

KANSAS LOTTERY

FY 2023 – FY 2025 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2023 – FY 2025

	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	428,207,099	466,596,064	466,193,712	479,366,621	478,478,853
<i>Subtotal</i>	<u>\$ 428,207,099</u>	<u>\$ 466,596,064</u>	<u>\$ 466,193,712</u>	<u>\$ 479,366,621</u>	<u>\$ 478,478,853</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 428,207,099</u>	<u>\$ 466,596,064</u>	<u>\$ 466,193,712</u>	<u>\$ 479,366,621</u>	<u>\$ 478,478,853</u>
Percentage Change:					
State General Fund	--	-- %	-- %	-- %	-- %
All Funds	12.2 %	9.0 %	8.9 %	2.7 %	2.6 %
FTE Positions	95.0	95.0	95.0	95.0	95.0

The Kansas Lottery operates under Article 15, Section 3c of the *Kansas Constitution*, which authorizes a lottery that is owned and operated by the State. KSA 74-8710(a) allows, by rule and regulation, the establishment of the types of lottery games to be conducted, including, but not limited to, instant lottery, online, and traditional games. The Kansas Lottery has established multiple types of traditional games, including instant tickets, Powerball, Mega Millions, Super Kansas Cash, 2 by 2, Keno, Racetrax, Lucky for Life, and Pick 3. The agency also engages in partnerships, including with the Kansas City Chiefs, Sporting Kansas City, Kansas City Royals, Kansas Speedway, and the Kansas State Fair, for special instant games and second-chance prize drawings.

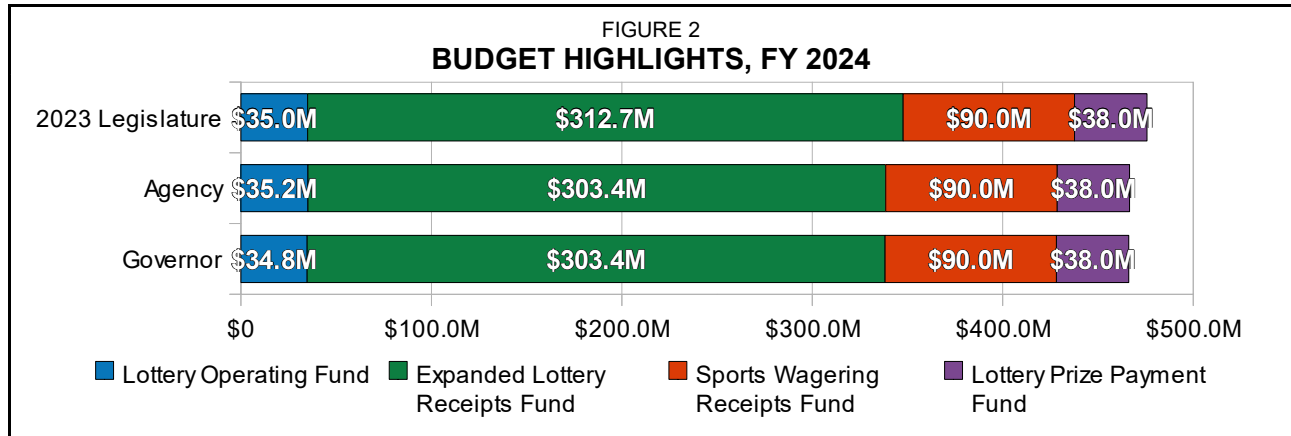
The 2007 Legislature repealed a provision prohibiting games on video lottery machines and established the Expanded Lottery Act to provide for gaming at racetracks and casinos in limited jurisdictions where approved by local voters. This allows the Kansas Lottery to own and operate electronic gaming machines at designated locations. The Kansas Racing and Gaming Commission is given authority to regulate the gaming activities at racetracks and casinos.

The 2022 Legislature passed House Sub. for Sub. for SB 84, which allows the Kansas Lottery to enter into a contract with gaming facility managers to offer sports wagering in the state on behalf of the State of Kansas through the Kansas Lottery. Gaming facility managers are allowed to offer sports wagering in-person at their facility or over the internet through websites and mobile device applications from up to three licensed interactive sports wagering platforms approved by the Kansas Lottery. If a gaming facility manager offers sports wagering, then the management contract will include a provision that 10.0 percent of the sports wagering revenue will be distributed to the Lottery Operating Fund and the manager will be allowed to retain the remaining 90.0 percent. Sports wagering revenue is defined as total revenues from sports wagering excluding voided tickets and after all prize-related payments are made and after federal excise taxes, free plays, or other promotional credits. Sports wagering will be regulated by the Kansas Racing and Gaming Commission. However, if sports wagering is allowed to operate at a tribal gaming facility, it will be regulated by the Tribal Gaming Regulation Program (State Gaming Agency) of the Kansas Racing and Gaming Commission.

The agency has eight budget programs that support its operations: Administration, Information Technology, Sales, Security, Cost of Sales, Expanded Lottery Act, Marketing, and Sports Wagering. All are detailed in this analysis.

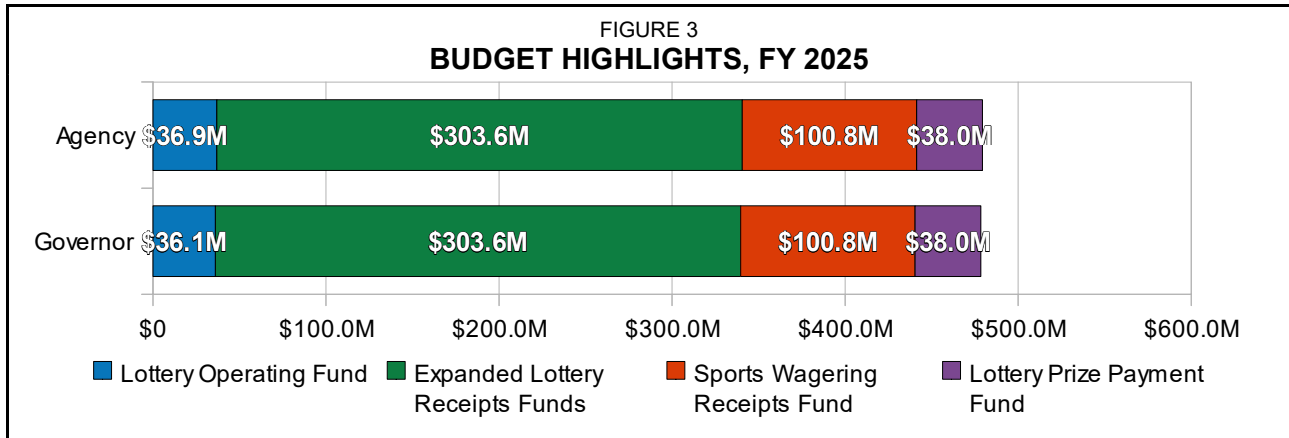
EXECUTIVE SUMMARY

The 2023 Legislature approved a budget of \$475.7 million, all from special revenue funds, for the Kansas Lottery for FY 2024. No adjustments were made subsequently to that amount.



The **agency** submits a revised estimate of \$466.6 million, all from special revenue funds, in expenditures and 95.0 FTE positions in FY 2024. This is a decrease of \$9.1 million, or 1.9 percent, below the FY 2024 approved amount. The decrease is attributable to a reduction in expanded gaming estimates, largely from the South Central and South East gaming zones. The revised estimate includes \$200,000, all from the Lottery Operating Fund, for increased contractual expenditures related to production and placement costs for lottery advertising.

The **Governor** recommends expenditures of \$466.2 million, all from special revenue funds, and 95.0 FTE positions in FY 2024. This is a decrease of \$402,352, or 0.1 percent, below the agency's FY 2024 revised estimate. The Governor's recommendation deletes \$402,352, or 5.0 percent, of salaries and wages to reduce the funding for vacant positions to more accurately reflect the agency's actual expenditures.



The **agency** requests \$479.4 million, all from special revenue funds, in expenditures and 95.0 FTE positions for FY 2025. This is an increase of \$12.8 million, or 2.7 percent, above the FY 2024 revised amount. The request does not include any major adjustments to the FY 2024 revised estimate; however, there are increase in various categories of expenditure. These increases include salaries and wages (\$82,8647), contractual services (\$11.8 million), capital outlay (\$108,910), and aid to locals (\$9,000).

The **Governor** recommends expenditures of \$478.5 million, all from special revenue funds, and 95.0 FTE positions for FY 2025. This is a decrease of \$887,768, or 0.2 percent, below the agency's FY 2025 revised estimate. The decrease is due to the Governor deleting \$443,884 for an agency-planned 5.0 percent salary adjustment and deleting \$443,884 to reduce funding for vacant positions for FY 2025.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2023 – FY 2025

	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Category of Expenditure:					
Salaries and Wages	\$ 6,725,228	\$ 8,047,040	\$ 7,644,688	\$ 8,875,687	\$ 7,987,919
Contractual Services	372,909,854	407,343,900	407,343,900	419,167,900	419,167,900
Commodities	514,827	737,200	737,200	737,200	737,200
Capital Outlay	594,482	491,924	491,924	600,834	600,834
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 380,744,391</u>	<u>\$ 416,620,064</u>	<u>\$ 416,217,712</u>	<u>\$ 429,381,621</u>	<u>\$ 428,493,853</u>
Aid to Local Units	12,157,349	11,976,000	11,976,000	11,985,000	11,985,000
Other Assistance	35,305,359	38,000,000	38,000,000	38,000,000	38,000,000
<i>Subtotal—Operating</i>	<u>\$ 428,207,099</u>	<u>\$ 466,596,064</u>	<u>\$ 466,193,712</u>	<u>\$ 479,366,621</u>	<u>\$ 478,478,853</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	<u>\$ 428,207,099</u>	<u>\$ 466,596,064</u>	<u>\$ 466,193,712</u>	<u>\$ 479,366,621</u>	<u>\$ 478,478,853</u>
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Sports Wagering Receipts Fund	52,427,287	90,000,000	90,000,000	100,800,000	100,800,000
Lottery Operating Fund	32,878,330	35,204,064	34,801,712	36,946,621	36,058,853
Expanded Lottery Receipts Fund	307,844,262	303,392,000	303,392,000	303,620,000	303,620,000
Lottery Prize Payment Fund	35,057,220	38,000,000	38,000,000	38,000,000	38,000,000
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
TOTAL	<u>\$ 428,207,099</u>	<u>\$ 466,596,064</u>	<u>\$ 466,193,712</u>	<u>\$ 479,366,621</u>	<u>\$ 478,478,853</u>
FTE Positions	95.0	95.0	95.0	95.0	95.0

FY 2024 ANALYSIS

FIGURE 5

SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	All Funds	FTE
Legislative Approved:			
Amount Approved by 2023 Legislature	\$ -	\$ 475,722,837	95.0
1. No Changes	-	-	--
<i>Subtotal—Legislative Approved</i>	\$ -	\$ 475,722,837	95.0
Agency Revised Estimate:			
Supplemental Requests:			
2. Increased Marketing Expenditures	\$ -	\$ 200,000	--
<i>Subtotal—Supplemental Requests Only</i>	\$ -	\$ 200,000	--
3. All Other Adjustments	-	(9,326,773)	--
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 466,596,064	95.0
Governor’s Recommendation:			
4. Vacancy Adjustment	\$ -	(402,352)	--
TOTAL	\$ -	\$ 466,193,712	95.0

LEGISLATIVE APPROVED

The 2023 Legislature approved a budget of \$475.7 million, all from special revenue funds, in expenditures and 95.0 FTE positions for the Kansas Lottery for FY 2024.

1. **NO CHANGES.** No adjustments were made to the \$475.7 million appropriated to the Kansas Lottery for FY 2024.

AGENCY ESTIMATE

The **agency** submits a revised estimate of \$466.6 million, all from special revenue funds, in expenditures and 95.0 FTE positions in FY 2024. This is a decrease of \$9.1 million, or 1.9 percent, below the FY 2024 approved amount.

The revised estimate includes \$200,000 for the following supplemental requests:

2. **INCREASED MARKETING EXPENDITURES.** The revised estimate includes \$200,000, all from the Lottery Operating Fund, for increased contractual expenditures related to production and placement costs for lottery advertising.

Absent the supplemental requests, the revised estimate includes a decrease of \$9.3 million in base budget expenditures. Significant adjustments are as follows:

3. **ALL OTHER ADJUSTMENTS.** The revised estimate includes a decrease of \$9.0 million for the gaming facility manager contracts and \$369,000 for aid to local units of government. The reductions are attributable to reducing expanded gaming estimates. The majority of the reduction in the estimates are from the South Central and South East gaming zones.

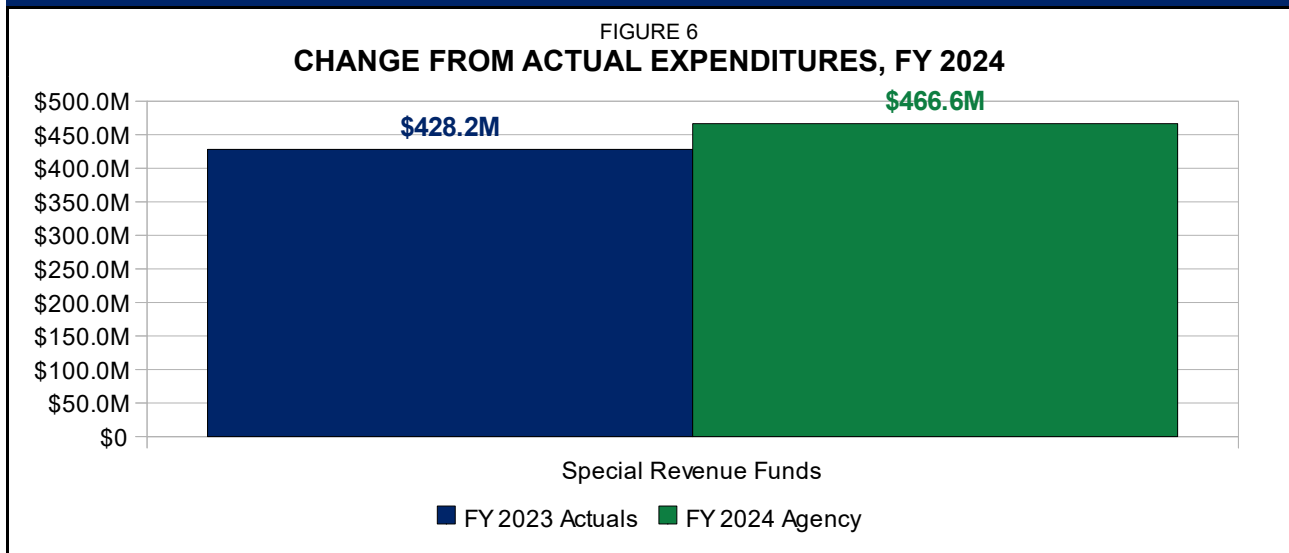
GOVERNOR'S RECOMMENDATION

The **Governor** recommends expenditures of \$466.2 million, all from special revenue funds, and 95.0 FTE positions in FY 2024. This is a decrease of \$402,352, or 0.1 percent, below the agency's FY 2024 revised estimate.

The **Governor's** recommendation includes the following adjustments:

4. **VACANCY ADJUSTMENT.** The Governor's recommendation deletes \$402,352, or 5.0 percent, to reduce the funding for vacant positions to more accurately reflect the agency's actual expenditures.

FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$466.6 million, all from special revenue funds, in FY 2024. This is an increase of \$38.4 million, or 9.0 percent, above the FY 2023 actual amount. The majority of the increase is attributable to the beginning of sports wagering (\$37.6 million). The remaining increase is attributable to the 2023 Legislative Pay Plan, full funding of all positions for the entire fiscal year, and marketing.

FY 2025 ANALYSIS

FIGURE 7

SUMMARY OF BUDGET REQUEST, FY 2025

	SGF	All Funds	FTE
Agency Request:			
Request without Major Changes	\$ -	\$ 467,629,064	95.0
1. Salaries and Wages Adjustments	-	828,647	--
2. Sports Wagering Management Fees	-	10,800,000	--
3. Vehicles	-	108,910	--
<i>Subtotal—Agency Request</i>	\$ -	\$ 479,366,621	95.0
Governor’s Recommendation:			
4. Salaries and Wages Adjustments	\$ -	(443,884)	--
5. Vacancy Adjustments	-	(443,884)	--
TOTAL	\$ -	\$ 478,478,853	95.0

AGENCY REQUEST

The **agency** requests \$479.4 million, all from special revenue funds, in expenditures and 95.0 FTE positions for FY 2025. This is an increase of \$12.8 million, or 2.7 percent, above the FY 2024 revised amount.

1. **SALARIES AND WAGES ADJUSTMENTS.** The request includes increased salaries and wages expenditures in the amount of \$828,647 above the agency's FY 2024 revised estimate. The increase includes \$443,884 for a 5.0 percent agency-wide salary adjustment and \$402,252 for employee bonuses.
2. **SPORTS WAGERING MANAGEMENT FEES.** The request includes \$100.8 million, all from the Sports Wagering Receipts Fund, for management fees that are based on 90.0 percent of the net sports wagering revenue for FY 2025. This is an increase of \$10.8 million, or 12.0 percent, above the agency's FY 2024 revised estimate
3. **VEHICLES.** The request includes \$250,834, all from special revenue funds, for passenger vehicles for FY 2025. This is an increase of \$108,910, or 76.7 percent, above the agency's FY 2024 revised estimate. The agency plans on purchasing five vehicles for approximately \$45,000 each. The vehicles are for agency sales staff who visit stores statewide.

GOVERNOR’S RECOMMENDATION

The **Governor** recommends expenditures of \$478.5 million, all from special revenue funds, and 95.0 FTE positions for FY 2025. This is a decrease of \$887,768, or 0.2 percent, below the agency's FY 2025 revised estimate.

The **Governor** concurs with the Agency request with the following adjustments:

4. **SALARIES AND WAGES ADJUSTMENTS.** The Governor recommends \$443,884 less in expenditures to decrease salaries and wages expenditures for FY 2025. The recommendation deletes a planned 5.0 percent agency-wide salary adjustment.
5. **VACANCY ADJUSTMENTS.** The Governor recommends \$443,884 less in expenditures to reduce funding for vacant positions for FY 2025. The decrease is to more accurately reflect the agency's actual expenditures, as the agency has maintained multiple vacant and funded positions over the last few fiscal years.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

FIGURE 8
SUPPLEMENTAL AND ENHANCEMENT REQUESTS, FY 2024 – FY 2025

Request	Agency			Governor		
	SGF	All Funds	FTE	SGF	All Funds	FTE
FY 2024 Supplementals:						
1. Increased Marketing Expenditures	\$ -	\$ 200,000	-	\$ -	\$ 200,000	-
2. Vacancy Adjustments	-	-	-	-	(402,352)	-
TOTAL	\$ -	\$ 200,000	-	\$ -	\$ (202,352)	-
FY 2025 Enhancements:						
3. Vacancy Adjustments	\$ -	-	-	\$ -	(443,884)	-
4. Salaries and Wages adjustments	-	-	-	-	(443,884)	-
TOTAL	\$ -	\$ -	-	\$ -	\$ (887,768)	-

- 1. INCREASED MARKETING EXPENDITURES.** The revised estimate includes \$200,000, all from the Lottery Operating Fund, in FY 2024 for increased contractual expenditures related to production and placement costs for lottery advertising.

The Governor recommends adoption of this request.

- 2. VACANCY ADJUSTMENTS.** The Governor's recommendation deletes \$402,352, or 5.0 percent, in FY 2024 to reduce funding for vacant positions. The decrease is to more accurately reflect the agency's actual expenditures as the agency has maintained multiple vacant and funded positions over the last few fiscal years.
- 3. VACANCY ADJUSTMENTS.** The Governor's recommendation deletes \$443,884 for FY 2025 to reduce funding for vacant positions. The decrease is to more accurately reflect the agency's actual expenditures as the agency has maintained multiple vacant and funded positions over the last few fiscal years.
- 4. SALARIES AND WAGES ADJUSTMENTS.** The Governor's recommendation deletes \$443,884 to decrease salaries and wages expenditures for FY 2025. The recommendation deletes a planned 5.0 percents agency-wide salary adjustment.

SPECIAL TOPICS

TRADITIONAL LOTTERY REVENUES AND TRANSFERS

Lottery sales of instant tickets and draw games in FY 2023 were \$338.2 million. The agency notes that this was the Lottery's largest total increase. The previous high was \$326.0 million, set in FY 2021.

Instant and Pull Tab tickets sales in FY 2023 were \$203.7 million, a decrease of \$3.4 million from the previous fiscal year. The agency notes that the combined \$203.7 million in ticket sales represents the third-highest sales year ever.

FY 2024

For FY 2024, the agency estimates total net sales of \$318.6 million, which is a decrease of \$19.6 million below the FY 2023 actual amount. Net profits from the sale of regular lottery tickets are deposited in the following funds:

- \$42.4 million, 85.0 percent, to the Economic Development Initiatives Fund;
- \$7.5 million, 15.0 percent, to the Correctional Institutions Building Fund and Juvenile Alternatives to Detention Fund;
- \$22.5 million to the State General Fund (SGF);
- \$1.3 million to the Kansas Commission on Veterans Affairs Office; and
- \$100,000 to the Problem Gambling and Addictions Grant Fund.

In addition to the transfers to the SGF and other special revenue funds from traditional lottery sales, up to the first \$9.0 million of the net revenue from lottery ticket vending machines is to be used for mental health programs and is transferred to the Kansas Department for Aging and Disability Services to support the Clubhouse Model (25.0 percent) and Crisis Intervention Centers (75.0 percent). The agency estimates a \$9.0 million transfer to the Kansas Department for Aging and Disability Services to support the Clubhouse Model (\$2.3 million) and Crisis Intervention Centers (\$6.8 million) in FY 2024.

FY 2025

For FY 2025, the agency estimates total net sales of \$320.6 million, which is an increase of \$2.0 million above the FY 2024 revised estimate. The net profits from the sale of regular lottery tickets are deposited in the following funds:

- \$42.4 million, 85.0 percent, to the Economic Development Initiatives Fund;
- \$7.5 million, 15.0 percent, to the Correctional Institutions Building Fund and Juvenile Alternatives to Detention Fund;
- \$21.5 million to the SGF;
- \$1.3 million to the Kansas Commission on Veterans Affairs Office; and
- \$100,000 to the Problem Gambling and Addictions Grant Fund.

In addition to the transfers to the SGF and other special revenue funds from traditional lottery sales, up to the first \$8.0 million of the net revenue from lottery ticket vending machines is to be used for mental health programs and is transferred to the Kansas Department for Aging and Disability Services to support the Clubhouse Model (25.0 percent) and Crisis Intervention Centers (75.0 percent). The agency estimates an \$8.0 million transfer to the Kansas Department for Aging and Disability Services to support the Clubhouse Model (\$2.0 million) and Crisis Intervention Centers (\$6.0 million) for FY 2025.

SPECIAL TOPICS

SPORTS WAGERING AND EXPANDED LOTTERY ACT REVENUES AND TRANSFERS

Sports Wagering

The 2022 Legislature passed House Sub. for Sub. for SB 84, which amended the Kansas Expanded Lottery Act concerning the conducting of sports wagering operations by lottery gaming facilities. Additionally, the bill amended the Kansas Parimutuel Racing Act (KSA 74-8801 *et seq.*) and authorizes the operation of historical horse racing machines.

FY 2024

The agency estimates revenues from sports wagering of \$100.0 million, which is an increase of \$41.7 million, or 71.6 percent, above the FY 2023 actual amount. Of this amount, the State will retain \$10.0 million in revenues while gaming facility managers will retain the remaining \$90 million. If revenue targets are achieved, the agency will make the following transfers in FY 2025:

- \$750,000 to the White Collar Crime Fund;
- \$185,000 to the Problem Gambling and Addictions Fund;
- \$7.4 million to the Attracting Professional Sports to Kansas Fund; and
- \$1.7 million to State Gaming Revenues Fund.

FY 2025

The agency estimates revenues from sports wagering of \$112.0 million, which is an increase of \$12.0 million above the FY 2024 revised estimate. If revenue targets are achieved, the agency will make the following transfers in FY 2026:

- \$750,000 to the White Collar Crime Fund;
- \$209,000 to the Problem Gambling and Addictions Fund;
- \$8.4 million to the Attracting Professional Sports to Kansas Fund; and
- \$1.9 million to State Gaming Revenues Fund.

Expanded Lottery Act Revenues and Transfers

FY 2024

The agency estimates revenues from the four state-owned casinos of \$411.5 million in net gaming revenue in FY 2024. This is an increase of \$4.4 million, or \$1.1 percent, above the FY 2023 actual amount. If revenue targets are achieved, the agency will make the following transfers in FY 2024:

- \$90.5 million to the Expanded Lottery Act Revenues Fund;
- \$8.2 million to the Problem Gambling and Addictions Grant Fund;
- \$12.3 million to local cities and counties that host gaming facilities; and
- \$300.4 million to the gaming facility managers.

FY 2025

The agency estimates revenues from the four state-owned casinos of \$406.5 million in net gaming revenue for FY 2025. This is a decrease of \$5.0 million, or 1.2 percent, below the agency's FY 2024 revised estimate. If revenue targets are achieved, the agency will make the following transfers in FY 2025:

- \$89.4 million to the Expanded Lottery Act Revenues Fund;
- \$8.1 million to the Problem Gambling and Addictions Grant Fund;
- \$12.2 million to local cities and counties that host gaming facilities; and
- \$296.7 million to the gaming facility managers.

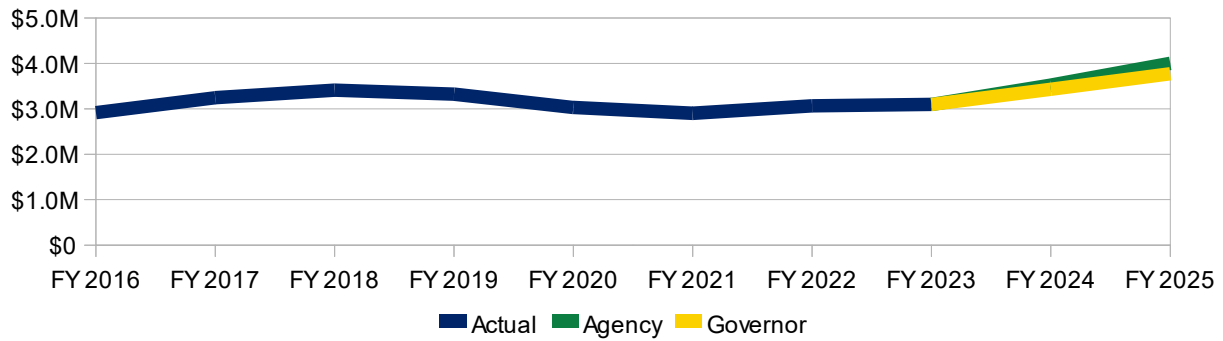
PROGRAM OVERVIEW

FIGURE 9
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2023 – FY 2025

Programs	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Expenditures:					
Administration	\$ 3,095,747	\$ 3,522,424	\$ 3,428,898	\$ 4,000,313	\$ 3,770,971
Information Technology	1,607,021	1,638,237	1,606,000	1,719,175	1,651,607
Sales	2,445,111	2,829,127	2,713,942	2,988,135	2,745,593
Security	615,875	674,130	644,426	788,646	724,750
Cost of Sales	49,422,841	53,095,000	53,095,000	53,495,000	53,495,000
Expanded Lottery Act	312,042,679	307,742,644	307,654,832	308,061,779	307,877,041
Marketing	6,460,176	6,801,002	6,771,789	7,130,270	7,068,918
Sports Wagering	52,517,649	90,293,500	90,278,825	101,183,303	101,144,973
TOTAL	\$ 428,207,099	\$ 466,596,064	\$ 466,193,712	\$ 479,366,621	\$ 478,478,853
FTE Positions:					
Administration	24.8	23.8	24.8	23.8	24.8
Information Technology	6.8	6.8	6.8	6.8	6.8
Sales	29.4	29.4	29.4	29.4	29.4
Security	5.8	6.8	5.8	6.8	5.8
Cost of Sales	-	-	-	-	-
Expanded Lottery Act	17.0	17.0	17.0	17.0	17.0
Marketing	6.4	6.4	6.4	6.4	6.4
Sports Wagering	5.0	5.0	5.0	5.0	5.0
TOTAL	95.0	95.0	95.0	95.0	95.0

ADMINISTRATION

FIGURE 10
ADMINISTRATION EXPENDITURES, FY 2016 – FY 2025



STATUTORY BASIS: • KSA 74-8701 through 74-8780

PROGRAM GOALS: • There were no goals submitted for this program.

The Administration program is responsible for human resources, procurement, facility and vehicles, and policy information and distribution that supports the Lottery. The program ensures Lottery personnel are knowledgeable of the newest and most effective products,

technologies, security operations, marketing, advertising strategies, and legal issues within the gaming and lottery industry. Additionally, the program provides service, information, and ticket shipments to current retailers.

FIGURE 11
ADMINISTRATION FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	3,095,747	3,522,424	3,428,898	4,000,313	3,770,971
TOTAL	\$ 3,095,747	\$ 3,522,424	\$ 3,428,898	\$ 4,000,313	\$ 3,770,971
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	1.0 %	13.8 %	(2.7) %	13.6 %	(5.7) %
FTE Positions	24.8	23.8	23.8	23.8	23.8

BUDGET ANALYSIS

FY 2024

The **agency's** revised estimate includes \$3.5 million, all from special revenue funds, and 23.8 FTE positions for the Administration program in FY 2024. This is an increase of \$225,635, or 6.8 percent, and a decrease of 1.0 FTE position from the FY 2024 approved amount. The expenditure increase is attributable to salaries and wages adjustments, including fringe benefits. The FTE decrease is due to personnel shifts between programs.

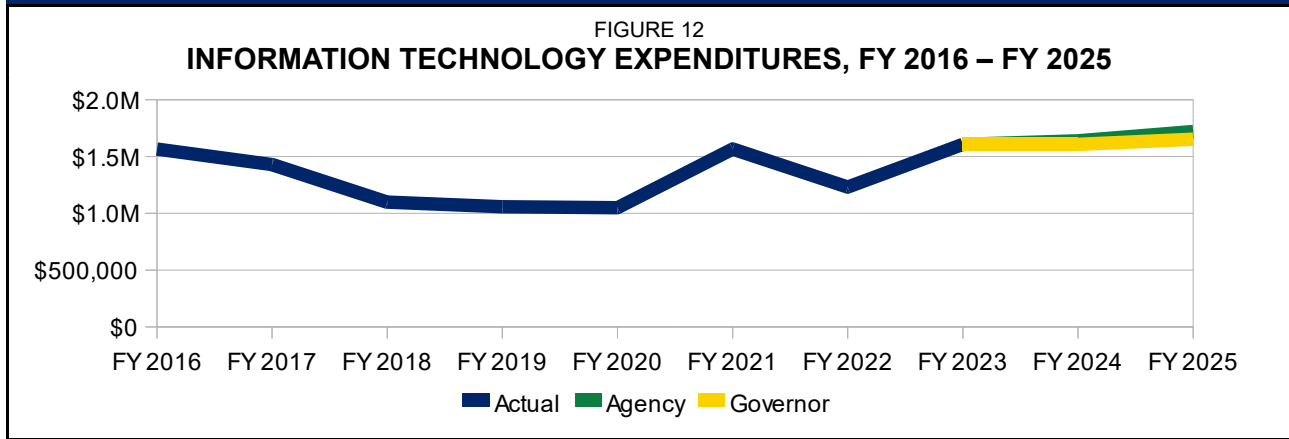
The **Governor** recommends \$3.4 million, all from special revenue funds, and 23.8 FTE positions in FY 2024. This is a decrease of \$93,526, or 2.7 percent, below the agency's FY 2024 revised estimate. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures.

FY 2025

The **agency** requests Administration program expenditures of \$4.0 million, all from special revenue funds, and 23.8 FTE positions for FY 2025. This is an increase of \$477,889, or 13.6 percent, above the FY 2024 revised estimate. The increase is primarily attributable to the agency's 5.0 percent salary adjustment and rent.

The **Governor** recommends \$3.8 million, all from special revenue funds, and 23.8 FTE positions for FY 2025. This is a decrease of \$229,342, or 5.7 percent, below the agency's FY 2025 request. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures and the deletion of the agency's planned 5.0 percent salary adjustments.

INFORMATION TECHNOLOGY



STATUTORY BASIS: • KSA 74-8701 through 74-8780
PROGRAM GOALS: • There were no goals submitted for this program.

The Information Technology program of all Lottery computer operations to ensure provides technological infrastructure in support retailer and player satisfaction.

FIGURE 13
INFORMATION TECHNOLOGY FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	1,607,021	1,638,237	1,606,000	1,719,175	1,651,607
TOTAL	\$ 1,607,021	\$ 1,638,237	\$ 1,606,000	\$ 1,719,175	\$ 1,651,607
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	30.5 %	1.9 %	(2.0) %	4.9 %	(3.9) %
FTE Positions	6.8	6.8	6.8	6.8	6.8

BUDGET ANALYSIS

FY 2024

The **agency's** revised estimate includes \$1.6 million, all from special revenue funds, and 6.8 FTE positions for the Information Technology program in FY 2024. This is a decrease of \$10,246, or 0.6 percent, below the FY 2024 approved amount. The decrease is attributable to salaries and wages adjustments, including fringe benefits.

The **Governor** recommends \$1.6 million, all from special revenue funds, and 6.8 FTE positions in FY 2024. This is a decrease of \$32,237, or 2.0 percent, below the agency's FY 2024 revised estimate. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures.

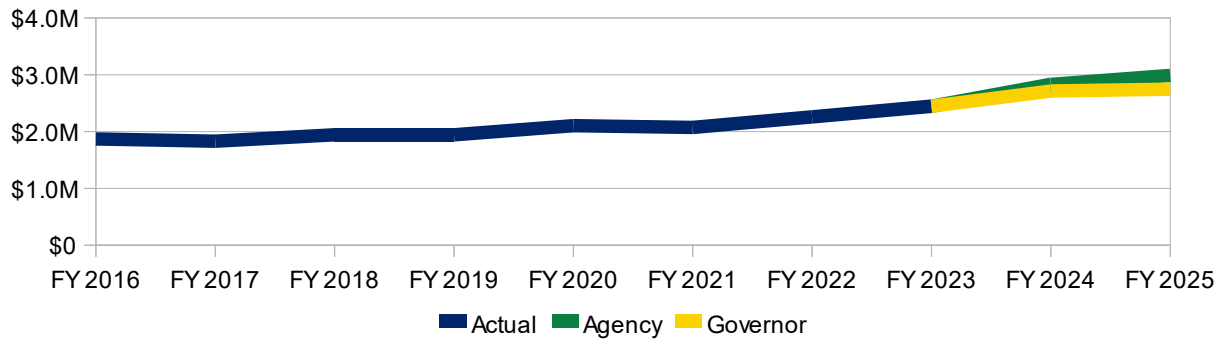
FY 2025

The **agency** requests Information Technology program expenditures of \$1.7 million, all from special revenue funds, and 6.8 FTE positions for FY 2025. This is an increase of \$80,938, or 4.9 percent, above the FY 2024 revised estimate. The increase is primarily attributable to the agency's 5.0 percent salary adjustment and repair services.

The **Governor** recommends \$1.7 million, all from special revenue funds, and 6.8 FTE positions for FY 2025. This is a decrease of \$67,568, or 3.9 percent, below the agency's FY 2025 request. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures and the deletion of the agency's planned 5.0 percent salary adjustments.

SALES

FIGURE 14
SALES EXPENDITURES, FY 2016 – FY 2025



STATUTORY BASIS: • KSA 74-8714

PROGRAM GOALS: • There were no goals submitted for this program.

The Sales program works to increase sales of all Lottery products through the training of sales staff on Lottery products, retailer recruitment and training, promoting player

awareness of available Lottery products, and increasing corporate account involvement in Lottery advertising and promotions.

FIGURE 15

SALES FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	2,445,111	2,829,127	2,713,942	2,988,135	2,745,593
TOTAL	\$ 2,445,111	\$ 2,829,127	\$ 2,713,942	\$ 2,988,135	\$ 2,745,593
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	8.3 %	15.7 %	(4.1) %	5.6 %	(8.1) %
FTE Positions	29.4	29.4	29.4	29.4	29.4

BUDGET ANALYSIS

FY 2024

The **agency's** revised estimate includes \$2.8 million, all from special revenue funds, and 29.4 FTE positions for the Sales program in FY 2024. This is a decrease of \$59,699, or 2.1 percent, below the FY 2024 approved amount. The decrease is attributable to less expenditures for salaries and wages and trucks. This is partially offset by increased expenditures for new passenger cars.

The **Governor** recommends \$2.7 million, all from special revenue funds, and 29.4 FTE positions in FY 2024. This is a decrease of \$115,185, or 4.1 percent, below the agency's FY 2024 revised estimate. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures.

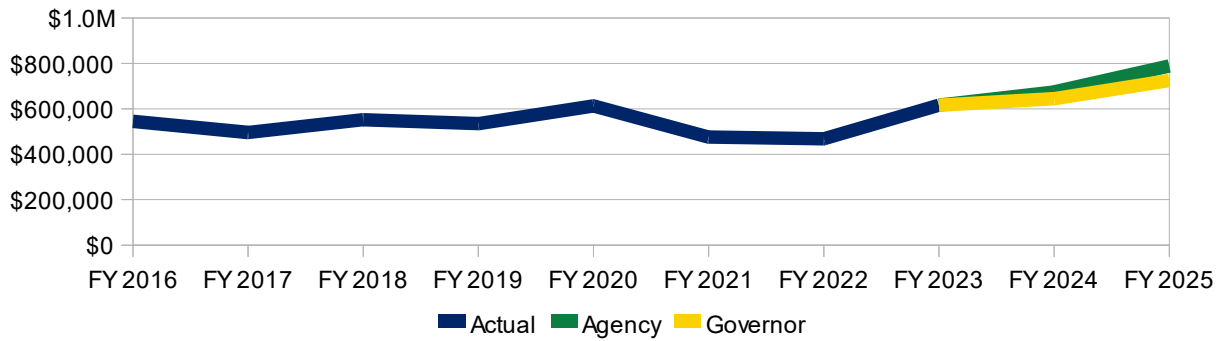
FY 2025

The **agency** requests Sales program expenditures of \$3.0 million, all from special revenue funds, and 29.4 FTE positions for FY 2025. This is an increase of \$159,008, or 5.6 percent, above the FY 2024 revised estimate. The increase is primarily attributable to the agency's 5.0 percent salary adjustment, vehicle expenditures, and commodities.

The **Governor** recommends \$2.7 million, all from special revenue funds, and 29.4 FTE positions for FY 2025. This is a decrease of \$242,542, or 8.1 percent, below the agency's FY 2025 request. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures and the deletion of the agency's planned 5.0 percent salary adjustments.

SECURITY

FIGURE 16
SECURITY EXPENDITURES, FY 2016 – FY 2025



STATUTORY BASIS: • KSA 74-8714

PROGRAM GOALS: • There were no goals submitted for this program.

The Security program provides security to Lottery personnel and property, investigates and prosecutes criminal violations related to the Lottery, and preserves the integrity of the Lottery and all of its activities. To accomplish these goals, the program ensures all enforcement agents receive training and remain

knowledgeable of changing techniques, procedures, and statutes; conducts background investigations on all vendors and retailers; and visits Lottery retail locations to advise and inform retailers of proper security and product inventory practices.

FIGURE 17

SECURITY FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	615,876	674,130	644,426	788,646	724,750
TOTAL	\$ 615,876	\$ 674,130	\$ 644,426	\$ 788,646	\$ 724,750
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	31.5 %	9.5 %	(4.4) %	17.0 %	(8.1) %
FTE Positions	5.8	6.8	6.8	6.8	6.8

BUDGET ANALYSIS

FY 2024

The **agency** agency's revised estimate includes \$674,130, all from special revenue funds, and 6.8 FTE positions for the Security program in FY 2024. This is an increase of \$32,010, or 5.0 percent, above the FY 2024 approved amount. The increase is due to salaries and wages increases and 1.0 FTE position adjustment from another program.

The **Governor** recommends expenditures of \$644,426, all from special revenue funds, and 6.8 FTE positions in FY 2024. This is a decrease of \$29,704, or 4.4 percent, below the agency's FY 2024 revised estimate. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures.

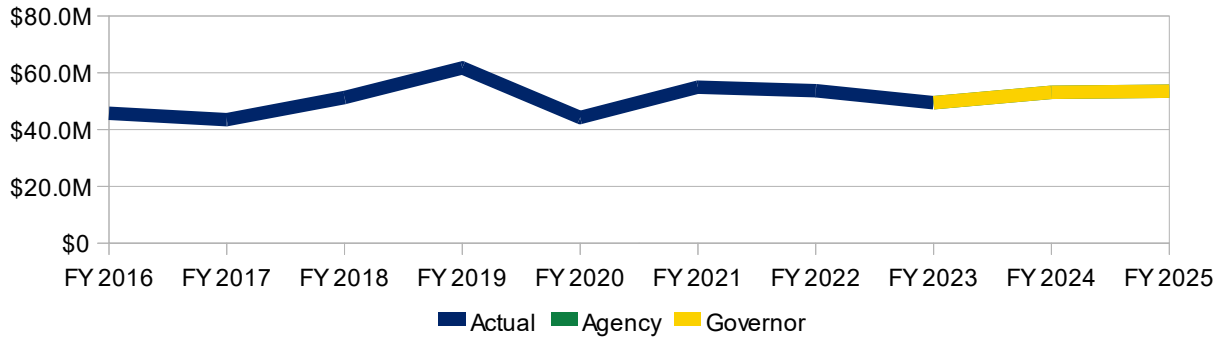
FY 2025

The agency requests Security program expenditures of \$788,646, all from special revenue funds, and 6.8 FTE positions for FY 2025. This is an increase of \$114,516, or 17.0 percent, above the agency's FY 2024 revised estimate. The increase is attributable to the agency's 5.0 percent salary adjustment and vehicle expenditures.

The **Governor** recommends expenditures of \$724,750, all from special revenue funds, and 6.8 FTE positions for FY 2025. This is a decrease of \$63,896, or 8.1 percent, below the agency's FY 2025 request. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures and the deletion of the agency's planned 5.0 percent salary adjustments.

COST OF SALES

FIGURE 18
COST OF SALES EXPENDITURES, FY 2016 – FY 2025



STATUTORY BASIS: • KSA 74-8701 through 74-8780

PROGRAM GOALS: • There were no goals submitted for this program.

The Cost of Sales program captures the contractual services and commodities expenditures necessary to operate a state lottery. Other assistance expenditures within this program are prize claims between \$600 and \$5,000 paid instantly at the Lottery headquarters from the Lottery Prize Payment

Fund. Other assistance expenditures also include the payment of prize claims more than \$5,000 via state checks from the Lottery Prize Payment Fund. Approximately 30.0 percent of player prizes are paid from this fund; the remaining prizes are paid by Lottery retailers.

FIGURE 19
COST OF SALES FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	49,422,841	53,095,000	53,095,000	53,495,000	53,495,000
TOTAL	\$ 49,422,841	\$ 53,095,000	\$ 53,095,000	\$ 53,495,000	\$ 53,495,000
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	(7.8) %	7.4 %	-- %	0.8 %	-- %
FTE Positions	-	-	-	-	-

BUDGET ANALYSIS

FY 2024

The **agency's** revised estimate includes \$53.1 million, all from special revenue funds, and 0.0 FTE positions for the Cost of Sales program in FY 2024. This is the same as the FY 2024 approved amount.

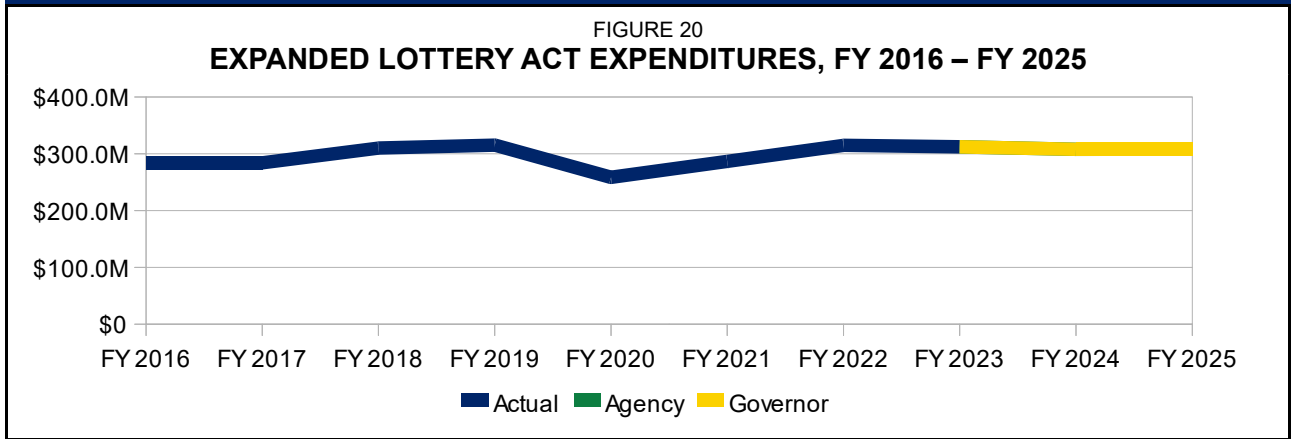
The **Governor** concurs with the agency's FY 2024 revised estimate.

FY 2025

The **agency** requests Cost of Sales program expenditures of \$53.5 million, all from special revenue funds, and 0.0 FTE positions for FY 2025. This is an increase of \$400,000, or 0.8 percent, above the FY 2024 revised estimate. The increase is primarily due to SGI Central Gaming System and PlayOn Players Loyalty System expenditures.

The **Governor** concurs with the agency's FY 2025 request.

EXPANDED LOTTERY ACT



STATUTORY BASIS: • KSA 74-8701 through 74-8780

PROGRAM GOALS:

- Maintain public confidence in all casino gaming and provide services that meet or exceed the expectations of the Kansas citizenry.
- Produce the greatest amount of revenue possible for the State of Kansas while ensuring the integrity of all games.

The Expanded Lottery Act program ensures the integrity of electronic gaming devices, accurate reporting of net expanded gaming revenues, and compliance with management

contracts, as well as duties and responsibilities prescribed within the Kansas Expanded Lottery Act.

FIGURE 21
EXPANDED LOTTERY ACT FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	312,042,679	307,742,644	307,654,832	308,061,779	307,877,041
TOTAL	\$ 312,042,679	\$ 307,742,644	\$ 307,654,832	\$ 308,061,779	\$ 307,877,041
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	0.9 %	(1.4) %	(0.0) %	0.1 %	(0.1) %
FTE Positions	17.0	17.0	17.0	17.0	17.0

BUDGET ANALYSIS

FY 2024

The **agency's** revised estimate includes \$307.7 million, all from special revenue funds, and 17.0 FTE positions for the Expanded Lottery Act program in FY 2024. This is a decrease of \$9.4 million, or 3.0 percent below the FY 2024 approved amount. The decrease is attributable to decreased gaming facility related payouts, including \$369,000 for local governments and \$9.0 million to casino managers.

The **Governor** recommends expenditures of \$307.7 million, all from special revenue funds, and 17.0 FTE positions in FY 2024. This is a decrease of \$87,812, or less than 0.1 percent, below the agency's FY 2024 revised estimate. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures.

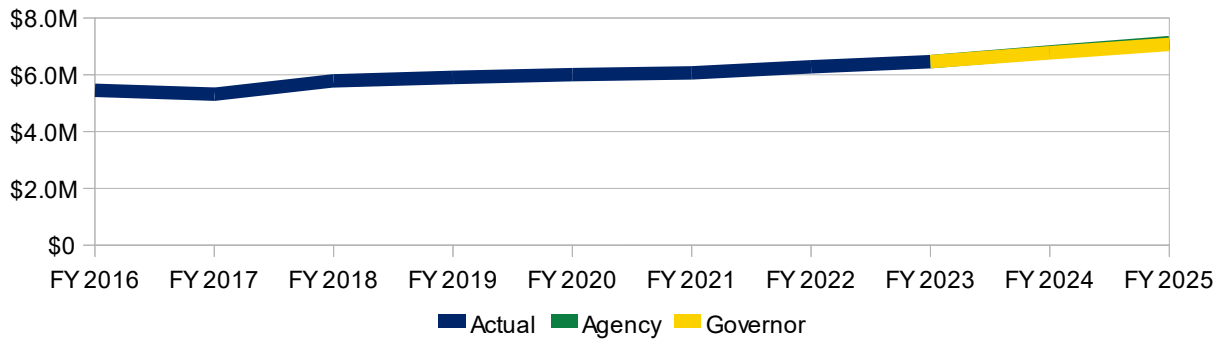
FY 2025

The **agency** requests Expanded Lottery Act program expenditures of \$308.1 million, all from special revenue funds, and 17.0 FTE positions for FY 2025. This is an increase of \$319,135, or 0.1 percent, above the FY 2024 revised estimate. The increase is attributable to the agency's 5.0 percent salary adjustment and gaming facility related payouts.

The **Governor** recommends expenditures of \$307.9 million, all from special revenue funds, and 17.0 FTE positions for FY 2025. This is a decrease of \$184,738, or 0.1 percent, below the agency's FY 2025 request. The decrease is attributable to Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures and the deletion of the agency's planned 5.0 percent salary adjustments.

MARKETING

FIGURE 22
MARKETING EXPENDITURES, FY 2016 – FY 2025



STATUTORY BASIS: • KSA 74-8701 through 74-8780

PROGRAM GOALS: • There were no goals submitted for this program.

The Marketing program works to promote the Kansas Lottery and its games in a responsible and effective manner. To achieve this, the program works to produce advertising media messages across a variety of platforms

to maximize sales and returns to the State; produce a wide variety of scratch games; and coordinate special events programs, fairs, and other community events.

FIGURE 23

MARKETING FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	6,460,176	6,801,002	6,771,789	7,130,270	7,068,918
TOTAL	\$ 6,460,176	\$ 6,801,002	\$ 6,771,789	\$ 7,130,270	\$ 7,068,918
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	2.9 %	5.3 %	(0.4) %	4.8 %	(0.9) %
FTE Positions	6.4	6.4	6.4	6.4	6.4

BUDGET ANALYSIS

FY 2024

The **agency's** revised estimate includes \$6.8 million, all from special revenue funds, and 6.4 FTE positions for the Marketing program in FY 2024. This is an increase of \$140,898, or 2.1 percent, above the FY 2024 approved amount. The increase is attributable to the agency's supplemental request for additional marketing expenditures.

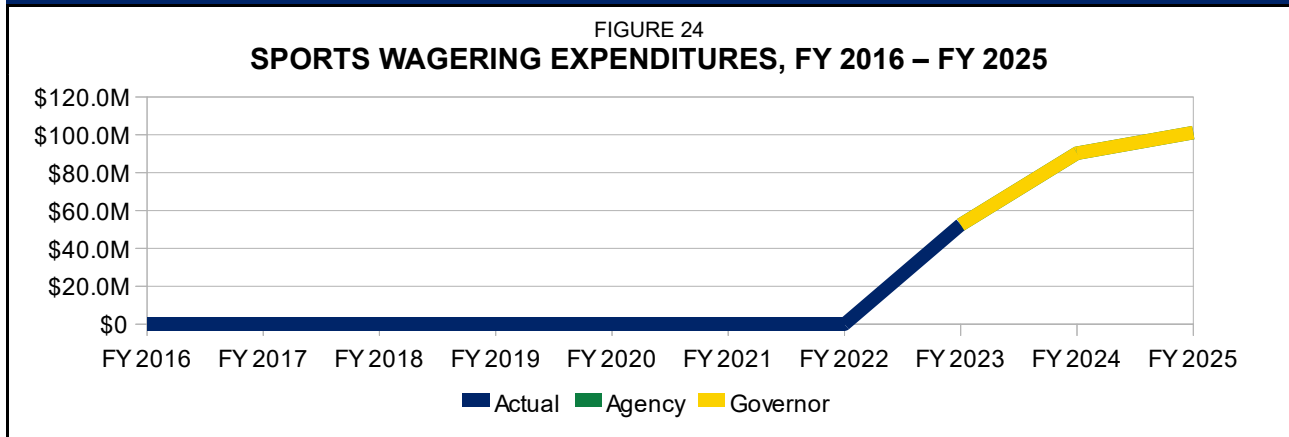
The **Governor** recommends expenditures of \$6.8 million, all from special revenue funds, and 6.4 FTE positions in FY 2024. This is a decrease of \$29,213, or 0.4 percent, below the agency's FY 2024 revised estimate. The decrease is attributable to the Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures.

FY 2025

The **agency** requests Marketing program expenditures of \$7.1 million, all from special revenue funds, and 6.4 FTE positions for FY 2025. This is an increase of \$329,268, or 4.8 percent, above the FY 2024 revised estimate. The increase is attributable to the agency's 5.0 percent salary adjustment, advertising, and promotional expenditures.

The **Governor** recommends expenditures of \$7.1 million, all from special revenue funds, and 6.4 FTE positions for FY 2024. This is a decrease of \$61,352, or 0.9 percent, below the agency's FY 2025 request. The decrease is attributable to Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures and the deletion of the agency's planned 5.0 percent salary adjustments.

SPORTS WAGERING



STATUTORY BASIS: • KSA 74-8701 through 74-8780

PROGRAM GOALS: • There were no goals submitted for this program.

The Sports Wagering program facilitates provisions of the Kansas Lottery Act and the sports wagering in accordance with the Kansas Expanded Lottery Act.

FIGURE 25
SPORTS WAGERING FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	52,517,649	90,293,500	90,278,825	101,183,303	101,144,973
TOTAL	\$ 52,517,649	\$ 90,293,500	\$ 90,278,825	\$ 101,183,303	\$ 101,144,973
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	100.0 %	71.9 %	-- %	12.1 %	-- %
FTE Positions	5.0	5.0	5.0	5.0	5.0

BUDGET ANALYSIS

FY 2024

The **agency's** revised estimate includes \$90.3 million, all from special revenue funds, and 5.0 FTE positions for the Sports Wagering program in FY 2024. This is a decrease of \$95,891 or 0.1 percent, below the FY 2024 approved amount. The decrease is attributable to salaries and wages adjustments.

The **Governor** recommends expenditures of \$90.3 million, all from special revenue funds, and 5.0 FTE positions in FY 2024. This is a decrease of \$14,675, or less than 0.1 percent, below the agency's FY 2024 revised estimate. The decrease is attributable to the Governor's

vacancy adjustment to more accurately reflect the agency's actual expenditures.

FY 2025

The **agency** requests Sports Wagering program expenditures of \$101.2 million, all from special revenue funds, and 5.0 FTE positions for FY 2025. This is an increase of \$10.9 million, or 4.8 percent, above the FY 2024 revised estimate. The increase is attributable to the agency's 5.0 percent salary adjustment, advertising, promotional expenditures, and increased expenditures paid to facility gaming managers.

The **Governor** recommends expenditures of \$101.1 million, all from special revenue funds, and 5.0 FTE positions for FY 2024. This is a decrease of \$38,330, or less than 0.1 percent, below the agency's FY 2025 request.

The decrease is attributable to Governor's vacancy adjustment to more accurately reflect the agency's actual expenditures and the deletion of the agency's planned 5.0 percent salary adjustments.