



# FY 2025 Lottery Requested Budget

Total FY 2025 Lottery Expenditures: \$483,635,098

## Expanded Lottery

## Traditional Lottery

**Casino Gaming  
Revenues - \$401.4 M\***

**Sports Wagering  
Revenues - \$112.0 M\***

**Cost of Sales - \$56.3 M**

**Operations - \$17.0 M**

**Expenditures - \$309.5 M\***

**Expenditures - \$100.8 M\***

\$ 4.8 M Ticket Printing  
\$ 13.5 M Vendor Contracts  
\$ 0.0 M Ticket Shipping  
\$ 38.0 M Prize Fund Payments

\$ 7.0 M Salary and Wages  
\$ 0.6 M Sales Expenses  
\$ 6.5 M Marketing Expenses  
\$ 1.2 M Security / IT Expenses  
\$ 1.7 M Administrative Expenses

\$ 293.0 M Facility Mgrs. (73%)\*  
\$ 12.1 M Local Governments (3%)\*  
\$ 4.4 M Expanded Lottery Expenses\*\*

\$ 100.8 M Facility Mgrs. (90%)\*

**Transfers to the State**

**Transfers to the State**

\$ 88.3 M ELARF (22%)\*

\$ 8.0 M PGAGF (2%)\*

\$ 0.75 M White Collar Crime\*  
\$ 0.21 M PGAGF (2%)\*  
\$ 8.36 M APSK (80%)\*  
\$ 1.88 M SGRF/SGF (18%)\*

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

**Transfers to the State**

\$84.75 M #

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

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

# Transfers are inclusive of:

- \$1.26 M - Veterans' programs
- \$10.0 M - Mental Health
- \$50 M to SGRF by formula
- Remainder to SGF/APSK

\*These figures reflect the Spring 2024 CRE meeting.

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

Amounts above include all authorized positions and do not reflect shrinkage of \$443,884 applied in prior year session.

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



# FY 2026 Lottery Requested Budget

**Total FY 2026 Lottery Expenditures: \$492,450,675**

## Expanded Lottery

## Traditional Lottery

**Casino Gaming  
Revenues - \$400.1 M\***

**Sports Wagering  
Revenues - \$120.0M\***

**Cost of Sales - \$58.1 M**

**Operations - \$17.7 M**

**Expenditures - \$308.6 M\***  
 \$ 292.1 M Facility Mgrs. (73%)\*  
 \$ 12.0 M Local Governments (3%)\*  
 \$ 4.5 M Expanded Lottery  
 Expenses\*\*

**Expenditures - \$108.0 M\***  
 \$ 108.0 M Facility Mgrs. (90%)\*

\$ 4.8 M Ticket Printing  
 \$ 15.3 M Vendor Contracts  
 \$ 0.0 M Ticket Shipping  
 \$ 38.0 M Prize Fund Payments

\$ 7.2 M Salary and Wages  
 \$ 0.6 M Sales Expenses  
 \$ 6.9 M Marketing Expenses  
 \$ 1.2 M Security / IT Expenses  
 \$ 1.8 M Administrative Expenses

**Transfers to the State**  
 \$ 88.0 M ELARF (22%)\*  
 \$ 8.0 M PGAGF (2%)\*

**Transfers to the State**  
 \$ 0.75 M White Collar Crime\*  
 \$ 0.22 M PGAGF (2%)\*  
 \$ 9.00 M APSK (80%)\*  
 \$ 2.03 M SGRF/SGF (18%)\*

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

**Transfers to the State**  
 \$90.75 M #

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

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

- # Transfers are inclusive of:
- \$1.26 M - Veterans' programs
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Amounts above include all authorized positions.

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

# KANSAS LOTTERY

## Executive Summary

Budget for Fiscal Years 2025 & 2026

### **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, as well as draw and monitor games like Powerball and Keno 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 and draw games for fiscal year 2024 were \$337.9 million. This was the Lottery's second highest sales total ever, trailing only the record \$338.2 million in fiscal year 2023. Actual cash transfers to the designated beneficiaries (State Gaming Revenues Fund, veterans' programs, and mental health programs) for fiscal year 2024 totaled \$88.54 million, which was the highest total ever.

Elevated sales were in part due to multiple large jackpots in the national jackpot games, Mega Millions and Powerball. During fiscal year 2023, there were three separate jackpots topping one billion dollars. In fiscal year 2024, there were five separate jackpots topping one billion dollars. The combined sales of these two games were \$80.2 million and \$76.6 million in fiscal years 2024 and 2023, respectively.

Instant and Pull-Tab tickets sales in fiscal year 2023 saw a combined sales decrease of \$3.4 million from the previous fiscal year. The combined \$203.6 million in ticket sales still represented the third-highest sales year ever. 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.

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.

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 \$408.0 million, which was the highest total since fiscal year 2019.

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 \$11.7 million and \$5.8 million from sports wagering operations during fiscal year 2024 and 2023, 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 \$88,538,772 to the State. Of that amount, \$1,260,000 was transferred to state programs that provide benefits to Kansas military veterans, \$9,000,000 was transferred for designated mental health programs, and the remainder to the State Gaming Revenues Fund (SGRF).

Overall administrative expenses in FY 2024 were \$13,774,047. Cost of Sales expenses for FY 2024 were \$17,624,421. Total prizes paid to players and commissions earned by retailers for FY 2024 were \$202,384,917 and \$19,649,322, 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.

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 370 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 320,000 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 plans to launch 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 \$353.6 million and \$402.1 million for FY 2025 and FY 2026, 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 \$85.75 million for FY 2024 and \$80.75 million for FY 2025. The Lottery is proposing transfers of \$84.25 million and \$90.75 million for FY 2025 and FY 2026, respectively.

**Actual and Proposed Sales for Traditional Lottery**

	<b>Actual FY 2024</b>	<b>Proposed FY 2025</b>	<b>Proposed FY 2026</b>
Instant Scratch Tickets	\$ 193,245,319	\$ 195,000,000	\$ 197,000,000
Instnat Pull-Tab Tickets	8,002,149	7,000,000	7,000,000
Instant Fast Play Tickets	932,433	10,000,000	10,000,000
Draw and Monitor Games	135,756,544	117,100,000	117,100,000
e-Instant Tickets	-	20,000,000	60,000,000
e-Draw Games	-	4,500,000	11,000,000
	<u>\$ 337,936,445</u>	<u>\$ 353,600,000</u>	<u>\$ 402,100,000</u>

**Actual and Proposed Transfers for Traditional Lottery**

	<b>Actual FY 2024</b>	<b>Proposed FY 2025</b>	<b>Proposed FY 2026</b>
State Gaming Revenues Fund	\$ 78,278,772	\$ 72,990,000	\$ 81,490,000
Veterans' Programs	1,260,000	1,260,000	1,260,000
Mental Health Programs	9,000,000	10,000,000	8,000,000
	<u>\$ 88,538,772</u>	<u>\$ 84,250,000</u>	<u>\$ 90,750,000</u>

## **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 2025 legislative-approved cost of sales expenses total \$53,495,000. Total estimated cost of sales Total estimated cost of sales expenses for FY 2025 and FY 2026 are \$56,345,000 and \$58,145,000, respectively.

The FY 2025 legislative-approved operating expenses total \$16,033,373. 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 2025 and FY 2026 to total \$16,945,499 and \$17,803,267, 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 2024, casino gaming net revenues totaled \$408.0 million, which is \$0.9 million more than the previous year. Combined transfers totaling \$97.9 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 \$0.2 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. Boot Hill has faced increased competition from the “Golden Mesa Casino” in Guymon, Oklahoma, that opened in September 2019.

Kansas Star Casino in Mulvane: The Kansas Star Casino once again generated the most gaming revenue of all four casinos with state-owned games. 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. Under normal circumstances a wide range of entertainment events are held, as well as hosting conventions, wedding receptions, corporate meetings, and similar activities. The Kansas Star Casino experiences a great deal of competition from the numerous tribal casinos in Oklahoma and a tribal facility in Sedgwick County.

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. Hollywood’s market share among the five major casinos has steadily risen from about 14 percent when it opened to around 20 percent.

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, overall Kansas Crossing has increased its month-over-month gaming revenues. 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.

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 2024 was more than \$11.7 million and was transferred to the designated beneficiaries in July 2024.

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

Casino Gaming Revenues

	<b>Actual FY 2024</b>	<b>Proposed FY 2025</b>	<b>Proposed FY 2026</b>
Expanded Lottery Act Revenues Fund	\$ 89,754,234	\$ 88,308,000	\$ 88,022,000
Problem Gambling and Addictions Fund	8,159,477	8,028,000	8,002,000
Cities & Counties	12,239,214	12,042,000	12,003,000
Lottery Gaming Facility Managers	<u>297,820,866</u>	<u>293,022,000</u>	<u>292,073,000</u>
Net Casino Gaming Revenues	\$ 407,973,791	\$ 401,400,000	\$ 400,100,000

Sports Wagering Revenues\*\*

	<b>Actual FY 2024</b>	<b>Proposed FY 2025</b>	<b>Proposed FY 2026</b>
White Collar Crime Fund	\$ 750,000	\$ 750,000	\$ 750,000
Problem Gambling and Addictions Fund	219,318	209,000	225,000
Attracting Prof. Sports to Kansas Fund	8,772,725	8,360,000	9,000,000
State Gaming Revenues Fund	1,973,863	1,881,000	2,025,000
Lottery Gaming Facility Managers	<u>105,443,154</u>	<u>100,800,000</u>	<u>108,000,000</u>
Net Sports Wagering Revenues	\$ 117,159,060	\$ 112,000,000	\$ 120,000,000

\*Consensus Revenue Estimate for ELARF – April 2024.

\*\*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 \$393,822,000 and \$400,073,000 for FY 2025 and FY 2026, respectively.

The FY 2025 legislative-approved operating expenses total \$4,825,082. Estimated operating expenses are \$4,475,599 and \$4,493,038 in FY 2025 and FY 2026, 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

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program AGENCY INFORMATION

### GENERAL AGENCY INFORMATION:

The State of Kansas has received more than \$2.2 billion in funds from Kansas Lottery transfers since the Lottery was established in 1987. Those monies were generated from more than \$7.8 billion in lottery ticket sales from the 1987 launch through the end of Fiscal Year 2024. Kansas Lottery players have won nearly \$4.4 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 \$1.05 billion in revenue transfers from casino gaming under the Kansas Expanded Lottery Act. In addition, local units of government have received \$144.4 million from state-owned casino gaming. More than \$96.2 million has gone to the Problem Gambling and Addictions Grant Fund. The State of Kansas share of revenue from sports wagering totaled more than \$17.5 million in the first two 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

## Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program AGENCY INFORMATION

### 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.

## Narrative Information—DA 400

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program AGENCY INFORMATION

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

#### PRIOR YEAR FY 2024:

Lottery sales of instant tickets and draw games for fiscal year 2024 were \$337.9 million. This was the Lottery’s second highest sales total ever, trailing only the record \$338.2 million in fiscal year 2023. Actual cash transfers to the designated beneficiaries (State Gaming Revenues Fund, veterans’ programs, and mental health programs) for fiscal year 2024 totaled \$88.54 million, which was the highest total ever. Elevated sales were in part due to multiple large jackpots in the national jackpot games, Mega Millions and Powerball. During fiscal year 2023, there were three separate jackpots topping one billion dollars. In fiscal year 2024, there were five separate jackpots topping one billion dollars. The combined sales of these two games were \$80.2 million and \$76.6 million in fiscal years 2024 and 2023, 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.

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 more than 370 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 \$408.0 million, which was the highest total since fiscal year 2019. Combined transfers totaling \$97.9 million 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 2024 was more than \$11.7 million and was transferred to the designated beneficiaries in July 2024.

**Narrative Information—DA 400**

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program AGENCY INFORMATION

**CURRENT YEAR FY 2025:**

The Kansas Lottery estimates sales revenues for the 2025 budget year will be \$353.6 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 370 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 320,000 PlayOn® members, with one of the highest utilization rates of any lottery players club in the country.

**Narrative Information—DA 400**

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program AGENCY INFORMATION

**CURRENT YEAR FY 2025: (Continued)**

Leveraging the success of the players’ loyalty program, the Lottery plans to launch 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 2025 the Lottery’s minimum transfer to the Lottery’s designated beneficiaries (State Gaming Revenues Fund, veterans’ programs, and mental health programs) to be \$84.75 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 \$16.9 million. Prize expenses are estimated at \$221.6 million, and retailer commissions are estimated at \$18.7 million for FY 2025. 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 \$305.1 million for FY 2025. Contractual distributions for gaming facility managers related to sports wagering are expected to be \$100.8 for FY 2025.

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 \$4.5 million for FY 2025.

**Narrative Information—DA 400**

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program AGENCY INFORMATION

**BUDGET YEAR FY 2026:**

The Kansas Lottery estimates sales revenues for the 2026 budget year will be \$402.1 million.

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 \$17.8 million. Prize expenses are estimated at \$261.0 million, and retailer commissions are estimated at \$18.8 million for FY 2025. The payroll, contractual service, and commodities are projected to have moderate increases. Capital outlay includes the replacement of five 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 \$304.1 million for FY 2026. Contractual distributions for gaming facility managers related to sports wagering are expected to be \$108.0 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 \$4.5 million for FY 2026.

# NARRATIVE INFORMATION - DA 400

DIVISION OF THE BUDGET  
STATE OF KANSAS

AGENCY NAME  
AGENCY CODE

**KANSAS LOTTERY**  
**450-00**

Performance indicators	FY 2024 Budgeted	% of KL Sales	FY 2024 Actual	% of KL Sales	FY 2025 Current Year	% of KL Sales	FY 2026 Budget Year	% of KL Sales
Lottery Sales (actual)	318,600,000	100.00%	338,088,369	100.00%	353,600,000	100.00%	402,100,000	100.00%
Cost Reimbursements - Retailers	1,000,000		1,128,284		1,000,000		1,000,000	
Casino Gaming Net Revenue	399,200,000		407,973,791		401,400,000		400,100,000	
Sports Wagering Net Revenue	100,000,000		117,159,060		112,000,000		120,000,000	
Expanded Lottery Reimbursements	4,350,644		4,038,945		4,475,599		4,493,038	
Lottery Operating:								
Prize payments (actual)	195,352,000	61.32%	202,384,917	59.86%	221,612,000	62.67%	261,002,000	64.91%
Transfers to the State (actual)	80,250,000	25.19%	88,538,772	26.19%	84,250,000	23.83%	90,750,000	22.57%
Administrative Expenses	15,464,920	4.85%	13,774,047	4.07%	16,950,499	4.79%	17,808,267	4.43%
Expanded Lottery Expenses	4,350,644		4,038,945		4,475,599		4,493,038	
Retailer Commissions	18,573,889	5.83%	19,649,322	5.81%	18,705,574	5.29%	18,828,964	4.68%
Vendor Commissions and Contracts	9,062,000	2.84%	11,252,075	3.33%	12,787,000	3.62%	14,692,000	3.65%
Ticket Printing	4,800,000	1.51%	3,499,250	1.04%	4,800,000	1.36%	4,800,000	1.19%
Ticket Shipping	750,000	0.24%	620,000	0.18%	-	0.00%	-	0.00%
Casino Gaming Distribution:								
ELARF	87,824,000		89,754,234		88,308,000		88,022,000	
Problem Gambling & Addictions	7,984,000		8,159,477		8,028,000		8,002,000	
County/City	11,976,000		12,239,214		12,042,000		12,003,000	
Management Fees	291,416,000		297,820,866		293,022,000		292,073,000	
Sports Wagering Distribution:								
White Collar Crime Fund	750,000		750,000		750,000		750,000	
Problem Gambling & Addictions	185,000		219,318		209,000		225,000	
Attracting Professional Sports	7,400,000		8,772,725		8,360,000		9,000,000	
SGRF / SGF	1,665,000		1,973,863		1,881,000		2,025,000	
Management Fees	90,000,000		105,443,154		100,800,000		108,000,000	

# KANSAS LOTTERY

SALES ESTIMATES	FY 2024 ACTUAL	FY 2025 CURRENT YEAR	FY 2026 BUDGET YEAR
Instant Tickets			
Scratch	193,179,658	195,000,000	197,000,000
Pulltab	8,002,149	7,000,000	7,000,000
Fast Play	940,766	10,000,000	10,000,000
TOTAL INSTANT	202,122,573	212,000,000	214,000,000
CHANGE FROM PRIOR YEAR		4.9%	0.9%
Draw Games			
Powerball	50,766,742	35,000,000	35,000,000
Mega Millions	29,412,480	25,000,000	25,000,000
Lotto America	5,731,284	6,000,000	6,000,000
2 by 2	1,542,850	1,600,000	1,600,000
Raffles	3,000,000	3,000,000	3,000,000
Kansas Cash	11,570,298	12,000,000	12,000,000
Keno	9,847,205	10,000,000	10,000,000
Pick 3	8,216,884	8,500,000	8,500,000
Lucky 4 Life	7,861,904	8,000,000	8,000,000
Racetrax	7,765,535	8,000,000	8,000,000
TOTAL DRAW	135,715,182	117,100,000	117,100,000
CHANGE FROM PRIOR YEAR		-13.7%	0.0%
iLottery Games			
e-Instant	-	20,000,000	60,000,000
e-Draw	-	4,500,000	11,000,000
TOTAL iLOTTERY	-	24,500,000	71,000,000
CHANGE FROM PRIOR YEAR		100.0%	189.8%
TOTAL NET SALES	337,837,755	353,600,000	402,100,000
CHANGE FROM PRIOR YEAR		4.7%	13.7%



**ACTUALS - ALL DEPARTMENTS FY 2024**  
 DIVISION OF THE BUDGET  
 DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

Agency Name KANSAS LOTTERY  
 Agency Number 450-00  
 Program Title & Number

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	1,344,156	567,226	2,053,179	547,552	-	1,564,368	684,343	-	6,760,824
05 Communication	200	16,557	261,720	-	-	-	7,118	-	-	285,395
05 Freight & Express	210	210	-	-	-	780,364	-	-	-	780,574
05 Printing & Advertising	220	598	-	3,212	-	5,112,345	-	210	-	5,116,365
05 Rents	230	886,001	-	6,023	-	-	3,000	7,000	-	902,024
05 Repairing & Servicing	240	56,447	297,961	4,905	1,562	450,133	2,660	3,603	-	817,271
05 Travel & Subsistence-In State	250	15,209	1,157	23,034	2,481	-	24,625	28,368	-	94,874
05 Travel & Subsistence-Out State	250	-	-	-	-	-	-	-	-	-
05 Fees-Other Services	260	385,196	34,512	2,500	6,250	-	296,122,581	60	102,573,799	399,124,898
05 Fees-Professional Services	270	61,576	-	-	-	11,252,075	2,510,597	5,528,000	-	19,352,248
05 Utilities	280	5,066	-	-	-	-	-	-	-	5,066
05 Other Contractual Services	290	49,300	358	1,075	100	-	-	-	-	50,833
06 TOTAL CONTRACTUAL SERVICES		1,476,160	595,708	40,749	10,393	17,594,917	298,670,581	5,567,241	102,573,799	426,529,548
10 Clothing	300	717	187	561	62	-	31	2,496	-	4,054
10 Feed & Forage	310	-	-	-	-	-	-	-	-	-
10 Food for Human Consumption	320	-	-	3	-	-	-	-	-	3
10 Fuel	330	-	-	-	-	-	-	-	-	-
10 Maint. Materials, Supplies & Parts	340	1,392	45,802	288	316	-	-	1,500	-	49,298
10 Motor Vehicle Parts, Supplies	350	3,645	-	72,883	1,361	-	3,149	1,523	-	82,561
10 Professional & Scientific Supplies	360	116	-	108,452	345	-	-	276	-	109,189
10 Stationery & Office Supplies	370	25,444	4,324	2,368	15	29,504	123	594	-	62,372
10 Scientific Research Supplies	380	-	-	-	-	-	-	-	-	-
10 Other Supplies, Materials, Parts	390	7,037	-	6,902	-	-	7	229,326	-	243,272
11 TOTAL COMMODITIES		38,351	50,313	191,457	2,099	29,504	3,310	235,715	-	550,749
15 TOTAL CAPITAL OUTLAY	400	10,598	236,437	121,050	-	-	-	1,320	-	369,405
20 CLAIMS	500	-	-	-	-	-	-	-	-	-
25										
30 5100-LOTTERY OPERATING FUND		2,869,265	1,449,684	2,406,435	560,044	17,624,421	300,238,259	6,488,619	102,573,799	434,210,526
35 Federal Aid to Local Units	500	-	-	-	-	-	-	-	-	-
35 State Aid to Local Units	510	-	-	-	-	-	12,215,705	-	-	12,215,705
36 TOTAL AID TO LOCAL UNITS										
37 State Paid Prizes (Fund 7381)		-	-	-	-	53,021,325	-	-	-	53,021,325
37 Tax Withholding - Non-Expense		-	-	-	-	6,212,790	-	-	-	6,212,790
37 Operating Transfers - Non-Expense		-	-	-	-	-	-	-	-	-
37 5104-Hospitality		-	-	-	-	-	-	-	-	-
40										
45 Number of Full Time Positions		23.75	6.75	29.37	6.75	-	17.00	6.38	5.00	95.00

**BUDGETED - ALL DEPARTMENTS FY 2025**

DIVISION OF THE BUDGET  
DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

Agency Name KANSAS LOTTERY  
Agency Number 450-00  
Program Title & Number

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	2,243,171	806,490	2,094,066	593,522	-	1,881,199	1,231,716	-	8,850,164
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	933,000	-	7,000	-	-	1,800	10,000	-	951,800
05 Repairing & Servicing	240	24,000	170,000	20,000	5,000	450,000	6,000	10,000	-	685,000
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	388,000	110,000	2,500	7,000	-	293,022,000	10,000	100,800,000	394,339,500
05 Fees-Professional Services	270	120,000	70,000	22,000	15,000	13,095,000	2,500,000	6,150,000	-	21,972,000
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		1,627,200	643,000	130,500	40,800	18,345,000	295,605,900	6,277,500	100,800,000	423,469,900
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	179,204	96,630	-	-	-	-	600,834
20 CLAIMS	500	-	-	-	-	-	-	-	-	-
25										
30 5100-LOTTERY OPERATING FUND		3,945,071	1,849,990	2,656,770	745,202	18,345,000	297,497,599	7,748,466	100,800,000	433,588,098
35 Federal Aid to Local Units	500	-	-	-	-	-	-	-	-	-
35 State Aid to Local Units	510	-	-	-	-	-	12,042,000	-	-	12,042,000
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		-	-	-	-	-	-	-	-	-
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 2026**

DIVISION OF THE BUDGET  
DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

Agency Name KANSAS LOTTERY  
Agency Number 450-00  
Program Title & Number

Page

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	2,435,263	815,168	2,115,958	601,278	-	1,898,638	1,245,305	-	9,111,610
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	-	292,073,000	10,000	108,000,000	400,690,500
05	Fees-Professional Services	270	120,000	70,000	22,000	15,000	14,895,000	2,500,000	6,550,000	-	24,172,000
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		1,737,200	693,000	130,500	40,800	20,145,000	294,656,900	6,677,500	108,000,000	432,080,900
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		4,247,163	1,908,668	2,732,423	681,328	20,145,000	296,566,038	8,162,055	108,000,000	442,442,675
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			-	-	-	-	-	-	-	-	-
40											
45	Number of Full Time Positions		22.75	8.50	23.37	5.50	-	17.50	13.38	-	91.00

DA 406/410 - Expenditures and Plans for Financing

**KANSAS LOTTERY**

AGENCY 450

OBJ CODE	OBJECT OF EXPENDITURE	FY 2024 ACTUAL	FY 2025 BUDGET YEAR	FY 2025 ENHANCEMENT	FY 2026 BUDGET YEAR
100	<b>TOTAL SALARY &amp; WAGES</b>	6,760,824	8,850,164		9,111,610
200	COMMUNICATION	285,395	322,000		322,000
210	FREIGHT & EXPRESS	780,574	6,000		6,000
220	PRINTING & ADVERTISING	5,116,365	4,866,850		4,866,850
230	RENTS	902,024	951,800		981,800
240	REPAIRING & SERVICING	817,271	685,000		715,000
250	TRAVEL & SUBSISTENCE	94,874	281,400		281,400
260	FEES - OTHER SERVICES	399,124,898	394,339,500		400,690,500
270	FEES - PROFESSIONAL SERVICES	19,352,248	21,972,000		24,172,000
280	UTILITIES	5,066	1,500		1,500
290	OTHER CONTRACTUAL SERVICES	50,833	43,850		43,850
	<b>TOTAL CONTRACTUAL SERVICES</b>	426,529,548	423,469,900	-	432,080,900
300	CLOTHING	4,054	15,400		15,400
310	FEED & FORAGE	-	-		-
320	FOOD FOR HUMAN CONSUMPTION	3	-		-
330	FUEL	-	-		-
340	MAINT. MATERIALS, SUPPLIES, PARTS	49,298	13,850		13,850
350	MOTOR VEHICLE PARTS, SUPPLIES	82,561	96,500		96,500
360	PROFESSIONAL & SCIENTIFIC SUPPLIES	109,189	153,350		153,350
370	STATIONERY & OFFICE SUPPLIES	62,372	112,800		112,800
380	SCIENTIFIC RESEARCH SUPPLIES	-	-		-
390	OTHER SUPPLIES, MATERIALS, PARTS	243,272	275,300		275,300
	<b>TOTAL COMMODITIES</b>	550,749	667,200	-	667,200
400	<b>TOTAL CAPITAL OUTLAY</b>	369,405	600,834	-	654,595
	Claims-COS Royalty Fees	-	-		-
	<b>SUBTOTAL - STATE OPERATIONS</b>	434,210,526	433,588,098	-	442,514,305
510	State Aid to Local Units	12,215,705	12,042,000		12,003,000
900	OPERATING TRANSFERS - NON-EXPENSE	-	-		-
104	HOSPITALITY	-	5,000		5,000
	<b>TOTAL EXPENDITURES OPERATING EXPENSES</b>	446,426,231	445,635,098	-	454,522,305
	MANAGEMENT PRIV. FEES (CASINOS) (Fund 5129)				
	STATE PAID PRIZES (Fund 7381)	59,234,115	44,000,000	-	44,000,000

## Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

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 2025 and FY2026 includes twenty-two and seventy-five hundredths (22.75) 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) 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 Manager, one (1) seventy-five (75%) Director of Social Media, one (1) Draw Official, one (1) Administrative Assistant, one (1) Internal Auditor, two (2) Policy and Program Analysts, three (3) Accountants, one (1) Deputy Draw Manager, one (1) Program Consultant, one (1) fifty percent (50%) Deputy Executive Director, one (1) Administrative Specialist, one (1) Deputy Director of Finance, one (1) Responsible Gaming Manager, one (1) Enforcement Agent, one (1) Research and Order Analyst, one (1) Administrative Officer, one (1) Unclassified Temporary Program Specialist/Draw Official, and five (5) fifty-percent (50%) Non-FTE Commissioner positions.

Budget Year FY 2025: \$2,243,171. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2026: \$2,435,263. Requested dollars include monies to fund salary and wages, overtime, merit increases and funding for the employee recognition program. All positions included in FY 2024 are included in the FY 2025 request.

Agency vacancies, including those that are earmarked to be filled in FY 2025 and FY 2026 are included in the Administration Program.

## **Narrative Information—DA 400**

Division of the Budget

State of Kansas

Agency

450-00

KANSAS LOTTERY

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 2025:

\$1,632,200 is requested. \$933,000 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 2026:

\$1,742,200 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 2025:

\$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 2026:

\$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 2025:

\$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 remainder 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 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 remainder 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 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 eight and fifty one hundredths (8.50) FTE in FY 2025 and FY 2026. 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 2025 and FY 2026 are: one (1) fifty percent (50%) Director of Information Technology, one (1) Applications Developer, one (1) Change Management/UAT System Administrator, one (1) Information Systems 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 2025: \$806,490. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2026: \$815,168. Requested dollars include monies to fund salary and wages, overtime, merit increases, 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 2025: \$643,000

Budget Year FY 2026: \$693,000

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 2025: \$100,500

Budget Year FY 2026: \$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 2025: \$300,000

Budget Year FY 2026: \$300,000

## **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-three and thirty-seven hundredths (23.37) FTE and two (2) classified temporary position in FY 2025 and FY 2026. 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 two (2) Coordinators. 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 2025: \$2,094,066. Requested dollars include monies to fund salary and wages, overtime, funding for the employee recognition program and the Retailer Recruitment Commission.

Budget Year FY 2026: \$2,115,958. Requested dollars include monies to fund salary and wages, overtime, merit increases, and funding for the employee recognition program and the Retailer Recruitment Commission.

## **Narrative Information—DA 400**

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program SALES 04201

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 2025: \$130,500

Budget Year FY 2026: \$130,500

## **Narrative Information—DA 400**

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

Program SALES 04201

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 2025: \$253,000

Budget Year FY 2026: \$253,000

Account Code 400 Capital Outlay

Summary: These amounts will allow four 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 2025: \$179,204

Budget Year FY 2026: \$232,965

**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 fifty one hundredths (5.5) FTE positions in FY 2024 and FY 2025. 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) seventy-five percent (75%) Deputy Director of Security, three (3) Enforcement Agents, and one (1) Program Manager. The 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 2024: \$593,522. Requested dollars include monies to fund salary and wages, overtime, merit increases, and funding for the employee recognition program.

Budget Year FY 2025: \$601,278. Requested dollars include monies to fund salary and wages, overtime, merit increases, 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 2025: \$40,800

Budget Year FY 2026: \$40,800

### 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 2025: \$14,250

Budget Year FY 2026: \$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 2025 include replacement of two vehicles.

Current Year FY 2025: \$96,630

Budget Year FY 2026: \$25,000

## 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 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. This contract was amended 2024 to include ticket distribution management beginning July 1, 2024. 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. This contract was amended in 2024 to include on-line sales of e-Instant and e-Draw games through the PlayOn platform, with sales slated to begin in early 2025.

Ticket Printing – Instant and Pull-tab ticket sales in FY 2024 and FY 2023 were \$202.1 million and \$203.7 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 \$0.03 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, \$30 and \$50 tickets cost from \$.14 to \$.59 per ticket. Printing costs for Pull-tab tickets run from \$.02 to \$.07 per ticket.

Ticket Distribution--In FY 2024 all instant tickets were delivered by FedEx with a cost of \$780,364 plus \$29,5040 in shipping services and supplies (commodities). Beginning July 1, 2024, ticket distribution costs are included in the Central Gaming Services contract and are calculated at 3.7% of gross gaming revenue (sales less prizes) for instant scratch and pull-tab games.

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 2024 were \$10,440,075, compared to \$8,663,431 in FY 2023. FY 2024 costs included a one-time cost of \$1.61 million for the increased capacity for Sci-Q ticket dispensing and customer displays at 200 high-volume retailers.

## Narrative Information—DA 400

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

Program COST OF SALES 04401

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. Beginning in FY 2025, the Lottery will offer sales of e-Instant and some draw games through the PlayOn platform. Costs for the contract will be 22% of net gaming revenue (sales minus wins, bonuses, free play and promotional credits) for all e-Instant games and 10.5% of sales for all draw games sold through the platform.

	FY 2024	FY 2025	FY 2026
	Actual	Current Year	Budget Year
Ticket Printing	5,112,345	4,800,000	4,800,000
Third Party Vendor Fees	11,702,208	13,545,000	15,345,000
Ticket Shipping	780,364	0	0

Account Code 300: Commodities

Summary: Shipping of the instant and pull-tab tickets requires supplies consisting of boxes, envelopes, tape and other related commodities. FY 2023 commodities were \$67,720.

Budget Year FY 2025: \$0

Budget Year FY 2026: \$0

Account Code 400: Capital Outlay

Budget Year FY 2025: \$0

Budget Year FY 2026: \$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

State of Kansas

Agency 450-00 KANSAS LOTTERY

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 2024 Actual	FY 2025 Current Year	FY 2026 Budget Year
Prizes paid by State (7381)	53,021,325	38,000,000	38,000,000
Non-Expense—Federal & State Taxes	6,212,790	6,000,000	6,000,000
Prizes paid by Retailers	146,274,435	147,422,810	148,434,510

## **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: All funding is from the Lottery Operating Fund (5123). The fund is to be reimbursed for all costs by the Facility Managers with signed contracts per requirements set forth in the KELA, and contracts with the Lottery. No Expanded Lottery expenses have any impact on the State General Fund.

Account Code 100: Salaries and Wages

#### CASINO GAMING AND SPORTS WAGERING

Summary: This program is headed by the Director of Gaming Facilities and includes seventeen and fifty hundredths (17.50) FTE positions in FY 2025 and FY 2026. 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% Director of Social Media, 50% Director of Information Technology, 25% Director of Sales and Marketing, 25% Information Security Officer, 25% Deputy Director of Security, 25% Executive Secretary, and 50% of each of the five commissioner positions.

Budget Year FY 2025: \$1,881,199. Requested dollars include monies to fund salary and wages, overtime, and funding for the employee recognition program.

Budget Year FY 2026: \$1,898,638. Requested dollars include monies to fund salary and wages, overtime, merit increases, 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 2025:

\$396,405,900 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.

\$293,022,000 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.

\$100,800,000 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 2026:

\$402,656,900 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.

\$292,073,000 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.

\$108,000,000 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 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 2025:

\$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 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.

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 2025: \$0

Budget Year FY 2026: \$0

**Narrative Information—DA 400**

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

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 thirteen and thirty-eight hundredths (13.38) FTE positions for FY 2025 and FY 2026. 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) Events Coordinator, one (1) Media Promotions and Second Chance Draw Coordinator, and one (1) Player Loyalty Program Administrator, one (1) Product Development Manager, and one (1) Deputy Director of Marketing, one (1) iLottery and Digital Games Product Manager, one (1) Advertising Coordinator, one (1) Sales and Marketing Associate, one (1) Player Loyalty Coordinator, one (1) iLottery Program Manager, , one (1) Draw Game Product Manager, and one (1) Deputy Director. 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 2025: \$1,231,716. Requested dollars include monies to fund salary and wages, overtime, merit increases, and funding for the employee recognition program.

Budget Year FY 2026: \$1,245,305. Requested dollars include monies to fund salary and wages, overtime, merit increases, and funding for the employee recognition program.

## **Narrative Information—DA 400**

Division of the Budget

State of Kansas

Agency 450-00 KANSAS LOTTERY

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 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.

Current Year FY 2025: \$6,277,500

Budget Year FY 2026: \$6,677,750

**Narrative Information—DA 400**

Division of the Budget

Agency 450-00 KANSAS LOTTERY

State of Kansas

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 2025: \$239,250

Budget Year FY 2026: \$239,250

## Account Code 400: Capital Outlay

Current Year FY 2025: \$0

Budget Year FY 2026: \$0