



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE ARKANSAS LOTTERY

Post Office Box 3238
Little Rock, Arkansas 72203-3238
Phone: (501) 683-2000
Fax: (501) 683-1878
<http://myarkansaslottery.com>

EXHIBIT D

April 30, 2025

The Honorable Ben Gilmore, Co-Chair
The Honorable Les D Eaves, Co-Chair
Arkansas Legislative Council – Lottery Oversight Subcommittee
One Capitol Mall, Room R-501
Little Rock, AR 72201

Re: Proposed Fiscal Year 2026 Annual Budget.

Dear Senator Gilmore and Representative Eaves:

On behalf of the Arkansas Department of Finance and Administration-Office of the Arkansas Lottery, please accept the attached Proposed FY2026 Annual Budget pursuant to A.C.A § 23-115-206(a)(10)(A). The following information is provided:

1. Arkansas Planning Budgeting and Administrative System Form (Enclosure 1);
2. Budget Detail Schedule (Enclosure 2);
3. Compensation and Benefits (Enclosure 3);
4. Detailed Schedule of General and Administrative Expenses (Enclosure 4);

I am available to you if you have any questions or desire additional information.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sharon Strong". The signature is written in a cursive, flowing style.

Sharon Strong,
Executive Director

Enclosures

cc: Mr. Jim Hudson, Secretary of the Department of Finance and Administration

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

Appropriation Summary

Appropriation:

613U - DFA Ofc of Arkansas Lottery

Funding Sources:

Appropriation		2023-2024	2024-2025	2024-2025	2025-2026		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	\$4,120,846	\$4,489,439	\$4,489,439		\$4,475,000	
#Positions			69	69		66	
Personal Services Matching	5010003	\$1,649,396	\$1,860,561	\$1,860,561		\$1,925,000	
Operating Expenses	5020002	\$522,229	\$804,000	\$804,000		\$748,000	
Conference & Travel Expenses	5050009	\$246,948	\$325,000	\$325,000		\$328,000	
Professional Fees	5060010	\$858,598	\$1,013,000	\$1,013,000		\$240,000	
Data Processing	5090012	\$332,055	\$321,000	\$321,000		\$324,000	
Instant Games	5900046	\$348,571,503	\$342,019,000	\$342,019,000		\$337,600,000	
On-Line Games	5900047	\$71,415,879	\$54,351,000	\$54,351,000		\$53,800,000	
Retailer Commissions	5900048	\$34,544,207	\$32,200,000	\$32,200,000		\$31,815,000	
Gaming Contracts	5900049	\$30,029,101	\$28,781,000	\$28,781,000		\$28,579,000	
Advertising & Promotions	5900050	\$6,154,520	\$6,950,000	\$6,950,000		\$7,316,000	
Capital Outlay	5120011	\$675,581	\$462,000	\$462,000		\$314,000	
Total		\$499,120,863	\$473,576,000	\$473,576,000		\$467,464,000	
Funding Sources							
Instant Gaming		\$478,447,451	\$471,100,000			\$463,800,000	
Online Games		\$134,512,269	\$98,820,000			\$99,300,000	
Retailer Applications & Fees		\$676,745	\$670,000			\$687,000	
Non Gaming Revenue		(\$1,061)	\$2,000			\$2,000	
Other Income		\$0	\$0			\$0	
Interest Income		\$11,425,790	\$9,700,000			\$9,400,000	
Interest Expense		(\$11,924)	(\$10,000)			(\$4,400)	
Transfer to Department of Health		\$0	\$0			\$0	
Transfer to ADHE Scholarship Trust		(\$118,143,507)	(\$97,700,000)			(\$96,100,000)	
Transfer to ADHE Workforce Challenge Trust		\$0	\$0			\$0	
Transfer to Unclaimed Prizes Reserve		(\$11,131,262)	(\$9,000,000)			(\$9,600,000)	
Bond Reserve in Excess of \$500,000		(\$129,284)	\$0			\$0	
Total Funding		\$495,645,217	\$473,582,000			\$467,484,600	
Excess Appropriation/(Funding)		\$3,475,646	(\$6,000)			(\$20,600)	
Grand Total		\$499,120,863	\$473,576,000			\$467,464,000	

DFA Office of the Arkansas Lottery (BA 0613)
 Budget Detail Schedule
 For the Fiscal Year Ending June 30, 2026

	<u>FY2024 Audited</u>	% of Revenue	<u>FY 2025 Budget</u>	% of Revenue	<u>FY 2026 Budget</u>	% of Revenue	Explanation for Changes
Operating Revenues:							
Instant ticket revenues	\$ 478,449,501	77.97%	\$ 471,100,000	82.56%	\$ 463,800,000	82.26%	Decrease based on FY2025 trending
Online ticket revenues	134,661,021	21.94%	99,320,000	17.41%	99,800,000	17.70%	Slight increase based on FY2025 trending
Less: Promotions discount	(150,802)	-0.02%	(500,000)	-0.09%	(500,000)	-0.09%	Consistent with FY2025 budget
Retailer application and bonding fees	676,745	0.11%	670,000	0.12%	687,000	0.12%	Increase based on FY2025 trending
Other revenue	(1,061)	0.00%	2,000	0.00%	2,000	0.00%	No change expected for other revenue
Total Operating Revenues	<u>613,635,404</u>	<u>100.00%</u>	<u>570,592,000</u>	<u>100.00%</u>	<u>563,789,000</u>	<u>100.00%</u>	
Operating Expenses:							
Instant games prizes	348,571,503	56.80%	342,019,000	59.94%	337,600,000	59.88%	Decrease is consistent with the expected decrease in instant ticket revenues
Online games prizes	71,415,879	11.64%	54,351,000	9.53%	53,800,000	9.54%	Decrease is consistent with the FY2025 actual prize expense
Retailer commissions	34,544,207	5.63%	32,200,000	5.64%	31,815,000	5.64%	Decrease is consistent with the expected overall decrease in ticket revenues
Gaming contract costs	30,029,101	4.89%	28,781,000	5.04%	28,579,000	5.07%	Decrease is consistent with the expected overall decrease in ticket revenues
Staff compensation & benefits	5,770,242	0.94%	6,350,000	1.11%	6,400,000	1.14%	Increase reflects an estimated merit of 3% and/or adjustments to pay plan for FY26
Advertising and marketing	6,154,520	1.00%	6,950,000	1.22%	7,316,000	1.30%	Increase due to website update completion and beneficiary outreach for FY26
General and administrative expenses	1,101,232	0.18%	1,450,000	0.25%	1,400,000	0.25%	Slight decrease in expenses is expected due to improved efficiencies
Services provided by other agencies:	858,598	0.14%	1,013,000	0.18%	240,000	0.04%	Decrease due to statutory change to exclude ADHE reimbursement costs
Depreciation and amortization	675,581	0.11%	462,000	0.08%	314,000	0.06%	Decrease due to reduction in fixed assets
Total Operating Expenses	<u>499,120,863</u>	<u>81.34%</u>	<u>473,576,000</u>	<u>83.00%</u>	<u>467,464,000</u>	<u>82.91%</u>	
Operating Income	114,514,541	18.66%	97,016,000	17.00%	96,325,000	17.09%	
Non-Operating Revenue (Expense):							
Interest income	11,425,790	1.86%	9,700,000	1.70%	9,400,000	1.67%	Slight decrease is due to expected decrease in interest rates for FY 2026
Interest expense	(11,924)	0.00%	(10,000)	0.00%	(4,400)	(0.00)	Decrease is consistent with remaining useful life of operating lease
Income before Transfers	<u>\$ 125,928,407</u>	<u>20.52%</u>	<u>\$ 106,706,000</u>	<u>18.70%</u>	<u>\$ 105,720,600</u>	<u>18.75%</u>	
Transfers To:							
Scholarship Trust Account	(118,143,507)	-19.25%	(97,700,000)	-17.12%	(96,100,000)	-17.05%	This is the expected amount of monthly transfers of Net Proceeds for scholarships in FY2026
Unclaimed Prizes (transferred at June 30)	(11,131,262)	-1.81%	(9,000,000)	-1.58%	(9,600,000)	-1.70%	This amount is for Unclaimed Prizes, which by statute, are transferred to Net Proceeds on June 30 of each fiscal year
Bond Reserve in Excess of \$500,000	(129,284)	(0.00)	-	0.00%	-	0.00%	Per OAL rules, on June 30 of each fiscal year, any Bond Reserve excess over \$500,000, is transferred to Net Proceeds
Total Transfers to Scholarship Trust Account	(129,404,053)	-21.09%	(106,700,000)	-18.70%	(105,700,000)	-18.75%	
Change in Net Assets	<u>(\$ 3,475,646)</u>	<u>-0.57%</u>	<u>\$ 6,000</u>	<u>0.00%</u>	<u>\$ 20,600</u>	<u>0.00%</u>	

**DFA - Office of Arkansas Lottery
Compensation
Budget F2026**

New Career Grades	New Position Title	Race	Adjusted Budgeted Gross	Annual Taxes (7.65%)	Annual APERS (15.32%)	Total Compensation ¹
EXE01	OAL Gaming Director	CM	208,246.42	15,930.85	31,903.35	256,080.62
EXE02	OAL Director	CF	164,800.05	12,607.20	25,247.37	202,654.62
IST01	OAL Computer Operator	BM	41,265.00	3,156.77	6,321.80	50,743.57
IST01	OAL Computer Operator	CM	41,265.00	3,156.77	6,321.80	50,743.57
IST04	User Support Analyst	CM	54,924.00	4,201.69	8,414.36	67,540.04
IST05	OAL Application Supp Specialist	CM	69,103.97	5,286.45	10,586.73	84,977.15
IST06	OAL QA Systems Analyst	OM	89,266.31	6,828.87	13,675.60	109,770.78
IST06	IT Security Analyst I	BM	69,261.43	5,298.50	10,610.85	85,170.78
IST08	OAL Sr Database Administrator	CM	95,110.78	7,275.97	14,570.97	116,957.72
IST09	IT Supervisor/Expert	CM	88,455.00	6,766.81	13,551.31	108,773.11
IST10	OAL Deputy IT Gaming Director	BF	104,052.94	7,960.05	15,940.91	127,953.90
SGS03	OAL Claims Assistant	BF	39,171.00	2,996.58	6,001.00	48,168.58
SGS03	OAL Claims Assistant	CF	39,280.90	3,004.99	6,017.83	48,303.73
SGS04	Administrative Coordinator	CF	45,543.36	3,484.07	6,977.24	56,004.66
SGS04	OAL Fiscal Specialist	BF	43,088.00	3,296.23	6,601.08	52,985.31
SGS04	OAL Licensing Specialist	CF	43,845.07	3,354.15	6,717.06	53,916.28
SGS04	OAL Licensing Specialist	CM	43,088.00	3,296.23	6,601.08	52,985.31
SGS05	Administrative Analyst	CM	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	BF	48,520.00	3,711.78	7,433.26	59,665.05
SGS05	OAL Marketing Sales Rep	BF	55,091.38	4,214.49	8,440.00	67,745.87
SGS05	OAL Marketing Sales Rep	CF	52,313.56	4,001.99	8,014.44	64,329.98
SGS05	OAL Marketing Sales Rep	CM	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	CF	50,493.79	3,862.78	7,735.65	62,092.22
SGS05	OAL Marketing Sales Rep	CF	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	CM	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	CF	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	CF	55,917.49	4,277.69	8,566.56	68,761.74
SGS05	OAL Marketing Sales Rep	CF	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	CF	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	CM	55,917.49	4,277.69	8,566.56	68,761.74
SGS05	OAL Marketing Sales Rep	CF	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	CF	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Marketing Sales Rep	BM	52,944.06	4,050.22	8,111.03	65,105.31
SGS05	OAL Marketing Sales Rep	CM	55,917.49	4,277.69	8,566.56	68,761.74
SGS05	OAL Marketing Sales Rep	CF	51,297.84	3,924.28	7,858.83	63,080.96
SGS05	OAL Marketing Sales Rep	CM	47,397.00	3,625.87	7,261.22	58,284.09
SGS05	OAL Licensing Manager	BM	49,925.42	3,819.29	7,648.57	61,393.29
SGS06	OAL Collections Specialist	CM	63,470.74	4,855.51	9,723.72	78,049.97
SGS06	Public Information Specialist	BF	52,137.00	3,988.48	7,987.39	64,112.87
SGS06	OAL Claims Center Manager	CF	52,137.00	3,988.48	7,987.39	64,112.87
SGS06	OAL Senior Security Specialist	CM	52,913.21	4,047.86	8,106.30	65,067.38
SGS07	Executive Assistant	CF	65,440.90	5,006.23	10,025.55	80,472.67
SGS07	OAL Graphic Specialist	CM	57,351.00	4,387.35	8,786.17	70,524.52
SGS07	Procurement Coordinator	CF	59,410.46	4,544.90	9,101.68	73,057.04
SGS09	OAL Office Campaign Coordinator	BF	69,395.00	5,308.72	10,631.31	85,335.03
SGS09	OAL Financial Analyst	CM	69,395.00	5,308.72	10,631.31	85,335.03
SGS10	OAL Product Manager	CM	78,230.17	5,984.61	11,984.86	96,199.64
SGS10	OAL Regional Sales Manager	BF	76,335.00	5,839.63	11,694.52	93,869.15
SGS10	OAL Regional Sales Manager	CM	84,296.80	6,448.70	12,914.27	103,659.77
SGS10	OAL Product Manager	CF	76,335.00	5,839.63	11,694.52	93,869.15
SGS10	OAL Product Manager	CF	76,335.00	5,839.63	11,694.52	93,869.15
SGS10	OAL Key Chain Account Manager	CF	76,335.00	5,839.63	11,694.52	93,869.15
SPC02	OAL Accountant	CF	64,570.00	4,939.61	9,892.12	79,401.73
SPC06	OAL Treasurer	CF	102,249.89	7,822.12	15,664.68	125,736.69
SPC07	OAL Dir Security & Compliance	CM	103,991.00	7,955.31	15,931.42	127,877.73

**DFA - Office of Arkansas Lottery
Compensation
Budget F2026**

New Career Grades	New Position Title	Race	Adjusted Budgeted Gross	Annual Taxes (7.65%)	Annual APERS (15.32%)	Total Compensation ¹
SPC07	OAL Marketing & Advertising Dir	CF	103,991.00	7,955.31	15,931.42	127,877.73
SPC07	OAL Sales Director	BM	111,986.46	8,566.96	17,156.33	137,709.75
SPC09	OAL Chief Fiscal Officer	CM	152,115.12	11,636.81	23,304.04	187,055.96
Total			3,930,496.52	300,682.98	602,152.07	4,833,331.56
	Total employees = 58	By group/gender		Employer Health Premium	See assumptions	\$ 523,000.00
				Unemployment Compensatic	See assumptions	\$ 10,000.00
	Employee breakdown			Workers' Compensation	See assumptions	\$ 1,200.00
	BF=black female	8		Workers' Compensation Prei	See assumptions	\$ 1,200.00
	BM=black male	5		Other Post Employment Benefits		\$ 300,000.00
	CF=caucasian female	23		Vacant Positions	See Assumptions	\$ 680,000.00
	CM=caucasian male	21		Career Service Bonuses	Career Service tab	\$ 25,000.00
	OM=other minority	1		Subtotal		\$ 6,373,731.56
		58				
					Use for Budget	\$ 6,400,000.00

¹ Based on staff positions as of 04/25/2025

Other Compensation Benefits

Employer Health Premiums= \$660 per covered employee (referred to as State Match)

Budgeted positions = 66 employees @ \$660= \$43,560 (\$43,560 x 12 months)= \$522,720; (Rounded for budget \$523,000)

Unemployment Compensation = None in FY24; None in FY25

FY26 Budgeted amount = \$10,000

Worker's Compensation = \$1,007 paid in FY25

FY26 Budgeted amount = \$1,007 + 20% = \$1,208 (Rounded for budget \$1,200)

WC Premium Tax Calendar Year 2024= \$4,143,403.71 x .000243= \$1,006.85 (annual fee)

FY26 Budgeted amount = \$1,007 + 10% = \$1,108 (Rounded for budget \$1,200)

Career Service is given to employees with at least 10 years of service.

25 full time employees

0 part time employees. Part time employees are based on a % of hours worked.

Vacant Positions (Included in FY2026 Compensation)¹

Career Grade	Position Title	Base	Midpoint	Max
SPC06	OAL Controller	\$ 94,537.00	\$ 117,226.00	\$ 139,915.00
SPC09	OAL Chief Legal Counsel	\$ 125,829.00	\$ 156,028.00	\$ 186,228.00
SGS05	OAL Marketing Sales Rep	\$ 47,397.00	\$ 58,773.00	\$ 70,148.00
SGS05	OAL Marketing Sales Rep	\$ 47,397.00	\$ 58,773.00	\$ 70,148.00
SGS09	OAL Office Campaign Coordinator	\$ 69,395.00	\$ 86,050.00	\$ 102,705.00
SPC04	OAL Security Deputy Dir	\$ 78,130.00	\$ 96,881.00	\$ 115,632.00
SGS04	OAL Security Specialist	\$ 43,088.00	\$ 53,429.00	\$ 63,770.00
SGS03	OAL Receptionist	\$ 39,191.00	\$ 48,572.00	\$ 57,973.00
		<u>\$ 544,964.00</u>	<u>\$ 675,732.00</u>	<u>\$ 806,519.00</u>

Salaries	\$ 544,964.00
Employer taxes	\$ 41,689.75
APERS	\$ 83,488.48
Total budget	<u>\$ 670,142.23</u>

\$ 680,000.00 Use for Budget

¹ Based on staff positions as of 04/25/2025

23-115-306. Special Salary allowances

(a) With the approval of the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee, the Governor may establish the salary of the Director of the Office of the Arkansas Lottery, the salary of the office's gaming director, and the salary of the office's internal auditor that is up to fifty percent (50%) above the maximum pay level for the grade assigned to the title.

(b) With approval of the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee, the Director of the Office of the Arkansas Lottery may establish salaries that exceed the maximum pay level for the grade assigned to the title by no more than twenty-five percent (25%) for no more than ten percent (10%) of the positions authorized in 23-115-305.

(c) Salaries established under this section above the maximum pay level for the grade assigned to the title shall be approved by the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee.

(d) (1) The requirement of approval by the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee, before granting a special salary allowance under this section is not a severable part of this section.

(d) (2) If the requirement of approval by the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee, is ruled unconstitutional by a court of competent jurisdiction, this section is void.

Career Service Date	Position	Years of Service	Eligibility Date	Career Service Payment
12/21/14	OAL Claims Center Manager	11	12/21/14	800.00
01/14/15	OAL Product Manager	11	01/14/15	800.00
03/31/14	OAL Marketing Sales Rep	12	03/31/14	800.00
05/26/13	OAL Fiscal Specialist	13	05/26/13	800.00
11/29/11	OAL Chief Fiscal Officer	14	11/29/11	800.00
11/24/10	IT Supervisor/Expert	15	11/24/10	1,000.00
08/16/10	OAL Marketing Sales Rep	15	08/16/10	1,000.00
05/31/11	IT Security Analyst I	15	05/31/11	1,000.00
06/22/11	Procurement Coordinator	15	06/22/11	1,000.00
07/24/09	OAL Gaming Director	16	07/24/09	1,000.00
08/07/09	OAL Sales Director	16	08/07/09	1,000.00
08/19/09	OAL Regional Sales Manager	16	08/19/09	1,000.00
08/26/09	OAL Marketing Sales Rep	16	08/26/09	1,000.00
08/26/09	OAL Marketing Sales Rep	16	08/26/09	1,000.00
08/31/09	OAL Deputy IT Gaming Director	16	08/31/09	1,000.00
09/10/09	OAL Marketing Sales Rep	16	09/10/09	1,000.00
09/08/09	OAL Application Supp Specialist	16	09/08/09	1,000.00
09/07/09	OAL QA Systems Analyst	16	09/07/09	1,000.00
09/10/09	OAL Marketing Sales Rep	16	09/10/09	1,000.00
02/08/10	OAL Collections Specialist	16	02/08/10	1,000.00
04/19/10	OAL Product Manager	16	04/19/10	1,000.00
07/17/06	User Support Analyst	19	07/17/06	1,000.00
06/06/05	Executive Assistant	21	06/06/05	1,200.00
12/10/03	OAL Regional Sales Manager	22	12/10/03	1,200.00
01/21/02	OAL Sr Database Administrator	24	01/21/02	1,200.00
FY26 Total:				24,600.00
Amount for FY26 Budget:				25,000.00

25 employees eligible
25 full time
0 part time

DFA Office of the Arkansas Lottery
Detail Schedule of General & Administrative Expenses
For Budget Fiscal Year 2026

Account	Estimated FY2026 Budget	General Description
<u>Operating & Admin. Expenses</u>		
Lease expense (GASB 87)	\$ 172,000	Expense portion of GASB 87 lease accounting
Office parking	26,000	LR building parking
Retailer background checks	8,000	Background checks for retailers and others
Maintenance & repairs	40,000	Building maintenance
Lottery vehicle expenses	22,000	Vehicle operating costs
Postage & freight	13,000	Postage & package delivery
Office supplies	24,000	Common office supplies
Office expense	8,000	Office furn, equip and other expense
Dues and memberships- lottery industry	35,000	Annual Dues for NASPL & World Lottery Assoc.
Dues and memberships	10,000	Professional licenses and association dues
Subscriptions and publications	17,000	Industry & Professional Publications
Insurance	13,000	Property, Vehicle & Crime Insurance
Responsible gambling expense	22,000	Problem gambling hotline costs
Legal and professional services	2,000	Court filing fees, etc.
Other operating expenses	2,000	Miscellaneous
Est. DFA expense charge back	60,000	DFA allocation for support services
Uniforms	10,000	Uniforms for public facing groups
Sub-total for Oper. & Admin. Exp.	\$ 484,000	
<u>Data Processing Expenses</u>		
Equipment-Low Value (Data Proc.)	50,000	Primarily PCs and laptops
Equipment maintenance	10,000	Copier maintenance agreements
Data processing supplies	6,000	Data supplies - toner
Data Processing support other	140,000	DIS and other data processing support
Software licenses and fees	50,000	Data processing licenses & software
Telephone (VOIP)	14,000	Verizon One Talk
Mobil Telephones	54,000	Cell phones & Ipads
Sub-total for Data Processing Expenses	\$ 324,000	
<u>Conferences & Travel Expenses</u>		
Travel and mileage expense	85,000	Travel for conferences and other trips
MSR mileage expense	210,000	MSR mileage reimbursements
Education and training	33,000	Conference registration and training costs
Sub-total for Oper. & Admin. Exp.	\$ 328,000	
<u>Retailer Support/Events</u>		
Retailer promotions	10,000	Retailer promotional events
Retailer support	34,000	Other retailer costs
Signage / Street Talkers	100,000	Signage & Street talkers
Sub-total for Retailer Support/Events	\$ 144,000	
<u>Consulting Costs</u>		
Consulting services	120,000	Gaming and marketing consulting/research
Sub-total for Consulting Costs	\$ 120,000	
Total General & Administrative Expenses	\$ 1,400,000	