies	370	6,169	80,085	500	455	-	282	1,293	88,784
10	Scientific Research Supplies	380								-
10	Other Supplies, Materials, Parts	390	29,841	1,353	5,581	6,580	-	1,069	134,068	178,492
11	TOTAL COMMODITIES		42,562	86,304	169,524	15,428	-	5,597	137,528	456,943
15	TOTAL CAPITAL OUTLAY	400	55,162	143,783	139,927	55,787		15,975	60	410,694
20	CLAIMS	500	-	-	-	-	-	-	-	-
25										
30	5100-LOTTERY OPERATING FUND		3,614,840	1,813,546	2,154,711	754,760	21,995,000	538,740,089	7,734,332	576,807,278
35	Federal Aid to Local Units	500	-	-	-	-	-	-	-	-
35	State Aid to Local Units	510	-	-	-	-	-	12,952,442	-	12,952,442
36	TOTAL AID TO LOCAL UNITS									
37	State Paid Prizes (Fund 7381)		-	-	-	-	31,258,996	-	-	31,258,996
37	Tax Withholding - Non-Expense		-	-	-	-	18,974,404	-	-	18,974,404
37	5104-Hospitality		2,036	-	-	-	-	-		2,036
37	5400-Auditors	700	64,000	-	-	-	-	-		64,000
38										
40										
45	Number of Full Time Positions		24.25	8.75	22.37	6.75		17.50	11.38	91.00

BUDGETED - ALL DEPARTMENTS FY 2027				Agency Name		KANSAS LOTTERY			
DIVISION OF THE BUDGET				Agency Number		450-00		Function No. 01	
DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS				Program Title & Number					Page
	OBJECT OF EXPENDITURES	OBJ CODE	Administration 01303	IT 70100	Sales 70300	Security 70400	COS 70500	Exp L 70600	Marketing 70700	TOTAL All Depts
01	TOTAL SALARY & WAGES	100	2,320,876	796,369	1,920,031	616,610	-	1,964,998	966,576	8,585,460
05	Communication	200	13,595	179,355	11,905	105	-	11,520	-	216,480
05	Freight & Express	210	1,700	-	-	425	-	-	2,380	4,505
05	Printing & Advertising	220	1,330	105	4,490	105	4,000,000	-	3,765	4,009,795
05	Rents	230	1,318,855	292,035	4,260	6,930	-	2,695	4,140	1,628,915
05	Repairing & Servicing	240	24,545	205,280	49,305	37,565	1,055,000	12,090	2,825	1,386,610
05	Travel & Subsistence-In State	250	16,920	1,910	7,005	3,240	-	6,925	9,090	45,090
05	Travel & Subsistence-Out State	250	765	920	32,920	730	-	11,250	20,180	66,765
05	Travel & Subsistence-International	250	15,340	2,470	-	3,255	-	-	4,630	25,695
05	Fees-Other Services	260	577,925	192,985	1,090	7,455	-	487,000,385	4,765	487,784,605
05	Fees-Professional Services	270	116,405	-	2,195	70,310	18,075,000	2,700,000	7,500,000	28,463,910
05	Utilities	280	4,690	-	-	-	-	-	-	4,690
05	Other Contractual Services	290	50,620	-	625	1,400	-	635	-	53,280
06	TOTAL CONTRACTUAL SERVICES		2,142,690	875,060	113,795	131,520	23,130,000	489,745,500	7,551,775	523,690,340
10	Clothing	300	25,940	500	1,410	2,400		765	3,000	34,015
10	Feed & Forage	310								
10	Food for Human Consumption	320							340	340
10	Fuel	330								-
10	Maint. Materials, Supplies & Parts	340	260	2,450	275	685		115		3,785
10	Motor Vehicle Parts, Supplies	350	4,897	70	79,916	3,739		3,876		92,498
10	Professional & Scientific Supplies	360	400	2,070	94,650	5,000		-		102,120
10	Stationery &Office Supplies	370	6,394	82,895	520	475		295		90,579
10	Scientific Research Supplies	380								-
10	Other Supplies, Materials, Parts	390	30,850	1,410	5,780	6,810		1,110	140,025	185,985
11	TOTAL COMMODITIES		68,741	89,395	182,551	19,109	-	6,161	143,365	509,322
15	TOTAL CAPITAL OUTLAY	400	111,527	421,710	144,830	77,750		16,540	100	772,457
20	CLAIMS	500	-	-	-	-	-	-	-	-
25										
30	5100-LOTTERY OPERATING FUND		4,643,834	2,182,534	2,361,207	844,989	23,130,000	491,733,199	8,661,816	533,557,579
35	Federal Aid to Local Units	500	-	-	-	-	-	-	-	-
35	State Aid to Local Units	510	-	-	-	-	-	12,990,000	-	12,990,000
36	TOTAL AID TO LOCAL UNITS									
37	State Paid Prizes (Fund 7381)		-	-	-	-	38,000,000	-	-	38,000,000
37	Tax Withholding - Non-Expense		-	-	-	-	20,000,000	-	-	20,000,000
37	5104-Hospitality		5,000	-	-	-	-	-	-	5,000
37	5400-Auditors	700	80,000	-	-	-	-	-	-	80,000
38										
40										
45	Number of Full Time Positions		23.50	7.75	22.37	5.75		17.25	9.38	86.00

BUDGETED - ALL DEPARTMENTS FY 2028			Agency Name	KANSAS LOTTERY					
DIVISION OF THE BUDGET			Agency Number	450-00			Function No. 01		
DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS			Program Title & Number						Page
	OBJECT OF EXPENDITURES	OBJ CODE	Administration 01303	IT 70100	Sales 70300	Security 70400	COS 70500	Exp L 70600	Marketing 70700	TOTAL All Depts
01	TOTAL SALARY & WAGES	100	2,604,047	841,428	2,040,384	649,586	-	2,070,106	1,030,387	9,235,938
05	Communication	200	14,075	185,655	12,325	110	-	11,925	-	224,090
05	Freight & Express	210	1,785	-	-	440	-	-	2,465	4,690
05	Printing & Advertising	220	1,385	110	4,650	1,110	4,332,000	-	3,890	4,343,145
05	Rents	230	1,335,266	302,260	4,410	7,175	-	2,790	4,285	1,656,186
05	Repairing & Servicing	240	26,455	212,470	51,050	38,895	1,150,000	12,525	2,895	1,494,290
05	Travel & Subsistence-In State	250	17,555	1,980	7,255	3,360	-	7,175	9,430	46,755
05	Travel & Subsistence-Out State	250	795	955	34,075	760	-	11,650	20,890	69,125
05	Travel & Subsistence-International	250	15,915	2,555	-	3,370	-	-	4,800	26,640
05	Fees-Other Services	260	515,439	199,750	1,130	7,725	-	498,375,400	4,950	499,104,394
05	Fees-Professional Services	270	121,456	-	2,275	72,775	19,600,000	2,800,000	7,800,000	30,396,506
05	Utilities	280	4,855	-	-	-	-	-	-	4,855
05	Other Contractual Services	290	52,455	-	650	1,450	-	660	-	55,215
06	TOTAL CONTRACTUAL SERVICES		2,107,436	905,735	117,820	137,170	25,082,000	501,222,125	7,853,605	537,425,891
10	Clothing	300	25,975	905,735	117,820	137,170	-	795	3,500	1,190,995
10	Feed & Forage	310								
10	Food for Human Consumption	320							355	355
10	Fuel	330								-
10	Maint. Materials, Supplies & Parts	340	270	2,540	285	710		120		3,925
10	Motor Vehicle Parts, Supplies	350	5,583	85	90,780	4,244		4,418		105,110
10	Professional & Scientific Supplies	360	415	2,150	97,965	5,175		-		105,705
10	Stationery &Office Supplies	370	6,625	85,800	545	495		305		93,770
10	Scientific Research Supplies	380								-
10	Other Supplies, Materials, Parts	390	31,985					1,150		33,135
11	TOTAL COMMODITIES		70,853	996,310	307,395	147,794	-	6,788	3,855	1,532,995
15	TOTAL CAPITAL OUTLAY	400								-
20	CLAIMS	500	-	-	-	-	-	-	-	-
25										
30	5100-LOTTERY OPERATING FUND		4,782,336	2,743,473	2,465,599	934,550	25,082,000	503,299,019	8,887,847	548,194,824
35	Federal Aid to Local Units	500	-	-	-	-	-	-	-	-
35	State Aid to Local Units	510	-	-	-	-	-	13,029,000	-	13,029,000
36	TOTAL AID TO LOCAL UNITS									
37	State Paid Prizes (Fund 7381)		-	-	-	-	38,957,500	-	-	38,957,500
37	Tax Withholding - Non-Expense		-	-	-	-	21,660,000	-	-	21,660,000
37	5104-Hospitality		5,000	-	-	-	-	-	-	5,000
37	5400-Auditors	700	80,000	-	-	-	-	-	-	80,000
38										
40										
45	Number of Full Time Positions		23.50	7.75	22.37	5.75		17.25	9.38	86.00

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 2027 and FY2028 includes twenty-three and fifty hundredths (23.50) 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%) General Counsel, one (1) fifty percent (50%) Chief Fiscal 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) Systems Administrator, one (1) Procurement Officer, one (1) Information Security Analyst, one (1) Director of Social Media, one (1) Draw Official, one (1) Administrative Specialist, one (1) Internal Auditor, one (1) Policy and Program Analyst, one (1) Human Resources Professional, one (1) Accountant, one (1) Accounting Manager, 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) Senior Administrative Assistant, one (1) Fiscal Analyst, two (2) Claims Service Consultants, one (1) Research Analyst, one (1) Controller, two (2) Unclassified Temporary Program Specialist/Draw Official, and five (5) fifty-percent (50%) Non-FTE Commissioner positions.

Budget Year FY 2027: $2,320,875. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2028: $2,604,047. 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.

Agency vacancies included in the current staffing plan are funded in the Administration Program. The amounts below combine the Executive and Finance budget reports.

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.

Current Year FY 2027:
$2,142,690 is requested. $1,318,855 is for rents for the Lottery office in Topeka and for equipment. $33,025 is requested for travel. Professional services total $116,405 and include the annual financial and compliance audit and processing of annual W-2G and 1099 documents. Other services include publication of game rules, membership dues, interagency support fees and the $5,000 hospitality fund. The request includes a one-time $80,000 change package in Finance object 52600 for an administrative expense shifted to the Lottery by the Secretary of State. The expense would be treated as recurring if approved.

Budget Year FY 2028:
$2,107,436 is requested. This funding level would continue the Lottery's occupation of the Topeka office, with rents totaling $1,335,266. It also provides for postage, mailing service fees, the annual monumental buildings surcharge fee, travel and other professional services. Hospitality is included in the amount of $5,000. The request includes a one-time $80,000 change package in Finance object 52600 for an administrative expense shifted to the Lottery by the Secretary of State. The expense would be treated as recurring if approved.

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 2027:
$68,741 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 2028:
$70,853 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 2027:
$111,527 is requested. This funding provides for capital equipment and computer hardware and software to improve agency efficiency and support agency operations.

Budget Year FY 2028:
$116,567 is requested. This funding provides for capital equipment and computer hardware and software to improve agency efficiency and support agency operations.

Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program INFORMATION TECHNOLOGY 01351

EXPENDITURE JUSTIFICATION – INFORMATION TECHNOLOGY

Account Code 100: Salaries and Wages

Summary: This program is headed by the Director of Information Technology. It consists of seven and seventy-five hundredths (7.75) FTE in FY 2027 and FY 2028. 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 2027 and FY 2028 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, and one (1) Network Administrator.

Budget Year FY 2027: $796,369. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2028: $841,428. 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 INFORMATION TECHNOLOGY 01351

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 2027: $875,060.

Budget Year FY 2028: $905,735.

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 2027: $89,395.

Budget Year FY 2028: $92,565.

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 2027: $421,710.

Budget Year FY 2028: $589,765.

Narrative Information—DA 400

Division of the Budget | Agency 450-00 KANSAS LOTTERY

State of Kansas | Program SALES 04201

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 2027 and FY 2028. 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) Director of Retailer Services, 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 2027: $1,920,031. Requested dollars include monies to fund salary and wages, overtime, funding for the employee recognition program.

Budget Year FY 2028: $2,040,384. 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 SALES 04201

Account Code: 200 Contractual Services

Summary: The Sales Department makes sales calls throughout the state to Lottery 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.

Ticket distribution costs are included in the Central Gaming Services contract and are reported in Cost of Sales. The field sales staff will continue 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 2027: $113,795.

Budget Year FY 2028: $117,820.

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 2027: $182,551.

Budget Year FY 2028: $197,020.

Account Code 400 Capital Outlay

Summary: These amounts provide for capital outlay supporting the Sales Department. Lottery vehicles are used to service retailer accounts, recruit retailers, and perform other Lottery-related duties. Replacement decisions consider high mileage, condition and excessive repairs.

Current Year FY 2027: $144,830.

Budget Year FY 2028: $149,905.

Narrative Information—DA 400

Division of the Budget | Agency 450-00 KANSAS LOTTERY

State of Kansas | Program SECURITY 04301

EXPENDITURE JUSTIFICATION - SECURITY

Account Code 100: Salaries and Wages:

Summary: This program is headed by the Director of Security. It consists of funding for five and seventy-five hundredths (5.75) FTE positions in FY 2027 and FY 2028. 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, three (3) 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 2027: $616,610. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2028: $649,585. 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 04301

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 2027: $131,520.

Budget Year FY 2028: $137,170.

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 Security Department 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 2027: $19,109.

Budget Year FY 2028: $20,174.

Account Code 400: Capital Outlay

Summary: Costs include replacements or upgrades to security access controls, radios, defensive equipment, and monitoring equipment and other capital equipment needed to support Security operations.

Current Year FY 2027: $77,750.

Budget Year FY 2028: $64,785.

Narrative Information—DA 400

Division of the Budget
State of Kansas

Agency 450-00 KANSAS LOTTERY
Program COST OF SALES 04401

COST OF SALES 70500

EXPENDITURE JUSTIFICATION

Account Code 200: Contractual Services

Summary: These costs consist of Ticket Printing, Ticket Distribution and Third Party Vendor Fees. The Lottery contracts for central gaming services, ticket distribution and its PlayOn players' loyalty and iLottery programs. These services support player engagement, player information, second-chance drawings, and online sales of e-Instant and e-Draw games.

Ticket Printing – The Lottery offers a variety of instant and pull-tab games. Each game is printed and sold by Lottery retailers until the announced end of the game by the Executive Director. The number of tickets and games printed are directly related to sales. Tickets printed for larger denominations tend to be of larger size and have more eye-catching graphics.

Printing costs vary by ticket denomination, game size, ticket dimensions, graphics and other production requirements. Budgeted printing expenditures are shown below under object 52200.

Ticket Distribution – Beginning July 1, 2024, ticket distribution services were incorporated into the Central Gaming Services contract. Distribution and other gaming-system services are supported through the related contractual service provisions.

Central Gaming Services – The Lottery's central gaming system contract with Scientific Games began in FY 2019 following an RFP process. The contract supports operation of the gaming system, ticket distribution and related services, including services for self-service vending machines and retailer ticket displays.

PlayOn Players' Loyalty Program – The Lottery contracts for the PlayOn program to increase player engagement and facilitate second-chance drawings. The platform also supports online sales of e-Instant and e-Draw games. Prizes awarded through the program are the responsibility of the Lottery.

	FY 2026 Actual	FY 2027 Current Year	FY 2028 Budget Year
Ticket Printing (52200)	3,515,000	4,000,000	4,332,000
Third Party Vendor Fees (52700)	17,462,000	18,075,000	19,600,000
Repairs and Servicing (52400)	1,018,000	1,055,000	1,150,000

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

Summary: Ticket distribution is provided through the Central Gaming Services contract. No separate commodities request is included in the Cost of Sales program for FY 2027 or FY 2028.

Current Year FY 2027: $0.
Budget Year FY 2028: $0.

Account Code 400: Capital Outlay

Current Year FY 2027: $0.
Budget Year FY 2028: $0.

The Lottery uses self-service vending terminals to support retail distribution. No capital outlay request is included in the Cost of Sales program for FY 2027 or FY 2028.
Non-Revenue Items:

Summary--Retailer Commissions:
Retailer commissions consist of compensation earned on Lottery ticket sales and for cashing eligible winning tickets. Retailers may also receive selling bonuses and other incentives under the applicable game and retailer policies.

Commission payments are made to retailers through the Lottery's retailer accounts receivable by issuing a credit for the amount of commission. Retailer-paid prizes and commissions are deducted from the sales accounts receivable.

Summary--Prizes:
Prizes consist of retailer-paid prizes and prizes paid by the Lottery using fund 7381. Retailer-paid prizes are deducted from sales accounts receivable. Prize claims processed by the Lottery are paid through its claims and prize-payment procedures. The DA 406 reports State prize-related grants under object 55500 and non-expense items under object 57000. These budget classifications are distinct from total prizes paid to players. Retailer-paid prizes are outside the DA 406 expenditure totals shown below.

	FY 2026 Actual	FY 2027 Current Year	FY 2028 Budget Year
State prize-related grants (55500)	31,258,996	38,000,000	38,957,500

Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program COST OF SALES 04401

	FY 2026 Actual	FY 2027 Current Year	FY 2028 Budget Year
Non-expense items (57000)	18,974,404	20,000,000	21,660,000

Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program EXPANDED LOTTERY EXPENSES 04501

EXPENDITURE JUSTIFICATION – EXPANDED LOTTERY EXPENSES

NOTE: Administrative operating costs are funded from the Lottery Operating Fund (5123), with reimbursement by facility managers under the Kansas Expanded Lottery Act and contracts with the Lottery. Casino distributions are financed from fund 5128, and sports wagering distributions from the Sports Wagering Receipts Fund (2946). No State General Fund financing is requested.

Account Code 100: Salaries and Wages

CASINO GAMING AND SPORTS WAGERING

Account Code 100: Salaries and Wages

Summary: This program is headed by the Director of Gaming Facilities and includes seventeen and twenty-five hundredths (17.25) FTE positions in FY 2027 and FY 2028. 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% General Counsel, 50% Chief Fiscal Officer, 50% Director of Human Resources, 50% Responsible Gaming Manager, 25% Director of Security, 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 2027: $1,964,999. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2028: $2,070,107. 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 04501

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 2027:
$489,745,500 is requested for casino gaming and sports wagering contractual services. This funding level would continue the Expanded Lottery Department's training and travel to casino facilities, professional services, and other requirements of the KELA.

$325,000,385 is requested in casino Fees–Other Services, which includes management-related disbursements and other service costs. Casino professional services total $2,700,000. Aid to local governments is requested separately at $12,990,000. The estimates may be revised through the consensus revenue estimate process.

$162,000,000 is requested for sports wagering Fees–Other Services. Funding is from the Sports Wagering Receipts Fund (2946). This expenditure provision is distinct from wagers, net gaming revenue and the State's retained share.

Budget Year FY 2028:
$501,222,125 is requested for casino gaming and sports wagering contractual services. This funding level would continue the Expanded Lottery Department's training and travel to casino facilities, professional services, and other requirements of the KELA.

$336,375,400 is requested in casino Fees–Other Services, which includes management-related disbursements and other service costs. Casino professional services total $2,800,000. Aid to local governments is requested separately at $13,029,000. The estimates may be revised through the consensus revenue estimate process.

$162,000,000 is requested for sports wagering Fees–Other Services. Funding is from the Sports Wagering Receipts Fund (2946). This expenditure provision is distinct from wagers, net gaming revenue and the State's retained share.

Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program EXPANDED LOTTERY EXPENSES 04501

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 2027:
$6,161 is requested. This funding level would allow the Expanded Lottery Department to provide supplies for existing staff and maintain Lottery-owned vehicles.

Budget Year FY 2028:
$6,788 is requested. This funding level would allow the Expanded Lottery Department to provide supplies for existing staff and maintain Lottery-owned vehicles.

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 2027: $16,540.

Budget Year FY 2028: $17,120.

Narrative Information—DA 400

Division of the Budget — Agency 450-00 KANSAS LOTTERY

State of Kansas — Program MARKETING 04601

EXPENDITURE JUSTIFICATION – MARKETING

Account Code 100: Salaries and Wages

Summary: This program is headed by the Director of Sales and Marketing and consists of nine and thirty-eight hundredths (9.38) FTE positions for FY 2027 and FY 2028. 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, 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 2027: $966,576. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2028: $1,030,387. 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 04601

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 the Veterans' instant scratch games as well as its partnerships with Kansas Speedway, the Kansas State Fair, Kansas universities, Kansas City Chiefs, 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.

Current Year FY 2027: $7,551,775.

Budget Year FY 2028: $7,853,605.

Narrative Information—DA 400

Division of the Budget
State of Kansas

Agency 450-00 KANSAS LOTTERY
Program MARKETING 04601

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 2027: $145,960.

Budget Year FY 2028: $151,595.

Account Code 400: Capital Outlay

Current Year FY 2027: $100.

Budget Year FY 2028: $125.