

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 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 \$1,189,000,000 for its good causes.

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), Susan Kerrick (Lewiston), Peter J. Smith (Coeur d’Alene), Charles ‘Skip’ Smyser (Parma), and Joni Stright (Boise). 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 Lottery 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 50 authorized positions distributed as follows: Administration/Operations – 15, Sales/Regional Sales Representatives (located throughout the state) – 18, Marketing - 6, Security/Warehouse – 11. As of August 31, 2023, the Lottery has one unfilled Sales Representative position for which we are actively recruiting.

Lottery products and their percentage of total sales fall into three play styles; Draw style games (21.1%), Scratch games (59.9%), and PullTab games (19.1%). Draw game sales are comprised of eleven games: *Powerball* (44.1%), *Mega Millions* (32.2%), *Idaho Cash* (2.3%), *Pick 3* (2.6%), *Pick 4* (1.2%), *Idaho \$1,000,000 Raffle* (2.8%), *Weekly Grand* (2.0%), *5 Star Draw* (2.7%), *Lotto America* (4.1%), *Lucky for Life* (5.8%), and *2by2* (0.1%) [the 2by2 game was discontinued in August of 2022]. Lottery tickets are sold by 1,194 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 2023 saw the Idaho Lottery deliver its largest dividend in history, \$82 million, bringing total dividend transfers to \$1.189 billion since beginning operations in 1989. This year’s historic dividend was a result of a record \$422 million in product sales. Despite disruptions caused by the COVID-19 pandemic, sales exceeded plan on the strength of Idaho’s economy and continued population growth.

Scratch™ tickets continue to be a favorite for Lottery players. The Lottery introduced 64 different Scratch games during the fiscal year.

The sixteenth edition of the *Idaho \$1,000,000 Raffle* sold out in only 23 days - the very earliest in the game's history, along with boasting the highest ROI ever. This continues to be a very popular game with Lottery players.

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 and reporting to the Lottery Director, is responsible for the security of all Lottery games, fraud prevention, the Warehouse, Charitable Gaming and retailer compliance with the Americans with Disabilities Act (ADA).

Core Functions/Idaho Code

The Idaho Lottery is established and regulated by *Idaho Code*, Title 67, Chapter 74. The chapter defines, among other things, 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 2020	FY 2021	FY 2022	FY 2023
Lottery Dedicated Funds	<u>\$278,295,800</u>	<u>\$372,750,100</u>	<u>\$377,057,800</u>	<u>\$423,197,500</u>
Total	\$278,295,800	\$372,750,100	\$377,057,800	\$423,197,500
Expenditures	FY 2020	FY 2021	FY 2022	FY 2023
Appropriated*				
Personnel Costs	\$3,182,000	\$3,172,800	\$3,350,500	\$4,038,500
Operating Expenditures	\$1,865,500	\$2,040,900	\$2,058,400	\$2,861,500
Capital Outlay	\$121,400	\$128,100	\$96,900	\$110,800
Continuously Appropriated				
Prizes	\$185,846,800	\$252,890,600	\$257,122,300	\$285,564,500
Commissions	\$16,232,900	\$21,912,500	\$22,102,800	\$24,704,200
Advertising	\$3,821,100	\$4,285,900	\$4,031,800	\$4,607,100
Tickets	\$5,588,600	\$7,792,300	\$7,327,500	\$7,518,100
Service Provider	<u>\$6,199,400</u>	<u>\$8,493,100</u>	<u>\$8,601,600</u>	<u>\$9,638,500</u>
Total	\$222,857,700	\$300,716,200	\$304,691,800	\$332,032,400

*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 2020	FY 2021	FY 2022	FY 2023
Lottery Sales	\$277,602,500	\$372,022,500	\$376,314,900	\$422,501,000
Total Dividend Declared by Commission	\$55,500,000	\$72,500,000	\$73,000,000	\$82,000,000

Licensing Freedom Act

	FY 2020	FY 2021	FY 2022	FY 2023
IDAHO LOTTERY RETAILER LICENSES PROCESSED				
Total Number of Licenses	36	146	92	74
Number of New Applicants Denied Licensure	3	4	6	3
Number of Applicants Refused Continuation of a License	21	26	26	13
Number of Complaints Against Licensees	8	16	11	6
Number of Final Disciplinary Actions Against Licensees	0	0	0	0
CHARITABLE GAMING LICENSES PROCESSED				
Total Number of Licenses	183	212	161	204
Number of New Applicants Denied Licensure	4	0	0	0
Number of Applicants Refused Renewal of a License	0	0	0	0
Number of Complaints Against Licensees	0	0	1	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. Measuring the performance of the Idaho Lottery is effectively done by monitoring performance to plan as reported in the statement of revenues, expenditures, net income, and internal yardstick criteria. The Director and the Lottery Management Team monitor Peer Benchmark Performance Measures 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 2020	FY 2021	FY 2022	FY 2023	FY 2024
Responsibly increase net revenues						
1. Total Revenue	actual	\$278,295,800	\$372,750,100	\$377,057,800	\$423,197,500	
	target	\$294,600,000	\$285,500,000	\$359,360,000	\$383,990,000	\$405,000,000
2. Net Operating Income	actual	\$55,438,100	\$72,033,900	\$72,366,000	\$83,044,700	
	target	\$60,500,000	\$56,500,000	\$68,000,000	\$74,000,000	\$79,705,000
Rigorously manage costs						
3. Total Operating Expenses	actual	\$222,857,700	\$300,716,200	\$304,691,800	\$339,667,900	
	target	\$234,100,000	\$229,000,000	\$291,360,000	\$340,152,800	\$325,295,000

Peer Benchmark Performance Measures		FY 2020		FY 2021		FY 2022		FY 2023**	
		Peer Group*	Idaho	Peer Group*	Idaho	Peer Group*	Idaho	Peer Group*	Idaho
Sales per capita	actual	\$125.54	\$149.24	\$148.78	\$199.99	\$137.59	\$194.07		\$214.06
	<i>target</i>		\$158.00		\$153.48		\$185.45		
Admin costs as a %tage of sales	actual	7.2%	6.1%	6.9%	5.8%	6.6%	5.6%		5.6%
	<i>target</i>		6.2%		6.2%		6.2%		
Dividends as a %tage of sales	actual	22.7%	20.0%	22.6%	19.5%	23.1%	19.4%		19.4%
	<i>target</i>		20.0%		19.8%		19.3%		
Dividend increase %tage	actual	-8.2%	-7.5%	18.4%	30.6%	-3.9%	0.7%		12.3%
	<i>target</i>		0.8%		1.8%		1.4%		

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, Minnesota, Nebraska, New Mexico 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:

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Director Attestation for Performance Report

In accordance with *Idaho Code 67-1904*, I certify the data provided in the Performance Report has been internally assessed for accuracy, and, to the best of my knowledge, is deemed to be accurate.

Department: IDAHO LOTTERY


Director's Signature

8/29/23
Date

Please return to:

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