



**REPORT ON THE WORK OF THE LOTTERY CONTROL BOARD**  
**FISCAL YEAR 2021**

*(20 ILCS 1605/7.8)*

*Respectfully submitted to:*

**Illinois Governor JB Pritzker**  
**Senate President Don Harmon**  
**Senate Majority Leader Kimberly Lightford**  
**Senate Minority Leader Don McConchie**  
**House Speaker Emanuel Chris Welch**  
**House Majority Leader Greg Harris**  
**House Minority Leader Jim Durkin**

**The Illinois Lottery Control Board -- Background and Current Status**

Illinois Lottery Law (20 ILCS 1605/6) created an independent board - the Lottery Control Board (“the Board”) - consisting of five members appointed by the Governor with the advice and consent of the Senate. A chairman of the board is chosen annually from the membership of the board by a majority of the members of the board. Current members of the Board:

<b>Name</b>	<b>Term Expires</b>	<b>Board Member Since</b>
Sarah Alter	July 1, 2024	June 3, 2019
Diana Sheehan (Chairperson)	July 1, 2023	February 24, 2020
Alejandra Garza	July 1, 2024	July 1, 2021

The Board chair is Diana Sheehan who was elected at the September 2, 2020 meeting. The Board currently consists of three members with two vacancies. Tarrah Cooper Wright’s term expired and her service to the Board ended June 30, 2021. Alejandra Garza was appointed for a three-year term beginning July 1, 2021. Sarah Alter was reappointed to a three-year term on August 23, 2021. Her term runs through July 1, 2024.

The Board is required to hold at least one meeting each quarter of the fiscal year, and all Board meetings are open to the public pursuant to the Open Meetings Act. Meetings were held in Fiscal Year 2021 on September 2, 2020, November 18, 2020, January 27, 2021, and April 28, 2021.

**Lottery Control Board Activities**

During the quarterly public meetings, the Board was updated on the progress and status of the private management agreement with Camelot, in the areas of finance, marketing, and corporate responsibility. The Board also was updated at each meeting on the status of profits and transfers as well as operational and legal updates from the Director of the Lottery. Approved meeting minutes for the fiscal year 2021 can be found at:

<https://www.illinoislottery.com/illinois-lottery/lottery-control-board>.

Throughout the year the Board members advised the Lottery on various aspects of operations and private management. In FY21, the Board members were provided with regular information for review and feedback. Items reviewed by the Board this year included a regular director update on matters of Lottery administration and operation, internal audit reports, yearly compliance

audit, monthly financial reports and quarterly private management reports. The Board also actively participated in the review and approval of the FY22 annual business plan which included deep-dive meetings with Camelot into specific business areas.

### **Quarterly Meeting Activity**

#### **September 2, 2020 Meeting**

##### **Approval of Meeting Minutes**

Board unanimously approved meeting minutes from June 3, 2020.

##### **Election of Chairperson**

Board Member Diana Sheehan was nominated and unanimously elected as the Board Chairperson.

##### **iLottery**

Board member Sarah Alter asked how Lottery can leverage the opportunity provided by COVID to retain our new customers on the iLottery platform. Camelot stated that they are focused on retaining these new players but are limited to the number of games currently allowed to be sold online. Since July, there have been over 30 thousand new app downloads in which the work is trying to keep consumers engaged.

##### **Marketing**

Board member Tarrah Cooper Wright asked what the engagement of local community in minority papers had been and if there is anything that has been considered to address criminal justice or equity from a community standpoint. She also requested a summary of earned media in addition to advertising. Camelot stated they will get that information to the board to give a sense of what is being done.

#### **November 18, 2020 Meeting**

##### **Approval of Meeting Minutes**

Board unanimously approved meeting minutes from September 2, 2020.

##### **Scheduling of Quarterly Meetings**

Board members vote and approve on the following meeting dates for next year. Dates selected were: 01/27/2021, 04/28/2021 and 07/28/2021.

### Sales Performance

Board member Sarah Alter and Board Chair Diana Sheehan requested specifics for strategy in increasing the gross gaming revenue in writing for the next meeting and information on the product portfolio based on game margin. Camelot stated that they are working closely with Director Mays and his team for 2021 to maximize and hit their targets and would provide more information to the board regarding product portfolio as it pertained to profit margin

### Marketing

Board member Tarrah Cooper Wright commended Camelot and Lottery for their retail location ads which shows people wearing a mask. She asked if there are opportunities to include advertising with the retailer's apps, or on other forms of their digital presence. Camelot stated that they have collaborated with some retailers and is an area that will grow in the future.

Board member Sarah Alter recognizes and congratulates Camelot on the sensitivity in the marketing efforts during this pandemic where strategic action has been put into play. Board members requested a forecast of future advertising and campaigns to make sure the right audience is targeted and to understand the strategy.

### **January 27, 2021 Meeting**

#### Approval of Meeting Minutes

Board unanimously approved meeting minutes from November 18, 2020.

### Sales Performance

Board Chair, Diana Sheehan, engaged in a discussion based on the concern that Lottery will be performing below budget once the casinos reopen in Illinois. Camelot replied that there many are different factors that impact on performance, but Camelot is focused on what they can control and continue to launch fun and engaging Lottery products.

Board Chair Sheehan also asked if there will be an expansion of Lottery retailers and if growth was primarily tied to retail penetration or product launches. Camelot stated that no retailers have been added in the past 12 months, but it is something they are looking at in the future. Over 100 retailers are still closed due to the pandemic and the increased sales were the result of greater volume of tickets going through active retailers.

Board member Sarah Alter asked if Lottery is seeing new users and participants through the retail channel. Camelot stated that while it is difficult to see who is purchasing tickets in the retail network, there has been an increase in new digital players and evidence that occasional players are playing more often.

Board member, Sarah Alter, reminded Camelot that they have a responsibility to educate and provide responsible gaming resources to these new players.

### Marketing

Board chair, Diana Sheehan, challenged the promotion strategy regarding the recipients of Lottery promotions. The concern stemming from the rewarding of customers who are already Lottery players compared to growing the player base. Camelot state that these promotions hope to engage both existing and new players.

Board member Tarrah Wright asked what the plan of experiential marketing is going forward being within CDC guidelines. Camelot stated that because of the pandemic, experiential marketing was not the focus for FY21. The Lottery and Camelot will work together to provide future experiential marketing plans to the board members.

Board member Sarah Alter and Board chair Diana Sheehan stated that the main goal in marketing is what products can deliver the most return to the Common School Fund. And that there needs to be a robust plan and strategy to keep players engaged post pandemic where 20% less trips are going to be in the store since people are used to shopping online.

### Public Relations and Responsible Gaming

Board Chair, Diana Sheehan asks if there is difference in how Lottery communicates with the younger demographic of 18-34-year-old online versus retail that's different from everyone else. Camelot stated that it is more easily done online as it already recognizes the player's age and setting wallet limits with a certain dollar amount allowed each week. Lottery stated that there will be more safeguards in place by scoring players under the responsible gaming habits online. Board Chair, Diana Sheehan thanks Camelot for their insightful presentation.

### Specialty Causes

Board Chair, Diana Sheehan asks if there is a specific target or number Lottery is trying to reach in terms of each specialty cause. Lottery stated that there are no specific target as remaining proceeds for each ticket are transferred to each good cause. Director Mays states that the Lottery tries to maximize the opportunity in the launch and sale of every ticket.

## **April 28, 2021 Meeting**

### Approval of Meeting Minutes

Board unanimously approved meeting minutes from January 27, 2020.

### Sales Performance

Board Chair, Diana Sheehan, asked if the 25% increase in YTD sales was before or after the Lotto game change. Camelot that the game just changed in April 2021 and majority of games have not changed and the sales increase was due primarily to the base Lotto game prior to renovation.

Board member, Sarah Alter, asked if Lottery has ever done a monthly or weekly subscription model where players can sign up and receive a variety of different Instants in the mail. Camelot stated that the idea has been entertained but logistics have to be done in figuring how to send tickets via the US post office. Director Mays commented that it is something to be explored but there are concerns mailing something of value like Instant tickets. Currently there are subscriptions on the digital platform for draw based games.

Board chair, Diana Sheehan asked how Lottery is assessing its promotions. Camelot team stated that when creating promotions, they are sent to the Lottery for final approval making it a joint effort with agreed upon tactics and performance indicators.

### Finance

Board member Sarah Alter asked if there is a possibility to exceed the prescribed amount to the Common School Fund. Lottery stated that any money left over after making the prescribed amount per statue goes to the Capital Projects Fund in any given year.

Board chair, Diana Sheehan, engaged in a discussion on growth estimates for FY2022 with the understanding that the large macro factors operative in FY21 would be fading once casinos and sports betting begin to open. Camelot stated that it is hard to tell at this point, sales in FY21 have been a beneficiary of several macro events in places where people usually spend their money were shut down due to the pandemic and that Lottery will continue to focus on things in their control. Director Harold Mays added that the jackpot increases in both MM and PB also inflated performance which most likely not be repeatable. Camelot will continue to build Lottery's portfolio by building a better customer experience and brand by making better products for the people of Illinois.

### Marketing

Board Chair Sheehan and Board member Alter engaged Camelot and Lottery in a discussion around messaging to younger demographics in order to expand Lottery participation. Specifically, what research and insights did Camelot have on the behavior of younger demographics with the Lottery. Camelot stated that the younger demographic is an important segment of the business and that there were several good indicators that the Lottery is doing better among younger demographics which included: increase in young players playing Pick games digitally, brand tracker indicating a shift of core players getting younger and more female over the course of the pandemic.

Board chair, Diana Sheehan, asked if there is an understanding through the brand tracker if the younger consumers have a clear understanding of what Lottery means and what their money spent on is funding. Camelot responded that 'where the funding goes' question is a long-term challenge across all demographics but will investigate data for the younger demographic. Board chair, Diana Sheehan, also

commented that it would be interesting to be more demographically intentional in how and what products are placed in the neighborhood markets for the younger consumers.

Board member, Sarah Alter asked if it is possible to get access to credit card data at retail to track the spending of younger consumers. Camelot stated that most purchases are largely cash based and it would be a big effort to get retailers to adopt it.

Board chair, Diana Sheehan, stated that there is tremendous opportunity in looking into the product portfolio of Instants to see if new and younger consumers are responding to the same types of tickets as the more traditional consumer. Does Lottery have products geared toward different demographic groups and can it be done legally? Camelot stated that it is difficult because the brand tracker tracks claimed spend, and because of anonymity retail analytics for demographics are not easy to obtain.

### Retail

Board chair, Diana Sheehan, asked if there is a way to work with the key retailer accounts like CVS that are tied to loyalty card programs and customer apps to understand demographics of the what people are purchasing. Tom O'Connor believes there could be a gold mine of information of what type of player is buying what type of ticket and would explore with the key account partners.