



REPORT ON THE WORK OF THE LOTTERY CONTROL BOARD
FISCAL YEAR 2023

(20 ILCS 1605/7.8)
November, 2023

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 Republican Leader Tony McCombie

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:

Name	Term Expires	Board Member Since
Sarah Alter	July 1, 2024	June 3, 2019
Diana Sheehan (Chairperson)	July 1, 2026	February 24, 2020
Alejandra Garza	July 1, 2024	July 1, 2021
Vacant		
Vacant		

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. 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, with the term ending on July 1, 2024. Diana Sheehan was reappointed to a three-year term on August 28, 2023, with the term ending on July 1, 2026.

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 2023 on July 27, 2022, October 26, 2022, January 23, 2023, and April 26, 2023.

Lottery Control Board Activities

Quarterly Meetings. During quarterly public Board meetings, the Board is updated on Department activities and year-to-date financial performance. There is an open discussion with the Department and Camelot Illinois about Department finance, marketing, game performance, legal administration, legislation, operations, compliance, and corporate social responsibility. The Board asks probing questions, provides insight, and offers suggestions to the Department in accordance with its role and responsibilities per the bylaws of the Board. Approved meeting minutes for the fiscal year 2023 can be found at [Lottery Control Board Minutes](#).

Advisory and Oversight. Throughout the year, Board members advised the Department on various aspects of the administration of the Lottery. In FY23, Board members participated in discussions with the Department and provided guidance in the areas of retail, marketing, and corporate social responsibility. The Board also actively participated in the review and approval of Camelot's FY24 annual business plan. Oversight responsibilities are met and include review of periodic Department administration and operation reports, internal audit reports, yearly compliance audits, and monthly financial reports.

Quarterly Meeting Activity Summary

July 27th, 2022 Meeting

Approval of Meeting Minutes

The Board unanimously approved the meeting minutes from April 27, 2022.

Department Status Overview Presentation

Sales performance

Chair Sheehan and board member Alter asked how Camelot views the sales softness in Q3 and Q4 of FY22 especially in terms of the instant portfolio. Camelot responded by saying that summer is always a softer sales period and that the slowing economy maybe playing a role as well. The Board encouraged Camelot to be proactive with marketing messages as a way to combat the apparent softening.

Board Member Garza asked Camelot how the apparent economic slowdown may be affecting different age cohorts in Illinois and how it may affect the reception of charitable messaging. Camelot responded by saying that social impact has an outsized importance to millennial and younger consumers than older consumers.

Finance

Chair Sheehan confirmed with Lottery Finance that FY23 will be the last year that the Lottery will make contributions to the capital projects fund.

Marketing

Board member Alter inquired about the social media and public relations expenses and what percentage supports products compared to brand messaging. Camelot responded that all campaigns including product ladder back to the Illinois is Full of Winners messaging. Board member Alter responded by saying that she believes that the charitable aspect of the lottery is not centered in the way that it should be and wanted Camelot to think about shifting spend toward explicit brand messaging.

Board member Garza asked about marketing return on investment by message in different channels. Camelot stated that it is difficult to measure in most cases but would see if there was a direct correspondence on owned channels.

Board members Garza and Alter asked about experiential events including the Taste of Chicago. Camelot responded by saying the Taste is an important event that brings in significant proceeds as well as brand recognition and although the Lottery does not make as much money as we spend for the sponsorship it is still worthwhile for the brand.

Chair Sheehan asked about brand tracking metrics from the perspective of raising funds and giving back to the community. Camelot commented that brand appeal has been on a steady upward climb for a few years but admitted they would have to dig deeper to get into the details around the brand messaging resonating with different cohorts. Board members Alter and Gaza requested a cohort/demographic update and break-down of the discussed metrics.

Retail

Chair Sheehan asked about a recent Circle K promotion and asked if they were new iLottery players being reported. Camelot clarified that the number reported are Circle K loyalty participation and not conversion to iLottery. Chair Sheehan also inquired about the Spring Celebration Sweepstakes entries being new iLottery conversions. Camelot responded by saying they believed they were but would need to check for the board.

Public Relations and Responsible Play

Board member Garza commented that it would be beneficial to promote the Lottery return to good causes. Camelot responded that the Lottery would be focused on that in the upcoming National Lottery Week which they would share with the Board.

October 26, 2022 Meeting

Approval of Meeting Minutes

The Board unanimously approved the minutes of the Lottery Control Board meeting on 07/27/2022.

Scheduling of Quarterly Meetings

Board members vote and unanimously approve and pass next year's meeting dates as the following:

- 01/25/2023
- 04/26/2023
- 08/03/2023
- 10/25/2023

Department Status Overview Presentation

Sales Performance

Board member Garza asked about the recent instant performance of the higher performing lotteries and Camelot responded that outside of Florida most other large lotteries were seeing declines of around 7-8% across April and June of 2022.

Board member Alter asked how claimed play has been trending over the last two quarters. Camelot responded that it has been largely flat over the last two quarters and was around 50% claimed play.

Marketing

Board member Alter Asked about specific tactics attributed to high iLottery sales and Camelot responded that the addition of new products like fast play as well as an evolving CRM have helped engage prospective and lapsed players.

Chair Sheehan asked for Camelot to elaborate on the reactivation of lapsed players and Camelot agreed to get her a more detailed look at the reactivation metrics.

iLottery

Chair Sheehan asked Camelot to provide the percentage of new players of the 400,000 that were active currently. Camelot agreed to follow up with the numbers offline.

Retail

Chari Sheehan engaged in a discussion around vending versus over-the-counter sales. The Board, Lottery, and Camelot were all in agreement that getting the right vending mix and distribution would be key to success at retail in the future.

January 23, 2023, Meeting

Approval of Meeting Minutes

The Board unanimously approved the 10/26/2022 minutes of the Lottery Control Board meeting.

Department Status Overview Presentation

Sales Performance

Chair Sheehan and board member Alter inquired about the demographic and channel performance of instant performance. Camelot informed the Board that the claimed play and demographic and channel preference have not changed significantly but rather frequency of play has been lagging in previous years accounting for the slowing sales of instants.

Chair Sheehan asked for information on the percentage of people who purchase in store versus online. Camelot said they would get back to the Board with more specific tracker information.

Marketing

Board member Garza asked about the purchase behavior split between different geographies and how that affects marketing efforts. Camelot indicated that they can see the sales trends based on geography however much of the marketing in the digital space is tied to the behavior of people online and making sure that we spend our dollars efficiently.

Retail

Board member Alter inquired about the recent performance of Walmart. Camelot responded that there is still some way to go but they have been growing in sales week over week which is a promising result for the first 18 months.

Chair Sheehan asked if Camelot is pursuing any new large retailers such as Dollar Tree and Aldi. Camelot responded by saying they are always pursuing new retailer opportunities, especially with chain accounts but that there are no new planned rollouts in the near future. Chair Sheehan suggested they plan for the latest reported Albertsons and Kroger corporate Merger.

Board member Alter suggested that Camelot investigate new outside-the-box retailers such as FedEx, UPS, or USPS because of their high-traffic nature. Camelot stated that these nationwide chains are a bit harder for a state to interact with but that they could look into partnerships.

April 26, 2023, Meeting

Approval of Meeting Minutes

The Board unanimously approved the 01/23/2023 minutes of the Lottery Control Board meeting.

Expiration of Governor's Disaster Proclamation

Lottery informed the Board that the Governor's disaster proclamation for COVID-19 would expire on May 11, 2023. This expiration will revert the LCB meetings to mandatory in person attendance for an official quorum of the Board and all subsequent meetings will require in person attendance for the Board Members.

Department Status Overview Presentation

Finance

Board Chair Sheehan asked if the Lottery was on track to surpass last year's transfer to the Common School Fund and the total estimated amount. The Lottery responded that the Lottery is not because of a one-time reconciliation of funds due to the capital projects fund.

Marketing

Board member Garza asked for a listing of sports sponsorships that the Lottery utilizes. Camelot responded that the primary sports sponsorships that the Lottery utilizes are the Chicago Sky, Chicago Fire, Chicago White Sox, and a NASCAR race in southern Illinois.