



QUARTERLY REPORT ON THE PRIVATE MANAGEMENT AGREEMENT

Quarter 1 (July 1, 2019 – September 30, 2019)

Submitted December 4, 2019

(20 ILCS 1605/9.1)

Respectfully submitted to:

Illinois Governor JB Pritzker

Senate President John J. Cullerton

Senate Republican Leader William E. Brady

House Speaker Michael J. Madigan

House Republican Leader Jim Durkin

The Illinois Lottery – Private Management Current Status

In FY20, Camelot Illinois plans to deliver sales of \$3.292 billion, which is a projected growth of 10% versus the previous year. It projects a contribution to the state of \$795 million, which would be a \$45 million increase over FY19. FY20 Q1 sales were \$671 million, 20% of the FY20 goal, and contributions to the State in Q1, were \$160 million, or 20% of the FY20 goal.

Camelot's FY20 Business Plan is structured around five themes:

- **Touchpoints:** Communicate with target consumer segments at relevant points along the path to purchase to drive conversion.
- **Communications:** Re-establish the brand, brand messaging and personalized engagement to drive consumer reappraisal of the Illinois Lottery.
- **Experiences:** Establish the Illinois Lottery as a lottery leader by offering compelling experiences that engage the people of Illinois.
- **Delivery:** Power retail partners to deliver to the needs of their customers.
- **Advocacy:** Foster a community of advocates.

A project to modernize the look of the Illinois Lottery in retail across the state with new permanent point of sale equipment started in FY19 Q4 and continued in FY20 Q1 with installations of the new equipment in retail.

Overall Sales and Transfers to Good Causes

Below are the FY20 Quarter 1 sales and transfers to good causes:

FY20	Sales	Transfers to Common School Fund	Transfers to Capital Projects Fund	Transfers to Special Causes
Q1	\$671.1 million	\$159,413,000	\$18.5 million*	\$629,641
Q2				
Q3				
Q4				
Total	\$671.1 million	\$159,413,000	\$18.5 million	\$629,641

*-transfer made in FY20 Q1 after true-up of FY19

Specialty Ticket Cause	FY20 Transfers YTD
Veterans	\$0
Ticket for the Cure	\$0
The MS Project	\$56,059
Red Ribbon Cash	\$0
Special Olympics	\$335,522
Police memorials	\$238,060
Homelessness preventions	\$0

iLottery Program

PA 98-499 authorized the Lottery to sell Lotto, Mega Millions, and Powerball tickets on the internet, through a 48-month pilot program that began in January 2014. In June 2016, the Illinois Legislature removed the “pilot” designation from the iLottery program and included a sunset of July 1, 2017. That sunset date was extended to July 1, 2018. The sunset date was again extended by a year – to July 1, 2019 – under PA 100-0587. HB 3661 passed the Legislature in Spring 2019 and was signed by Gov. JB Pritzker on June 28, 2019. The bill extends the iLottery program by three years - through 2022 - and allows the Lottery to offer Lucky Day Lotto, Pick 3, and Pick 4 through the internet program without a subscription.

FY20	Internet Sales	Subscription Sales	Total iLottery Sales
Q1	\$8,526,940	\$4,129,433	\$12,656,373
Q2			
Q3			
Q4			
Total	\$8,526,940	\$4,129,433	\$12,656,373

Responsible Gaming

In Quarter 1, the Illinois Lottery's focus was preparing and submitting an application for Level 3 World Lottery Association (WLA) Responsible Gaming (RG) Certification. The Illinois Lottery holds a Level 3 certification that it received under the previous private manager, but believed it was important to certify its current RG programming under Camelot Illinois. It is the intent of the Illinois Lottery to apply for the highest level of certification (Level 4) within the next 12 to 18 months. As part of the Level 3 submission process, the Lottery provided information on 10 responsible gaming areas:

- Research - Research that was conducted and the corresponding results.
- Employee Programs - Training programs offered to employees.
- Retailer Programs - Training programs offered to retailers.
- Game Design - How games are selected and introduced to the market.
- Remote Gaming Channels - Safeguards in place to protect online players.
- Advertising and Marketing Communications - Information about responsible marketing campaigns.
- Treatment Referral - Information offered to potential or actual problem gambling customers.
- Stakeholder Engagement - The Lottery's approach to identifying, understanding and integrating the interests of decision-makers, influencers and members of society.
- Reporting and Measurements - How programs are measured and reported.
- Player Education - Training related to good practices in responsible play and treatment options.

The Illinois Lottery developed a new Be Smart, Play Smart™ responsible gaming guide to assist players. A packet of 25 guides was shipped to all retail locations with the September 2019 new instant ticket pack, with instructions to place the guide into the play-slip holder. Retailers are required to monitor quantities of the guide and to obtain additional copies from their Lottery Sales Representative. The guide contains the following information:

- Tips on how to responsibly play the Illinois Lottery.
- Warning signs of problem gambling.
- Support resources for those who are concerned about their gambling.

Lastly, the Responsible Gaming Manager presented at the Illinois Council on Problem Gambling (ICPG) conference in August as part of the Lottery's stakeholder engagement strategy. Information about gambling knowledge and attitudes in Illinois was discussed, along with the actions the Illinois Lottery is taking to address the survey results. The Responsible Gaming

Manager maintains the partnership with ICPG and regularly attends membership meetings and events.

The Illinois Lottery maintains membership and support of the Illinois Alliance on Problem Gambling, Illinois Council on Problem Gambling, National Council on Problem Gambling, and the World Lottery Association. The Lottery's commitment to responsible gaming also includes providing funds for the Gambling Hotline (1-800-GAMBLER).

BEP Spending

The Private Management Agreement encourages Camelot Illinois to maintain a goal that at least 20 percent of the spend in marketing, advertising, and shipping/freight be awarded businesses that are minority owned businesses.

For FY20, the total budgeted spend by Camelot in these areas is \$45,200,000, resulting in a BEP goal of \$9,040,000 for FY20. In Q1, Camelot's BEP spend was \$3,941,002, or 44% of the FY20 goal.