

**Testimony of Brian Neill**  
**Interim Deputy Commissioner of Administration**  
**Michigan Lottery**  
**for**  
**General Government Subcommittee**  
**House Appropriations Committee**  
Wednesday, March 9, 2016

Good morning Chairwoman Cox and members of the committee. Thank you for the opportunity to provide you with an overview of the Michigan Lottery and the benefits that it brings to our state.

I am filling in for Commissioner Bowen, who unfortunately had a scheduling conflict and couldn't be here today.

My testimony will be brief, because the Lottery had a record year in 2015 and the results speak for themselves.

The most important record is the \$795.5 million that the Lottery contributed to the School Aid Fund. The previous record contribution was \$778.4 million in 2012. The 2015 contribution marked the ninth year in a row year that the Lottery has provided \$700 million or more for education in Michigan. For that nine-year span, the Lottery's contributions total \$6.7 billion.

As you know, under state law, all net proceeds from Michigan Lottery games go to the School Aid Fund. The Lottery contributions comprise about 6.5 percent of the fund. Since it began in 1972, the Lottery has contributed more than \$19.6 billion to support public education in Michigan.

The other major records set in 2015 were:

- \$2.8 billion in player purchases, eclipsing the previous mark of \$2.6 billion from 2014
- Instant game purchases topped \$1 billion, breaking the record of \$913.2 million set in 2014
- \$1.7 billion in prizes to players, surpassing the previous record of \$1.6 billion in 2014
- \$203.6 million in commissions to retailers, exceeding the previous record of \$188.5 million set in 2014

Our three main beneficiaries are the School Aid Fund, the players, and retailers. In fiscal year 2015, 97 cents out of every dollar spent on a Lottery ticket went to those three beneficiaries.

The details are that for each dollar spent on a Michigan Lottery ticket in 2015:

- 29 cents went to the School Aid Fund
- 61 cents went to prizes for players
- 7 cents went to commissions for our 11,000 retailers, many of them family-owned businesses
- 3 cents supported the Lottery's ongoing operations and administrative costs

Taxpayers also are Michigan Lottery beneficiaries. That's because every dollar the Lottery provides for public education is a dollar that doesn't have to come from taxpayers.

The 2015 fiscal year also was notable for being the first full year for our online games, which first were offered to players in August 2014. More than 276,000 players have registered to play games online. In 2015, the online games provided \$12.2 million for the School Aid Fund, about 1.5 percent of the Lottery's total contribution. That first-year performance is consistent with our projections that the online games will provide incremental growth and an additional \$480 million to the School Aid Fund in the first eight years of operation.

The development of the online games platform is part of the Michigan Lottery's long-term strategy. That strategy is to continue to provide players with attractive and competitive entertainment options that support our mission of providing significant support for public education in Michigan.

That concludes my prepared testimony, Chairwoman Cox. Thank you again for the opportunity to be here today and provide an overview of the Michigan Lottery and the benefits it provides to our state.

I'll be glad to answer any questions you may have.