

**House Appropriations
General Government Subcommittee
Testimony of Lottery Commissioner Brian O. Neill**

March 3, 2020

Good morning Chairman Huizenga and members of the Committee. Thank you for the opportunity to meet with you today to discuss the Michigan Lottery's performance and Fiscal Year 2021 budget request.

The Lottery was established in 1972 for the purpose of generating revenue for Michigan schools. It operates like a private-sector business, selling products in retail and online environments. It is completely self-funded through sales, and all profits are deposited into the School Aid Fund. Since it began, the Lottery has raised more than \$23 billion for Michigan schools.

I am very pleased to report that last fiscal year was the Lottery's best year yet. Our contribution to the School Aid Fund exceeded \$1,070,000,000 – an increase of about \$129 million over the prior year, and the first time in its 47-year history that the Lottery has reached the billion-dollar mark for school funding in a single year.

Several other records were set in Fiscal Year 2019, including:

- Gross sales of nearly \$3.9 billion
- Prizes to players of more than \$2.4 billion
- Commissions to retailers, many of which are small businesses, in excess of \$287 million

Fiscal Year 2019 was also the fifth record setting year in row for contributions to the School Aid Fund. In Fiscal Year 2014, five years earlier, the Lottery generated about \$743 million. The Fiscal Year 2019 contribution of \$1,070,000,000 represents an increase of more than \$327 million or 44%.

These incredible results would not be possible without our players, retailers, vendors, and an exceptionally dedicated team. I appreciate this opportunity to recognize and thank them.

Turning to our budget request for Fiscal Year 2021, Lottery is seeking an increase to its operating budget of about \$1.2 million and an additional four FTEs.

- Approximately \$711,000 is for general economics (such as cost of living increases, building occupancy, agency services, etc.).
- Approximately \$508,000 would fund four additional FTEs to support the ongoing growth of operations. We anticipate filling the positions with two district sales representatives, and two gaming operation analysts.
- If approved, Lottery's total operating budget would increase from about \$27 million to just over \$28 million, and the maximum number of FTEs would increase from 196 to 200.

This concludes my prepared remarks. Thank you again for the opportunity to meet with you today.