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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

**OREGON STATE LOTTERY COMMISSION MEETING
Sept. 23, 2022**

Lottery Commission: MardiLyn Saathoff, chair
Maulin Patel
Marty Ramirez
Julie Wilcox

Director: Barry Pack

Chair Saathoff called the Sept. 23, 2022, Oregon State Lottery Commission meeting to order. Chair Saathoff stated for the record that the commissioners are attending today's meeting via a web meeting, Commissioner Patel is excused, and a quorum of commissioners is present.

Commissioners present at roll call: Commissioners Ramirez, Wilcox, and Chair Saathoff.

A. PUBLIC COMMENT

Chair Saathoff stated that members of the public had the opportunity to provide written public comment for this meeting and asked the clerk to read the comment that was received.

Voices of Problem Gambling Recovery asked the Lottery Commission to consider responsible gambling and discontinue offering the Big City Fives Diamond Jackpot game, along with any other games that do not show the wager amount in dollar amounts or has marketing that leads players to believe that they should bet the maximum amount to win a large jackpot.

B. COMMISSIONER COMMUNICATIONS

Presenter: MardiLyn Saathoff, chair

No communications were shared.

C. DIRECTOR'S REPORT

Presenter: Barry Pack, director

Lottery news

Oregon Lottery had a team monitoring the proactive power grid shutdowns in high fire danger areas earlier this month. Lottery retailers experienced limited impact, with a few dozen Video Lottery terminals going offline during the outages. Lottery is working on incorporating lessons learned into its operational planning for future proactive power shutdowns.

Lottery staff and Oregonians volunteered to help clean up more than 100 SOLVE sites around Oregon as part of SOLVE's Beach and Riverside Cleanup earlier this month. Lottery has been a sponsor of this event since 2000.

Sales update - Director Pack shared the following product sales information:

- Overall sales are down 5.7 percent compared to last year.
- Video Lottery sales that include the four weeks in August were four percent above the current forecast, but overall Video Lottery sales are down year-over-year. This is attributed to the waning of the boost from retailers reopening after covid-related shutdowns.
- Sports betting had more than \$28 million in sports wagers this month, which were primarily driven by baseball and soccer. This month marks the first NFL opening day with DraftKings as a partner and is the peak time of the year for user acquisition.
- Traditional Lottery games, including Scratch-its, Keno, and Jackpot games, are up 4.7 percent year-over-year, which was driven by gains in Mega Millions and Oregon's Game Megabucks.
 - Scratch-its sales are down nine percent compared to last year but continue to be above pre-pandemic levels. The \$20 Scratch-it ticket sales have increased and the number of retailers carrying that price point is averaging 92 percent this year compared to business year 2018 when it averaged 81 percent and 2015 when it averaged 64 percent.
 - Oregon's Game Megabucks is up more than 19 percent this year.
 - Mega Millions is up 168 percent, which is attributed to the high jackpot earlier this year.
 - Powerball is down 30 percent year-over-year. The addition of the Monday Powerball drawings in August 2021 may be impacting the number of draws that occur before the jackpot is hit since play is now distributed over three draws, rather than two.
 - Keno continues to outpace the forecast for the current business year by 7.5 percent.

Winners - Director Pack shared stories about the following winners:

- Mary J. won \$100,000 playing a "Hot Dice Crossword" Scratch-it
- Robert W. of Scio won \$100,000 playing a "Hit It Big" Scratch-it
- Gerald B. of Boring won \$100,000 playing a "Sapphire Riches" Scratch-it
- Joan H. of Portland won \$100,000 playing an "Aces High" Scratch-it

D. MINUTES OF THE PREVIOUS MEETING, Exhibit 1

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the Aug. 25, 2022, Oregon State Lottery Commission meeting draft minutes, which were circulated in advance of the meeting. There were no recommended changes.

Chair Saathoff noted for the record that she was absent for the Aug. 25 meeting but reviewed and discussed the minutes with Director Pack and is voting to approve.

Chair Saathoff called for a motion.

Commissioner Ramirez moved that the minutes of the Aug. 25, 2022, Oregon State Lottery Commission meeting be approved as final, as presented today. Commissioner Wilcox seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Ramirez, Wilcox, and Chair Saathoff voting aye.*

E. FINANCIAL REPORT

Presenter: Kathy Ortega, chief financial officer

Monthly financial statements, August 2022, Exhibit 2

Ortega provided an overview of the financial statements and described expenses and variances in the operating statements, services and supplies and balance sheet. Ortega noted that there is a variance in salaries, benefits, and wages, and is looking into the cause of the variance. She will report back next month on the findings.

- Chair Saathoff asked about indirect expenses being down and Ortega replied that this is a timing issue due to a slow start to the year but anticipates that expenses will ramp up as the year progresses.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that the Oregon State Lottery financial statements for the month ending Aug. 31, 2022, be approved for the record as presented today.

Commissioner Ramirez seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Ramirez, Wilcox, and Chair Saathoff voting aye.*

F. MAJOR PROCUREMENT, SG GAMING, INC., Exhibit 3

Presenter: Kathy Stromberg, chief marketing officer

Stromberg provided information about an upcoming request to enter into a major procurement with SG Gaming, Inc. for the purpose of conducting a field trial and, if successful, purchasing Video Lottery terminals to continue the replacement of obsolete technology in the market. Both the field trial and potential purchase were included in the approved FY23 budget and are in support of the Video Lottery terminal procurement strategy. Stromberg noted the Commission has been briefed about the strategic benefits of the replacement strategy, including allowing for a more predictable Video Lottery terminal purchase cycle; remaining relevant to player expectations and competitive offerings; and optimizing maintenance and equipment management operations. Stromberg also shared a high-level overview of the contract structure and the field trial structure and noted that Lottery successfully used the field trial approach for a previous Video Lottery terminal procurement. Stromberg shared details about the SG Gaming, Inc. terminals that will be part of the field trial, which is estimated to begin in January. Stromberg added that the request for approval will be presented at next month's meeting.

- Chair Saathoff clarified that the Master Service Agreement will provide the structure to allow for the field test and if successful, move directly to purchasing.
- Chair Saathoff asked if there are any new or different risks to this procurement versus past procurements and Stromberg is not aware of any but will confirm and include information as part of next month's presentation.

G. RULEMAKING

Presenter: Kris Skaro, rules and policy analyst

OAR 177-050-0037: Stolen, Destroyed, and Damaged Scratch-it Tickets, Exhibit 4

Skaro reported that the Lottery has completed the rulemaking process to amend the rule on stolen, damaged, and destroyed Scratch-it Tickets. The current rule states that the theft loss threshold in the rule is \$200, but in practice, Lottery uses \$150 as the threshold, as that amount covers the value of all packs of Scratch-it Tickets.

Skaro reminded the Commission of the rulemaking process and noted that no public comment was received as part of the process.

Chair Saathoff called for a motion.

Commissioner Ramirez moved that OAR 177-050-0037 be amended, as presented today, effective Oct. 1, 2022. Commissioner Wilcox seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Ramirez, Wilcox, and Chair Saathoff voting aye.*

OAR 177-052-0010, 0030, 0040, 0050: Second Chance Drawings, Exhibit 5

Skaro reported that the Lottery has completed the rulemaking process to amend the Second Chance Drawing rules to experiment with more ways to win, such as by holding additional drawings and offering lower tier prizes in addition to the top prize.

Skaro reminded the Commission of the rulemaking process and noted that no public comment was received as part of the process.

- Commissioner Ramirez asked how Lottery will determine the number of additional drawings and what criteria will be used, and Shad Barnes commented that under the current rule, Lottery is limited to one drawing so it will take a test and learn approach to determine the right number of drawings for these smaller prizes.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that OAR 177-052-0010, 0030, 0040, and 0050 be amended, as presented today, effective Oct. 1, 2022. Commissioner Ramirez seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Ramirez, Wilcox, and Chair Saathoff voting aye.*

H. STAFF UPDATES

Presenters: Shad Barnes, digital marketing senior manager; Stacy Shaw, product marketing senior manager; Gina Parziale, executive director, Oregon Council on Problem Gambling; Michael Wilson, product management senior manager

Play it Forward media campaign

Barnes shared the new Oregon Lottery brand media campaign, Play it Forward. The phrase “Play it Forward” is an extension of the established brand tagline “Together, We Do Good Things” which is the *what* and Play it Forward is the *how*. Barnes shared that the key to this campaign is that when many people play a little, they help Oregon with things like education, veterans services and business development. Barnes noted that the multi-channel campaign will run from the middle of September to the middle of November and includes Spanish speaking and multi-cultural media channels.

- Chair Saathoff asked if there are metrics to measure the effectiveness of the campaign and Barnes replied that Lottery tracks many pieces of information but one of the biggest measurements is the unaided awareness of the beneficiaries and the funding Lottery provides, along with Lottery favorability. Lottery can track several key metrics, especially through the digital channel, including interactions and customer sentiments. Chair Saathoff asked Lottery staff to consider presenting the high-level results of the campaign after it ends.

Responsible Gaming Program update

Shaw provided an overview of some highlights of the Oregon Lottery’s Responsible Gaming Program.

The Oregon Lottery recently achieved the second round of the World Lottery Association’s Level Four certification, which is the highest level of responsible gaming certification recognized internationally. The Oregon Lottery was one of the first eight lotteries in the United States to reach this level and the

only lottery with Video Lottery in its portfolio. Shaw shared the elements of the program, noting that certified members are required to implement specific program elements into their day-to-day operations and be committed to continuously improve their programs.

- Chair Saathoff commented that being the only lottery with Video Lottery that has achieved the Level Four certification is a testament to the effort that the Oregon Lottery team puts toward responsible gaming and thanked the staff.

Parziale talked about the Oregon Council on Problem Gambling Research Center that kicked off this year with the support of the Oregon Lottery. Parziale shared that the objective of the research center is to encourage and promote research and learning to inform lasting solutions to gambling and problem gambling related services and problems facing the State of Oregon and the nation. The initial research priorities have been identified and will be funded through original research and re-evaluation of existing data sets included best practices for player protection strategies, including the marketing of treatment; gaining a better understanding of youth gambling, sports betting and problem gambling among underserved communities including veterans, the developmentally disabled and LGBTQ in Oregon; implications for policy changes and expansions in Oregon; and innovative projects in other areas. The Research Center will be awarding grants this year to different institutions to fund a variety of research projects and will be conducting a student survey with higher education institutions to understand gambling habits and thoughts on gambling. The Research Center will produce white papers on relevant topics, which will be available on the website, public forums, and possibly publications when appropriate. Parziale thanked the Oregon Lottery for the support and congratulated them for the award that was won at the National Council on Problem Gambling conference for its responsible gambling efforts. Chair Saathoff thanked Parziale for the presentation and for the partnership.

Shaw shared information about a training pilot for Lottery staff that is led by a specialist in responsible gaming and clinical care to support player-facing staff in self-care as they promote responsible gaming. The intent is to continue this training program to focus on the self-care, wellness, and safety of the staff. Feedback from this training will be used to inform additional curriculum and scenario-based training.

Shaw provided information about four voluntary responsible gaming trainings which are offered to retailers, noting that there has been a good response from retailers.

- Chair Saathoff asked if Lottery has considered incentivizing retailer trainings to encourage participation and Shaw noted that Lottery has used incentives in the past and shared that Lottery may offer incentives for training in the future.

Shaw provided information about how Lottery markets the available resources for responsible gaming help. The strategy includes different media to inform people what the resources are and how to access them, when they are ready. Resources include calls to the helpline, meetings, text, and live chat. This strategy measures engagement and getting people to the help needed.

The Oregon Lottery won the National Council on Problem Gambling's Multi-Cultural Communication Award at its 2022 conference. Lottery has a clear strategy for its multi-cultural communications, from having equitable media budget allocations, supporting vendors and publications across the state, cultivating partnerships, working on appropriate language efforts, planning inclusively for geographic areas, and being purposeful about highlighting diverse stories.

- Commissioner Ramirez asked how Lottery treats public comment like the comment received for today's meeting and Shaw replied that Oregon Lottery listens to the public comment, the subject matter experts consult and address the issues internally, determine the best way to provide good information, and reconnect with the stakeholders and the Commission.

- Commissioner Wilcox asked if the live chat and texting resources are 24 hours a day, seven days a week and Shaw replied that the live chat and texting are not 24 hours a day, seven days a week, but the helpline is open 24 hours a day. If there is a crisis, there is a live person available, and for other things, you may be contacted within 24 hours.
- Chair Saathoff pointed out that there have been occasions public comment was looked at very closely and Lottery has made modifications based on the comment and another instance where there was a difference in the data being used and Lottery shared information with the person that provided the comment.

Progress toward known play

Wilson provided a progress report on the progress toward known play, which has been identified as a key business objective for FY23. Lottery is describing known play as allowing players to create an account for convenience, such as for Second Chance drawing registrations, and to access responsible gaming tools. The initiative in progress is for Video Lottery games, specifically to address security issues. This tool would allow players to store high-tier digital tickets in their account, instead of having to carry a paper ticket, which is a bearer instrument. Wilson provided an overview of how this will work for players.

- Chair Saathoff asked if the Commission will hear more about this and Wilson replied that as Lottery moves through phases of known play, information will be shared with the Commission. Director Pack noted that periodic updates will be provided on the key business objectives for this fiscal year. This is the first incremental step and is probably a year out. Additional expansions will require consultation and discussions with partners and key policy choices will need to be made.

I. OTHER BUSINESS

No other business was presented.

The next monthly commission meeting is scheduled Oct. 26, 2022.

The Oregon State Lottery Commission approved the minutes of the Sept. 23, 2022, Oregon State Lottery Commission meeting on Oct. 26, 2022.

Alisa Zavala
Senior Executive Assistant to the Commission
Lottery Director's Office

Approved by:

Commissioner MardiLyn Saathoff, Chair
Oregon State Lottery Commission

OSL Commission meeting exhibits are available for one year on the [Oregon Lottery's website](#).