

## Part I – Agency Profile

### Agency Overview

The Idaho State Lottery was established by citizen initiative in 1988 and is governed by Title 67, Chapter 74, *Idaho Code* for the purpose of operating the state lottery at the least public expense and the smallest staffing possible. *Idaho Code* Title 67, Chapter 7403 specifically states, "...**The lottery shall be operated to produce the maximum amount of net income to benefit the public purposes described in this chapter...**"

Organizationally, the Idaho Lottery is categorized as a Self-Governing Agency.

The five-members of the Idaho Lottery Commission are appointed by the Governor and confirmed by the Idaho Senate for staggered five-year terms. They are responsible for setting policy for the agency and approving all major procurements. Commission members include: Chairman, Craig Corbett (Grace), Gary Michael (Boise), Susan Kerrick (Lewiston), Peter J. Smith (Coeur d'Alene) and Charles 'Skip' Smyser. (Parma). Administrative responsibility for the agency rests with the Director, who is appointed by the Governor and confirmed by the Idaho Senate. Jeffrey R. Anderson has served as the Director since 2007.

The agency is organized into four divisions: Administration/Operations, Sales, Marketing, and Security. The Security division oversees a warehouse in Boise used for the storage and distribution of Scratch™ tickets. Lottery headquarters are located at 1199 Shoreline Lane in Boise. The agency has 45 authorized positions that are distributed as follows: Lottery Headquarters – 28, Warehouse – 2, Regional Sales Representatives (located throughout the state) – 15. As of July 30, 2021, the Lottery has two vacancies.

Lottery products and their percentage of total sales fall into three play styles; Draw style games (17.2%), Scratch games (64.8%), and PullTab games (18.0%). Draw game sales are comprised of nine games: *Powerball* (41.2%), *Mega Millions* (31.0 %), *Idaho Cash* (2.8%), *Pick 3* (4.1%), *Idaho \$1,000,000 Raffle* (3.9%), *Weekly Grand* (2.6%), *5 Star Draw* (4.4%), *Lotto America* (3.7%), *Lucky for Life* (5.1%), *Pick 4* (new game) (.9%), and *2by2* (new game) (.3%). Lottery tickets are sold by 1,192 contracted Lottery retailers statewide. These consist of convenience stores, supermarkets, and other retail locations. Retailers receive 5% of sales as a base commission and may earn additional payments in the form of sales and cashing bonuses. The total for such additional payments is limited by statute, §67-7414, to a statewide total of 1% of sales.

The conclusion of Fiscal Year 2021 saw the Idaho Lottery deliver its largest dividend in history, at \$72.5 million, and eclipse the \$1 billion mark in total dividend transfers since beginning operations in 1989. This year's historic dividend came on the strength of impressive sales, as the Lottery recorded \$372 million in product sales. Despite a year filled with disruptions due to the ongoing COVID-19 pandemic, the strength of Idaho's economy, continued population growth, and limited entertainment choices, sales surged consistently well above plan and expected averages throughout the year. *Powerball* and *Mega Millions* also combined to deliver three jackpots over half-a-billion-dollars, including one that reached \$1.05 billion in January 2021.

Continuing a trend from FY20, Scratch ticket sales increased year-over-year by 24% (\$41.7 million). The Idaho Lottery introduced a record 72 different Scratch games during the fiscal year, twenty more than average. The entire Cashword game category recorded 16% of all Scratch Game sales.

Draw Games continued to thrive in FY21. The Idaho Lottery introduced the twice-daily, sold in Idaho-only game *Pick 4* along with a new regional daily draw game *2by2*. *Weekly Grand* moved to daily draws in April and the fourteenth edition of the *Idaho \$1,000,000 Raffle* sold out in only 45 days, ending on December 4, 2020 – the earliest in the game's history.

The Idaho Lottery was created in 1988 by a vote of the people with the promise that proceeds and dividends from the sale of tickets would be used to benefit public education. When the Lottery sold its first ticket in July 1989, the annual dividend was split equally between the Idaho Department of Education's Public School Building Fund Account and the Idaho Department of Administration's Permanent Building Fund. The Department of Education used Lottery dividends for school facility improvements. The Permanent Building Fund projects provided

maintenance, repair, and capital projects for the State's permanent facilities, many of which are on college and university campuses. A 2009 statutory change altered the Lottery proceeds distribution formula. It fixed the Public School Building Account and Permanent Building Fund dividends at a minimum based on FY2008 distributions. When proceeds surpass the FY2008 minimum, up to three-eighths goes to the Public School Building Fund Account, up to three-eighths to the Permanent Building Fund, and up to one quarter to the Bond Levy Equalization Fund. The change was to sunset in 2017. A change in statute during the 2017 Legislative Session eliminated the sunset date for the Bond Levy Equalization Fund provision, extending the Lottery's funding formula to include the Bond Levy Equalization Fund in perpetuity.

Since 1989, the Idaho Lottery has returned more than \$1,034,000,000 for its good causes.

In addition to its lottery responsibilities, *Idaho Code*, Title 67, Chapter 77, grants authority to the Idaho Lottery to license and regulate charitable bingo and raffles conducted by charitable and non-profit organizations within the state.

The Director of Lottery Security, a position mandated by *Idaho Code* §67-7410 is responsible for Lottery retailer compliance with the Americans with Disabilities Act (ADA), Security operations, and the Warehouse.

*Idaho Code* §67-7409 grants the Idaho Lottery Director responsibility for monitoring Class III gaming on Indian Reservations as may be required by compacts entered into by the state in accordance with state statutory law and pursuant to the Indian Gaming Regulatory Act, 25 U.S.C. section 2701 et seq. and 18 U.S.C. sections 1166-1168.

### **Core Functions/Idaho Code**

The Idaho Lottery is established and regulated by *Idaho Code*, Title 67, Chapter 74. Among other things, the chapter defines the duties of the Commission and the Director, establishes the legal age for purchasing and selling lottery tickets, prescribes the uses of lottery proceeds, and places limits on certain agency expenditures.

*Idaho Code*, Title 67, Chapter 77, governs charitable and non-profit bingo and raffles within the state. Section 67-7711 gives the Idaho State Lottery the authority to license organizations conducting bingo games or raffles and to regulate how those games or raffles are conducted.

**Revenue and Expenditures**

Revenue	FY 2018	FY 2019	FY 2020	FY 2021
<b>Lottery Dedicated Funds</b>	<u>\$265,810,900</u>	<u>\$288,616,000</u>	<u>\$278,295,800</u>	<u>\$372,750,100</u>
<b>Total</b>	<b>\$265,810,900</b>	<b>\$288,616,000</b>	<b>\$278,295,800</b>	<b>\$372,750,100</b>
Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
<b>Appropriated*</b>				
Personnel Costs	\$3,185,700	\$3,259,100	\$3,182,000	\$3,172,800
Operating Expenditures	\$1,720,300	\$1,781,200	\$1,865,500	\$2,040,900
Capital Outlay	\$119,500	\$93,100	\$121,400	\$128,100
<b>Continuously Appropriated</b>				
Prizes	\$176,187,700	\$190,047,400	\$185,846,800	\$252,850,100
Commissions	\$15,607,400	\$16,641,300	\$16,232,900	\$21,912,500
Advertising	\$3,779,800	\$4,622,800	\$3,821,100	\$4,285,900
Tickets	\$5,308,600	\$5,728,400	\$5,588,600	\$7,792,300
Service Provider	<u>\$5,851,900</u>	<u>\$6,397,000</u>	<u>\$6,199,400</u>	<u>\$8,493,100</u>
<b>Total</b>	<b>\$211,760,900</b>	<b>\$228,570,300</b>	<b>\$222,857,700</b>	<b>\$300,675,700</b>

\*SPENDING AUTHORITY ONLY. NO GENERAL FUND DOLLARS ARE APPROPRIATED FOR THE OPERATION OF THE LOTTERY

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2018	FY 2019	FY 2020	FY 2021
Lottery Sales	\$265,084,600	\$287,912,900	\$277,602,500	\$372,000,000
Total Dividend Declared by Commission	\$53,500,000	\$60,000,000	\$55,500,000	\$72,500,000

**Licensing Freedom Act**

	FY 2018	FY 2019	FY 2020	FY 2021
<b>IDAHO LOTTERY RETAILER LICENSES PROCESSED</b>				
Total Number of Licenses	102	55	36	146
Number of New Applicants Denied Licensure	7	9	3	4
Number of Applicants Refused Continuation of a License	6	19	21	26
Number of Complaints Against Licensees	17	40	8	16
Number of Final Disciplinary Actions Against Licensees	0	0	0	0
<b>CHARITABLE GAMING LICENSES PROCESSED</b>				
Total Number of Licenses	178	180	183	212
Number of New Applicants Denied Licensure	1	4	4	0
Number of Applicants Refused Renewal of a License	0	0	0	0
Number of Complaints Against Licensees	0	0	0	0
Number of Final Disciplinary Actions Against Licensees	0	0	0	0

**Part II – Performance Measures**

Idaho Code §67-7401 mandates the Idaho Lottery Director to operate the Lottery at the least public expense and the smallest staffing possible. Additionally, Idaho Code §67-7403 directs that the Lottery be operated to produce the maximum amount of net income to benefit the public purposes described in the chapter, consonant with the public good. As it relates to Peer Benchmark Performance Measures, the Director and the Lottery Management Team endeavor to be in the top quintile among their peer states in the areas of **Sales per Capita**, **Dividends as a Percentage of Sales**, and **Dividend Increase Percentage** and among the lowest quintile for **Administrative Costs as a Percentage of Sales**.

Performance Measure		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Responsibly increase net revenues</b>						
1. Total Revenue	actual	\$265,810,900	\$288,616,000	\$278,295,800	\$372,750,100	
	target	\$253,300,000	\$271,000,000	\$294,600,000	\$285,500,000	\$359,360,000
2. Net Operating Income	actual	\$54,050,000	\$60,045,700	\$55,445,100	\$72,077,600	
	target	\$50,500,000	\$54,500,000	\$60,500,000	\$56,500,000	\$68,000,000
<b>Rigorously manage costs</b>						
3. Total Operating Expenses	actual	\$211,760,900	\$228,570,300	\$222,857,700	\$300,672,500	
	target	\$202,800,000	\$216,500,000	\$234,100,000	\$229,000,000	\$291,360,000

Peer Benchmark Performance Measures		FY 2018		FY 2019		FY 2020		FY 2021**	
		Peer Group*	Idaho	Peer Group*	Idaho	Peer Group*	Idaho	Peer Group*	Idaho
1. Sales per capita	actual	\$147.62	\$154.38	\$153.29	\$157.66	\$152.86	\$149.24		\$199.99
	target		\$149.55		\$151.38		\$158.00		\$153.48
2. Admin costs as a %tage of sales	actual	7.0%	6.2%	6.5%	5.9%	5.9%	6.1%		5.8%
	target		6.3%		6.2%		6.2%		6.2%
3. Dividends as a %tage of sales	actual	23.5%	20.2%	23.8%	20.8%	22.6%	20.0%		19.5%
	target		20.0%		20.1%		20.0%		19.8%
4. Dividend increase %tage	actual	7.2%	10.3%	5.2%	12.1%	-6.1%	-7.5%		30.6%
	target		3.3%		1.9%		.8%		1.8%

**Performance Measure Explanatory Notes**

\*Peer Group includes states with marketplace and product portfolio similarity, not size of population or sales. This Peer Group includes: Arkansas, Iowa, Kansas, Maine, Minnesota, Nebraska, New Mexico, Tennessee and Vermont.

\*\*This is a “previous year” looking Performance Measurement, as statistics for each state are not available at the time this document is published.

**For More Information Contact:**

Jeffrey R. Anderson, Director  
Idaho State Lottery  
1199 Shoreline Lane, Suite 100  
Boise, ID 83702  
Phone: 208.780.2500  
E-mail: [janderson@lottery.idaho.gov](mailto:janderson@lottery.idaho.gov)