

Greenbook

LBO Analysis of Enacted Budget

Ohio Lottery Commission

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Attachment:

Appropriation Spreadsheet

LBO Greenbook

Ohio Lottery Commission

Quick look...

- The Ohio Lottery Commission (LOT) is a self-sustaining non-GRF agency funded through the State Lottery Fund.
- The agency is supported by the sale of traditional lottery tickets, revenue from video lottery terminals at seven Ohio horse racetracks (or racinos), and revenue from sports gaming kiosks at over 700 retail locations.
- Net profits from those operations are transferred to the Lottery Profits Education Fund for use in programs benefiting primary, secondary, vocational, and special education.
- LOT is governed by a nine-member commission. Daily administration is the responsibility of an executive director appointed by the Governor.
- LOT had a full-time staff of 363 as of August 2025.

Fund Group	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
State Lottery Fund Group	\$441,504,179	\$502,195,115	\$447,833,702	\$453,469,441
% change	--	13.7%	-10.8%	1.3%

Agency overview

The Ohio Lottery (LOT) operates a variety of draw-based games and instant ticket games, and it regulates video lottery terminals (VLTs) at racinos. The agency exists primarily to create operating net profits to be transferred to the Lottery Profits Education Fund (LPEF, or Fund 7017).

The enacted budget estimates transfers of \$2,936.8 million in the FY 2026-FY 2027 biennium (\$1,465.1 million in FY 2026 and \$1,471.7 million in FY 2027) to the LPEF. This total would be a decrease of \$24.9 million (0.8%) relative to total transfers of \$2,961.7 million in the FY 2024-FY 2025 biennium (\$1,514.0 million in FY 2024 and \$1,447.7 million in FY 2025).

Analysis of FY 2026-FY 2027 budget

The Ohio Lottery Commission's budget consists of six appropriation line items (ALIs) made from the State Lottery Fund (SLF) group. The enacted budget appropriates \$447.8 million in FY 2026 and \$453.5 million in FY 2027. LOT appropriations support computerized gaming systems, the purchase and distribution of Instant tickets, the payment of prizes to winners, funding for programs supporting gambling and related addiction services, expenditures for the regulation of the VLT Program, and commissions and bonuses to over 10,500 Lottery retailers.

Operating Expenses (ALI 950321) and Responsible Gambling (ALI 950605)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 7044 ALI 950321, Operating Expenses					
\$55,178,324	\$53,818,622	\$56,446,085	\$65,048,265	\$70,000,000	\$71,000,000
% change	-2.5%	4.9%	15.2%	7.6%	1.4%
Fund 7044 ALI 950605, Responsible Gambling					
\$3,977,694	\$4,370,396	\$4,843,042	\$4,683,228	\$5,000,000	\$5,000,000
% change	9.9%	10.8%	-3.3%	6.8%	0.0%

ALI 950321, Operating Expenses, provides funds for staff payroll and benefits, maintenance and supplies, and equipment. About 78% of planned expenses are for staff compensation, with 22% for supplies, equipment, and purchased personal services. The appropriation in FY 2026 is nearly \$5.0 million (7.6%) above actual spending in FY 2025. Costs are expected to rise for items funded by this line item due primarily to the state of Ohio's new collective bargaining contract and growing staff numbers. The appropriation for FY 2027 is \$1.0 million (1.4%) above funding for FY 2026.

ALI 950321 also encompasses support for LOT's memorandum of understanding with the Auditor of State (AOS) and Attorney General's (AGO) offices. A representative from AOS is present during all Lottery drawings and during the Cash Explosion television show. Additionally, while LOT has its own internal audit department, a Commission Audit Committee, and is audited by the Office of Budget and Management, AOS also conducts an annual audit on LOT. Furthermore, LOT partners with the AGO to conduct background checks for retailers, racino employees, and internal staff and conducts a security test on scratch-off tickets.

Though appropriation amounts are specified in the budget bill for this line item, uncodified language authorizes the Controlling Board, at the request of the Ohio Lottery Commission, to authorize additional expenditures in excess of appropriations for operating expenses from the State Lottery Fund up to a maximum of 10% of the amount appropriated that fiscal year.

ALI 950605, Responsible Gambling, is funded by a share of commissions (0.5%) received by Lottery sales agents operating VLTs at racinos and surrendered funds from the Ohio Voluntary Exclusion Program.¹ The appropriation for ALI 950605 in each year of the biennium is \$5.0 million, \$0.3 million above FY 2025 expenditures. The Ohio Lottery works with the Ohio Department of Mental Health and Addiction Services to help provide treatment and counseling services for gamblers by providing funds for the treatment of lottery players that also are addicted to alcohol and drugs. The program's goals are to establish outpatient gambling treatment programs, increase the identification and referral of problem gamblers to appropriate services, and to increase awareness of available services for problem gamblers and their families.

¹ Refer to R.C. 3769.087 and Ohio Administrative Code (O.A.C.) 3770:2-8-03 for additional details.

Direct Prize Payments (ALI 950601) and Annuity Prizes (ALI 950602)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 7044 ALI 950601, Direct Prize Payments					
\$195,690,873	\$351,928,390	\$205,288,580	\$250,934,428	\$183,030,000	\$183,282,000
% change	79.8%	-41.7%	22.2%	-27.1%	0.1%
Fund 8710 ALI 950602, Annuity Prizes					
\$48,096,197	\$43,163,800	\$40,249,404	\$38,543,098	\$35,637,000	\$34,737,000
% change	-10.3%	-6.8%	-4.2%	-7.5%	-2.5%

ALI 950601, Direct Prize Payments, funds bonuses and commissions to vendors and payments for all nondeferred major prizes won by players. The major sources of expenditures from this line item are cash options for large jackpots in games such as Classic Lotto, Powerball, and Mega Millions; first installments of deferred Powerball and Mega Millions prizes; and prize payments of high-tier winners of other draw games. Expenditures supported by direct prize payments appropriations may also include cash payouts from Instant games, and noncash prizes payouts to winners.

In general, prize payments are correlated with sales, but some years prove to be the exception when major jackpots are won by players. According to the Commission, jackpot runs are random, unpredictable, and therefore hard to forecast. The enacted budget appropriates \$183.0 million in FY 2026, which is \$67.9 million below FY 2025 expenditures. The FY 2027 appropriation is \$252,000 higher than the FY 2026 amount. Though appropriation amounts are specified in the budget bill for this line item, uncodified language in the bill appropriates additional amounts, if the Director of the Ohio Lottery Commission determines that additional amounts are needed to pay out prize winnings.

Appropriations for ALI 950602, Annuity Prizes, support the annual payment for the annuity prize winnings for winners who selected to be paid over a period of time rather than in one lump sum payment. The Ohio Lottery is required to set aside and transfer to the Treasurer of State, for investment, the present value of any annuity jackpots won in Mega Millions, Powerball, and other games. Prizes are then paid out over time as they are due to winners. Though appropriation amounts are specified in the budget bill for this line item, uncodified language in the bill appropriates additional amounts if the Director of the Ohio Lottery Commission determines that additional amounts are needed to pay out prize winnings. The appropriation for FY 2026 is \$2.9 million below FY 2025 spending. The appropriation in FY 2027 is an additional decrease of \$0.9 million from FY 2026. Appropriations related to annuity prizes have generally decreased, as an increasing number of players over the years have chosen the cash option after winning large prizes.

Advertising Contracts (ALI 950402) and Gaming Contracts (ALI 950403)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 7044 ALI 950402, Advertising Contracts					
\$28,441,933	\$27,864,001	\$28,895,438	\$29,511,338	\$30,811,375	\$30,811,375
% change	-2.0%	3.7%	2.1%	4.4%	0.0%
Fund 7044 ALI 950403, Gaming Contracts					
\$91,924,068	\$92,192,634	\$105,781,630	\$113,474,758	\$123,355,327	\$128,639,066
% change	0.3%	14.7%	7.3%	8.7%	4.3%

LOT spending for advertising contracts from ALI 950402 covers the production of print, radio, internet, and television advertisements and the cost of post-production media placement of those advertisements. The appropriation for FY 2026 is \$1.3 million above FY 2025 spending. The appropriation for FY 2027 is unchanged from that of FY 2026.

Spending on gaming contracts is directly related to the level of sales, which are expected to rise in the biennium. LOT recently awarded a contract for monitoring and controlling all video lottery terminals at the seven racinos. The rates necessary to pay vendors have increased with the overall price level, causing the expected expenditures to be greater than under the previous contract. The enacted budget appropriates \$123.4 million for ALI 950403 in FY 2026, an increase of \$9.9 million as compared to FY 2025 spending. The appropriation for FY 2027 is \$5.3 million higher than in FY 2026.

**FY 2026 - FY 2027 Final Appropriations
All Fund Groups - Detail**

H.B. 96 - Main Operating Appropriations Bill

Detail by Agency			FY 2024	FY 2025	Appropriation FY 2026	Appropriation FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
LOT Lottery Commission								
7044	950321	Operating Expenses	\$56,446,085	\$65,048,265	\$70,000,000	\$71,000,000	7.61%	1.43%
7044	950402	Advertising Contracts	\$28,895,438	\$29,511,338	\$30,811,375	\$30,811,375	4.41%	0.00%
7044	950403	Gaming Contracts	\$105,781,630	\$113,474,758	\$123,355,327	\$128,639,066	8.71%	4.28%
7044	950601	Direct Prize Payments	\$205,288,580	\$250,934,428	\$183,030,000	\$183,282,000	-27.06%	0.14%
7044	950605	Responsible Gambling	\$4,843,042	\$4,683,228	\$5,000,000	\$5,000,000	6.76%	0.00%
8710	950602	Annuity Prizes	\$40,249,404	\$38,543,098	\$35,637,000	\$34,737,000	-7.54%	-2.53%
State Lottery Fund Group Subtotal			\$441,504,179	\$502,195,115	\$447,833,702	\$453,469,441	-10.82%	1.26%
Lottery Commission Total			\$441,504,179	\$502,195,115	\$447,833,702	\$453,469,441	-10.82%	1.26%