



Overview of the Oregon State Lottery  
House Committee on General Government  
February 25, 2021

# Lottery's constitutional mission

*Operate a lottery with the highest standards of security and integrity to earn maximum profits for the people of Oregon commensurate with the public good.*

# Origin of Lottery in Oregon

- Voters approved a constitutional amendment in 1984 that established the Oregon State Lottery Commission to authorize games of chance to fund job creation and economic development programs
- It simultaneously restricted gambling to the games offered by the Lottery and those at tribal casinos authorized by compact with the state
- At the same time, voters approved the Oregon State Lottery Act, ORS chapter 461, which provides the statutory framework for Lottery
- Over time, voters expanded the use of Lottery revenue to include education, parks and natural resources, and most recently veterans' services and outdoor schools



# A collective partnership

- Lottery raises money by selling tickets or shares in Lottery games, according to Commission and Governor's Office policy directives, and within statutory guidelines
- Lottery commissioners, and the Director, are appointed by the Governor, confirmed by the Senate
- The Commission oversees the Lottery policy and budget - approving new games, game procedures and methods, annual budget, and major procurements
- Voters and the legislature determine how Lottery revenue is spent
- The Legislature provides guidelines and dedicates Lottery funds:
  - Limit of six VLTs per retailer
  - 1% to problem gambling; 2.5% to county economic development

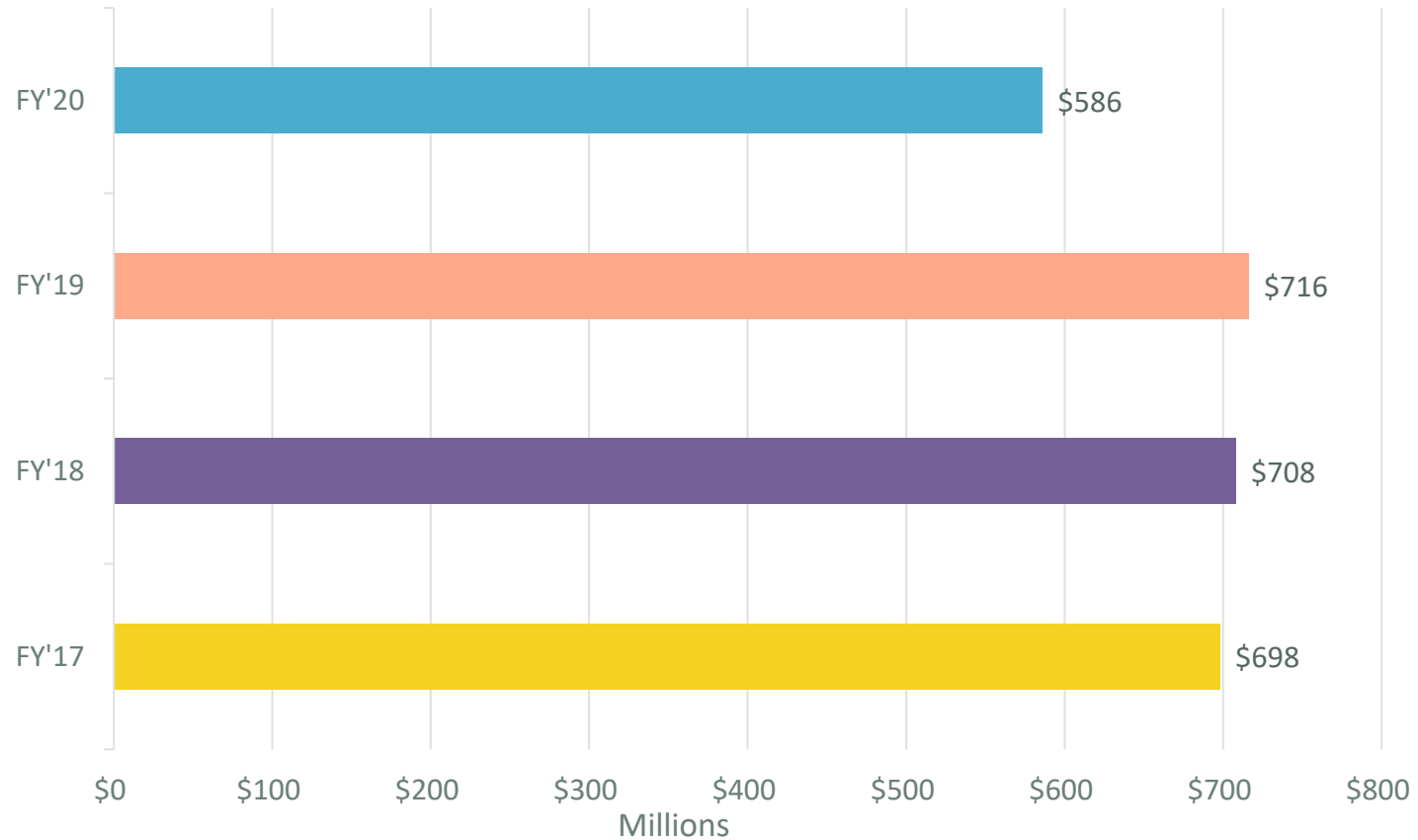


# Lottery's funding model

- Oregon Lottery **is 100% self-financed through its sales**
- Lottery is **obligated to transfer net proceeds** to the Economic Development Fund (managed by DAS) which are in turn distributed for public purposes allowed in law
- The **Commission is responsible for ensuring sufficient capital to operate the Lottery** and thus ensure anticipated transfers to the State are made
- The Commission sets a “cap” level for the **Lottery's Contingency Reserve Fund**. Any “profits” earned above the Contingency Reserve cap are available for additional transfers annually as administrative savings
- The **Lottery cannot borrow money** by statute, nor may the legislature appropriate other monies to the Lottery

# Delivering funding to the Legislature








The Lottery is the state's second largest source of discretionary funding after the personal income tax, contributing more than \$12 billion since 1985.

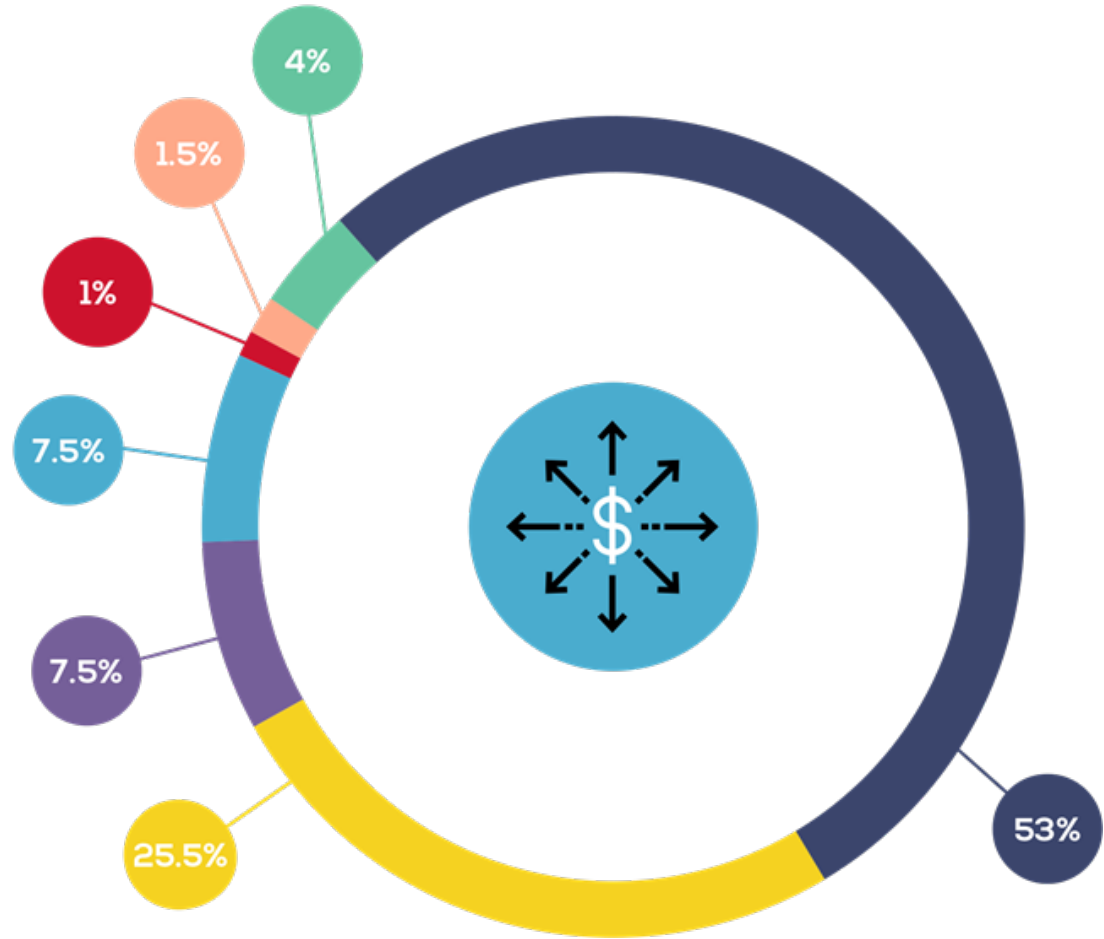


# Allocation of Lottery funds

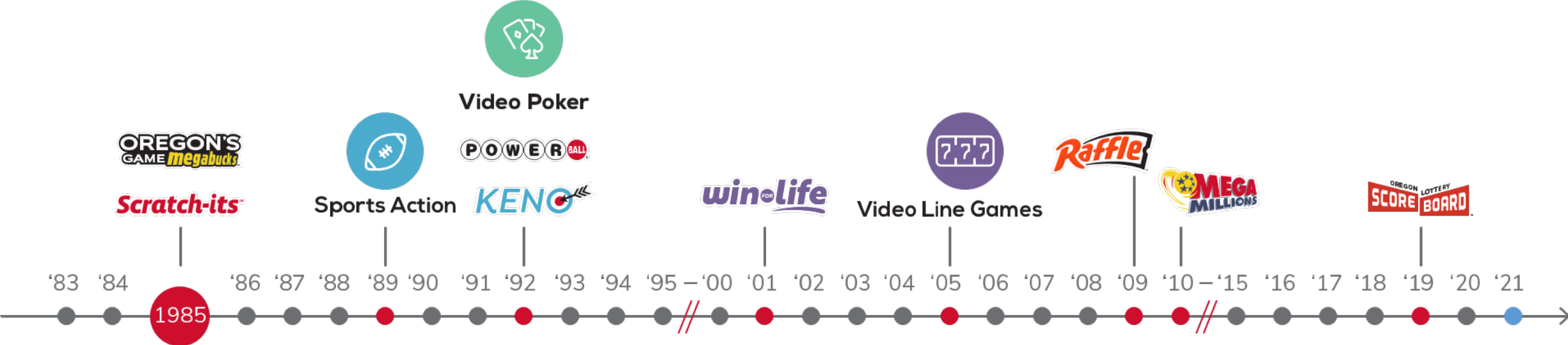
Learn more about specific projects funded with Lottery dollars at [oregonlottery.org/beneficiaries](https://oregonlottery.org/beneficiaries)

## How Lottery Funds Are Allocated

-  53% Education
-  25.5% Economic development
-  7.5% State parks
-  7.5% Watershed and habitat restoration
-  1% Problem gambling treatment
-  1.5% Veteran services
-  4% Outdoor school

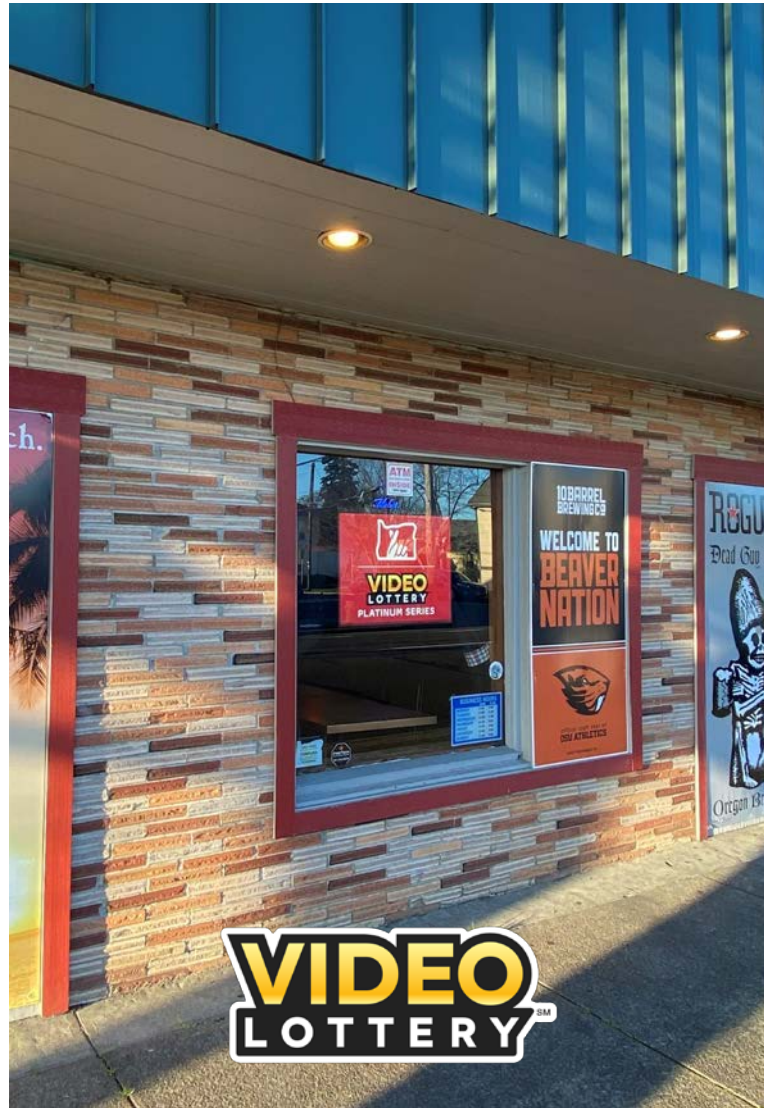
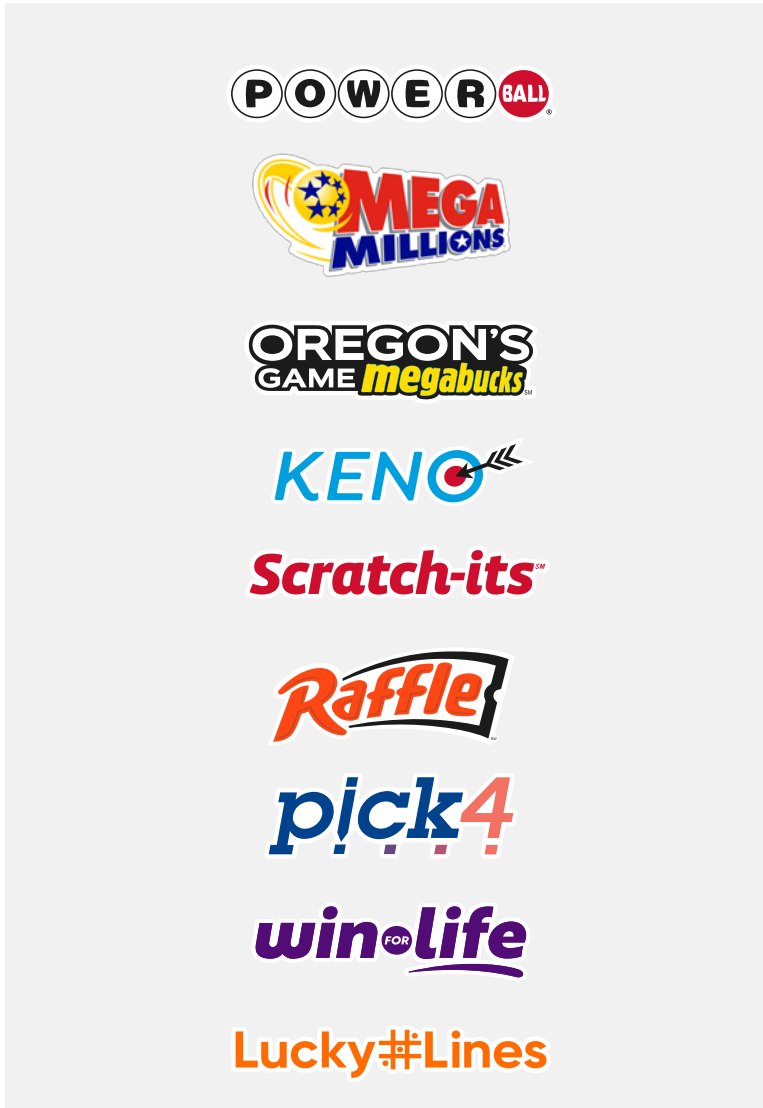


# An evolving portfolio of games to meet demands





# Lottery's current mix of games & sales channels



# Retail sales channel

- The primary outlet for selling Lottery games
- Offer Video Lottery, Keno, scratch-it and draw games
- More than 3,000 in every corner of Oregon
- Responsible for more than \$1 billion in sales last fiscal year
- Nearly \$218 million in retail commissions in FY20



# Digital channel

- Sales currently limited to Scoreboard
- Convenience app offers ticket scanning and second chance entry

## Future roadmap

- Scoreboard
  - Continue to add markets as we adjust to new pandemic offerings/market maturity
  - Players want collegiate wagering
- Draw games –Powerball, Mega Millions, Oregon’s Game Megabucks
- E-Instants/Scratch sales
- Keno





# Performance Since Launch (Oct 2019)

47,000

Players in Oregon

10.7M

Bets

\$319M

Wagered

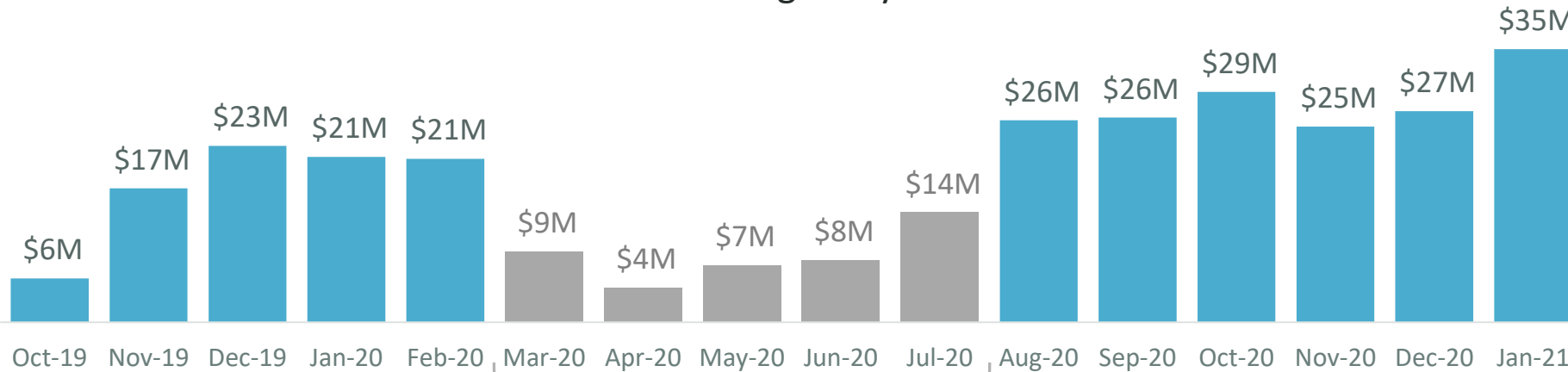
\$28M

Gross Gaming Revenue

\$30

Avg. Bet

Scoreboard Wagers by Month



COVID-19 Impact on Available Sporting Events

Top 5 Sports\*

- #1 – Basketball
- #2 – Football
- #3 – Soccer
- #4 – Baseball
- #5 – Table Tennis

\* These 5 sports make up 84% of all Scoreboard bets



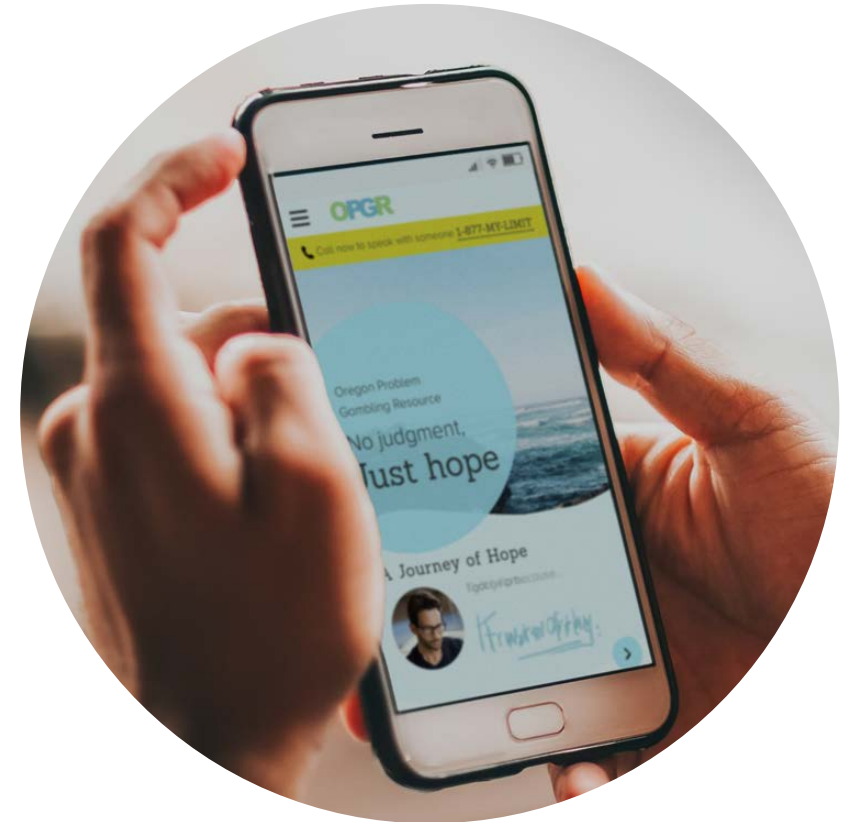
# Responsible Gambling Code of Practices Act (ORS 461.800-820)

- The Act provides a proactive approach to the promotion of responsible gaming practices and requires Lottery to:
  - Offer games in environments that encourage responsible play
  - Empower individuals and minimize harm
  - Use a data-informed approach
  - Engage stakeholders in the problem gambling community
  - Market responsibly
  - Promote a shared sense of responsibility
  - Inform players about games
  - Inform players about responsible gaming practices
  - Inform players about the availability of problem gambling resources

**PLAY RESPONSIBLY**



keep your entertainment entertaining



# RG

Responsible Gaming  
**BY THE  
NUMBERS**



**\$111 Million+**

Dedicated to funding problem gambling treatment and prevention since 1999



**5501**

Video Lottery retailer staff that completed training in 2020



**72,477**

Scoreboard Sports App Users that set a deposit limit



**45**

Times the average Oregonian has seen treatment referral ads in 2020



**\$2.1 Million**

Invested in player education and treatment referral advertising and promotion in 2020



**305,243**

Page views driven to the Oregon Problem Gambling Resource website

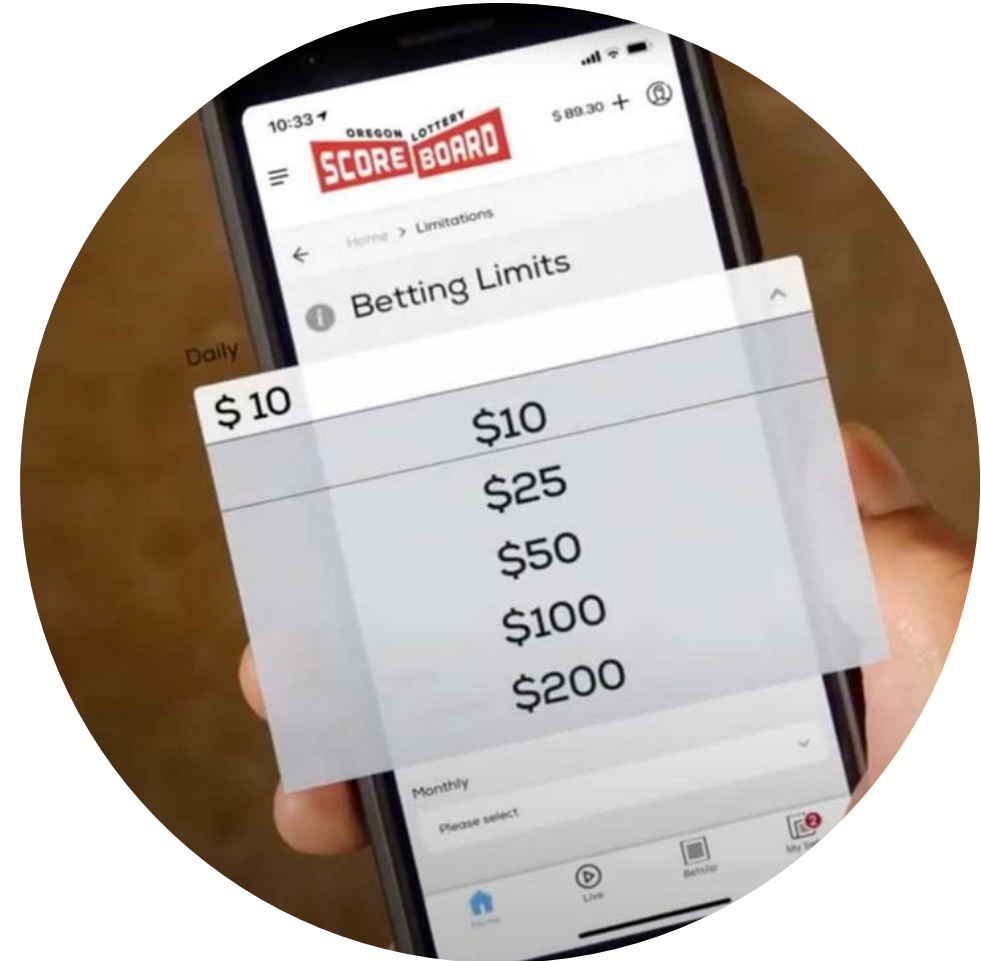


**400**

Player facing Lottery staff trained annually

# Digital (known play) offers new opportunities to promote responsible gaming

- Self-assessment tools
- Easy access to account activity
- Permanent and temporary self-exclusion
- Personalized account limits – deposit/loss limits; wager limits; etc.
- Self-exclude from marketing
- Connect directly to free problem gambling resources
- Robust age verification (21+ for digital)
- Requirement to set deposit limit
- RG messaging within app



# It's been a tough 12 months

- Video Lottery disabled March 2020
- Slow resumption of Video Lottery starting mid-May 2020
- We lost 75% of our revenue during that time
- Through spring and summer, COVID restrictions meant very few sporting events to wager on
- Layoffs, furloughs, and pay reductions over the summer carved \$7.4 million out of our operating budget
- Reduced expenditures by additional \$20 million in FY20
- Video bounced back to about 95% of pre-COVID sales
- Video disabled again mid-November 2020
- Just recently re-opened all counties (with restrictions); now up to 80% + of pre-COVID operations/sales





# What keeps me up at night

- Continued pressure on lottery funds – new beneficiaries, lottery bonding, etc.
- Responsibly and incrementally growing/diversifying our revenues for long term sustainability – not asking current players to play more or wager higher
- Player demand for digital options and college sports wagering
- Finding the right balance with digital; supporting our retailer partnership
- Risks of forgoing digital options/meeting players on their preferred platform
- Reliance on current players/Video infrastructure
- Black market apps
  - No consumer protections/responsible gaming tools
  - No tax withholding
  - No garnishment checks
  - Dollars stay off-shore, don't benefit Oregonians



