

## Georgia Lottery Corporation

### Real Dollars for Beneficiaries

- The Georgia Lottery's mission is to maximize revenues for specific educational programs.
- In Fiscal Year 2019, the GLC transferred \$1,207,369,000 to the Lottery for Education Account – that's \$3.2 million (on average) raised every day for HOPE & Pre-K.
- The Georgia Lottery ranks #3 nationwide in per capita returns to beneficiaries, excluding states with VLT revenue, according to LaFleur's World Lottery Almanac.

### Beneficiary Return Percentage

- In Fiscal Year 1997, the Georgia Lottery transferred 35% of lottery revenues to the Lottery for Education Account in the amount of \$581 million. In Fiscal Year 2019, the Georgia Lottery raised \$1.21 billion for HOPE & Pre-K, accounting for 26.6% of lottery revenues.
- When Georgia's lottery legislation was drafted 25 years ago with a 35% target, it represented more of the draw games that payout at a lower percentage than the instant (scratch-off) games that are more popular now. The "as nearly as practical" language included in the legislation allowed the lottery to be flexible and change with the marketplace.
- It has taken 20 years to reach the current level of game revenue and profit at the Georgia Lottery Corporation. It is the blend and balance of the games menu at the Georgia Lottery Corporation that produces the bottom-line.
- In 1997, the Texas Legislature decreased prize payouts on instant games. The action resulted in a 40% decrease in instant sales (\$1 billion sales loss) over a two-year period. Although the percentage return to beneficiaries increased from 31.6% to 35.0%, the real dollars to beneficiaries dropped by more than \$155 million (-24.5%). After the prize payout reduction was reversed, it took nearly a decade for instant sales in Texas to return to 1997 levels. Lottery case study after case study details the potential for unintended negative consequences of slashing prize payouts to boost profit.
- In Oklahoma, legislation was passed in 2017 to eliminate the state's 35% profit percentage requirement in order to grow sales and profits. The year following the legislative change overall returns increased 19%.
- Increased Payouts = Increased Demand = Increased Benefits for Education. According to a 2006 study by GTECH, a leading gaming and technology and services company comparing state lotteries across the country, increased ticket sales volume increases the amount of net income, or profits, retained by a lottery and returned to the state.
- GLC has had success, in part, because it has flexibility to adjust prize payouts to meet consumer demand and to compete in a crowded retail marketplace. If the GLC were required to return a fixed percentage of lottery proceeds to the state, experience indicates the state risks declining lottery proceeds.