



WASHINGTON'S LOTTERY COMMISSION MEETING MINUTES

February 20, 2025

Lottery HQ – Olympia, WA/Microsoft Teams

Commission Member Attendees:

Judith Giniger, Commissioner, Chair
Schuyler Hoss, Commissioner
Rudy Mendoza, Commissioner
Eileen Sullivan, Commissioner

Lottery Staff Attendees:

Joshua Johnston, Director
Cassi Villegas, Deputy Director
Kristi Weeks, Director of Legal Services
Todd Steben, Director of Finance
Randy Warick, Director of Sales & Marketing
Kathi Patnode, Assistant Director of Marketing
Derek Poppe, Director of Security & Licensing
Crystal Fischer, Director of Info. Services
Gaylene Gray, Instant Product Manager
Tiffany Pringle, Legal Services Coordinator
Anquone Conyer, Support Services Manager
Debbie Porter, Licensing Coord./Investigator
Leah White-Noreen, Director of HR & SS
Shar Hawley, Director of Org. Perf. & Planning
Jessica Roswell, Marketing Operations Manager
Jenny Whiteside, Corporate Acct. Manager
Jim Bevan, SharePoint & Office Admin. Coord.
Wyatt LaBaw, Investigator
Kim Ficek, Customer Service Specialist
Lenee Otto, Finance Manager
Chris Rhodes, Helpdesk Lead
Alex Satterlund, Internal Auditor
Hilary Elkins, Budget Manager
Stacy Sund, Merchandising Coordinator
Jenna Johnson, Procurement Manager
Razzaleen Bantilan, DSR
Eric Daniels, DSR
Sue Ann Davis, Secretary Lead

David Dean, Regional Sales Manager
Stephanie Dieball, Accounts Receivable
Cheryl Earsley, Scratch/Promotion Coordinator
Sue Fitzgerald, Fiscal Analyst
Nikki Holien, Management Analyst
Cody LaCourse, Procurement/Supply Specialist
Sean Lee, HR Consultant
Sridevi Mopidevi, IT Quality Assurance
Tim O'Bryan, DSR
Paulette Miller, Security Admin. Assistant
Ernesto Ramos, Customer Service Specialist
Dave Seeley, Warehouse Operator
Amit Suri, IT Data Management Specialist
Sophia Lay, Secretary Lead
Joe Eng, DSR
Becky Feigner, Customer Service Specialist
Scott Gatterman, Assist. RSM
Jennie Brashear, Accounts Payable Supervisor
Kim Ficek, Customer Service Specialist
Young Cho, Customer Service Specialist
Alex Dupille, Policy Coord. /Project Manager
Tasha Shipman, Warehouse Operator
Stacy Sund, Merchandising Specialist
Renee Smith, Fiscal Analyst
Bev Reinhold, Draw Manager/Sec. Specialist
Eric Stanczak, DSR
Miki Naas, Fiscal Analyst
Rita Hawkins, Executive Assistant

Other Attendees

Eric Allen, Assistant Attorney General
Dan Miller, Curator
Xiamara Garza, Curator
Ernie Perez, IGT
Rosina DePoe, WIGA
Ron Migel, Scientific Games
Scooter Churchill, VML

Isaac Kwakye, WSAC
Daniel Oliver, WSAC
Crystal Hall, WSAC
Emily Libby, VML
Rebecca George, WIGA

Call to Order:

9:02 a.m. – Due to some technical difficulties, Chair Giniger asked Commissioner Hoss to act as Chair until the issue is resolved. Acting Chair Hoss official called the February 20th Lottery Commission meeting to order. Acting Chair Hoss asked for a commissioner roll call. In addition to Acting Chair Schuyler Hoss, Commissioners Judy Giniger, Rudy Mendoza, and Eileen Sullivan acknowledged their attendance. Acting Chair Hoss welcomed the group and thanked the special guests joining us from the Washington Student Achievement Council, who will be introduced later in the program.

Approval of Meeting Minutes:

Next, Acting Chair Hoss entertained a motion to adopt the minutes of the December 12, 2024, Commission Meeting as presented.

Commissioner Sullivan **so moved**, and Commissioner Mendoza **seconded**. Acting Chair Hoss called for a vote to approve the minutes of the December 12, 2024, Lottery Commission Meeting. Ayes were unanimous. **Motion carried.**

Approval of CR 101:

Chair Giniger returned as Chair and thanked Commissioner Hoss for filling in while the technical difficulties were resolved. Chair Giniger introduced Kristi Weeks to present the CR-101. Ms. Weeks started by saying we have been working to improve our claim/payment process for both efficiency and for the customer experience, to allow for more options to claim and get their payments. In doing so, we recognized that there are some existing rules that may need to be amended. Ms. Weeks asked for the Commissioners' permission to file a CR-101, opening rulemaking for the entire Title 315 WAC. Ms. Weeks explained that this will allow us to find any rules that need to be amended and would also allow for some general housekeeping. We have some outdated rules, for example, a rule that lists all our regional office addresses, and we still have the Yakima address listed instead of Tri-Cities address. Ms. Weeks said that this request, if approved, will remain open for a while, and filing the CR-101 notifies the public that we're thinking about amending these rules. Currently, we do not have language or a specific plan in mind. We want to get started with the process now, so that when we do make changes to our claim/payment process, we do not have to start the rulemaking from scratch. Ms. Weeks asked for the approval from the Commission for the filing of the CR-101, and for any questions.

Chair Giniger asked if Ms. Weeks had a time frame for how long this will be open. Ms. Weeks said it is unknown at this time and went on to say that she is not sure if the draft language for the CR 102 will be ready by the next meeting in April or the one in June. Ms. Week said it will be determined by the process to change our claims/payments. Ms. Weeks said that if that moves quickly, the rules will move quickly too; if they move slowly, then we will slow down the rules to keep up. Chair Giniger thanked Ms. Weeks and asked if there were any other questions. With no questions, Chair Giniger asked for a motion to open the rulemaking process by filing of the CR-101 to open Title 315 WAC related to the claims and payment processes and general housekeeping. Commissioner Hoss **so moved**, and Commissioner Sullivan **seconded**. Chair Giniger called for a vote for approval of the CR101 for permission to open rule making for Title 315. Ayes were unanimous. **Motion carried.**

Director's Update:

Acting Chair Hoss continued, while technical difficulties were resolved for Chair Giniger. We will return to the CR-101 presentation when Chair Giniger is ready.

Acting Chair Hoss introduced Director Johnston. Director Johnston thanked everyone for joining and began with an update on the decision package. We submitted a decision package at the end of last summer to add additional staff to the agency, however, due to budget problems the state is experiencing, the decision package submitted did not move forward, leading to Director Johnston's next topic, the budget.

The state budget has been on the news recently. There is a significant budget gap to address and to do that, Governor Ferguson asked most agencies to perform a budget exercise with a 6% reduction target. We completed this challenging exercise and are waiting to hear back whether we will be asked to take the full proposed reduction. Director Johnston mentioned that when we submitted our response regarding this potential reduction, we also submitted a letter explaining that Washington's Lottery does not draw on the general fund, which is the fund that has the shortfall. In fact, Washington's Lottery contributes to it and any reduction to our budget could result in putting revenue generation at risk. Director Johnston next addressed concerns about the federal funding freeze, confirming Washington's Lottery does not receive any federal funding, therefore, we are not impacted by that. In addition, the Washington Attorney General's Office has provided agencies with guidance around what to do in the case of Immigration and Customs Enforcement, ICE, comes to our offices. Director Johnston stressed that while this is a highly unlikely event, if it does happen, Kristi Weeks is our point of contact. Director Johnston said staff have been instructed to speak professionally and respectfully to any federal officials, but any further communication will be turned over to Ms. Weeks.

Next, Director Johnston turned to some happier updates. We have several projects underway now, one of them is the Mega Millions game change. Director Johnston said that this project is going well. The last draw of the current game will be April 4, 2025, and the first draw of the new game will be held on April 8th. Currently, we are testing this change. Most states have been through their testing phase or are in their testing phase right now to make sure the game works as planned. Director Johnston said the big push at this time is providing retailers and players with education and awareness. At the end of March, a media campaign will begin and will look familiar in that it will be like what was done at the end of October 2024. That campaign generated a tremendous amount of coverage for Mega Millions, including 2700 news articles, 90% of which were positive or neutral. Director Johnson complimented Dan Miller, our partner from Curator, who did a fantastic job fielding questions during this time. Director Johnston said we are also going to put together and share a press pack, or a PR package, that will be distributed out to Mega Million states. In addition, there will be a national press release that will be put out over the wire as well as provide states with a press release that they can send out to their local affiliates. Although, this may result in local affiliates getting the press release twice, it will also give lotteries and their media teams an opportunity to put in a quote from their state and provide their contact information. The Mega Millions consortium will also be providing states with talking points and FAQs. Additionally, on April 9th there will be a second press release, which will compare the two games. The comparison will provide details about how many people would have won, how much money, and a value statement about why the new game is better. In the first round of press, in October, we held back some things so that we could come back out closer to the game and provide specifics around odds. We had previously said the odds would be better, but did not specify those odds. We will also be releasing the game matrix for everyone to review.

Lastly, Director Johnston, as the executive sponsor, shared an update on our enterprise performance management system or EPM. In accordance with our strategic plan business plan, which guides our work, we have put together quarterly target reviews, where we try to measure the current day-to-day business and see how we're performing. We have engaged with a company called Mass Ingenuity that will pull all our data into one place, easily accessible for staff and commissioners. This will streamline and centralize data collection for our agency and our hope is that it will help us identify opportunities to improve our organization. Director Johnston hopes that it will also speed up onboarding for our staff, because they will be able to get a whole look at the organization and how it functions because we have identified our core processes, how they are measured, and indicate the success and performance of those measures. Director Johnston reiterated that we will be offering it to commissioners as well, so you can look at and see how we're performing on a regular basis. This will also help break down, very naturally for staff, a better understanding of what is happening across units within the organization. Director Johnston said that Mass Ingenuity has been wonderful to work with, and that often when we work with consultants, it can be an added burden for staff doing a large project like this. However, they've done a terrific job of trying to speed up the process, completed a ton of research around our agency, and really understand our business without us having to explain it in detail. Director Johnston asked for questions or comments.

Acting Chair Hoss asked for any questions. Acting Chair Hoss thanked Director Johnston for his leadership, and for explaining to OFM and sharing with them our unique financial contributions to the state and the effect a potential budget reduction would have on us in terms of reducing our ability to support the state. Acting Chair Hoss continued by saying, if there is anything the commissioners can do to amplify what you're communicating to both OFM or to legislative leaders to reach out for help communicating this important message. Acting Chair Hoss is also excited to see the Mega Million changes and values the leadership from Director Johnston as the Mega Millions lead director. Lastly, he added how excited he is to see the new EPM program and data that is going to be available soon. The commissioners appreciate again Director Johnston's leadership and ability to quantify our actions and activities to provide meaningful data for decision makers. Director Johnston thanked the Commission and credited Deputy Villegas and staff for their amazing work. Commissioner Giniger added one final comment, as this is a stressful time, Director Johnston is juggling a lot of things, as is the staff, so thanks to everybody for keeping the program and projects on track. Commissioner Giniger has returned, we will return to the CR-101 presentation and continue forward with Chair Giniger.

Deputy Director's Update:

Deputy Director Villegas started with an overview of the suspended operations project. Washington's Lottery is classified as a non-essential agency, which means, in the event of a state government shutdown, we would be required to cease operations until the shutdown is lifted. Deputy Villegas said shutdowns happen when a state's budget is not enacted by the end of the fiscal year, June 30th. There is a possibility of a government shutdown this year and knowing that the Lottery has activated our suspended operations project to plan for this potential shutdown, with the hope it will not be necessary. Deputy Villegas said although we will not need to act until June 30th, if at all, we want to be prepared in the event it happens. Some of the things the team is working on now include "stepping down" or you may also hear it as "drawing down." This process is in place to ensure that no drawings occur after operations are suspended, no tickets are sold for drawings that may not occur, and player concerns are addressed. We will be notifying our partners, retailers, stakeholders, and vendors about this potential shutdown and what that means for them, as well as our systems, applications and staff members. Deputy Villegas said we have kicked off this project and the plan is for this process to begin on May 5th and conclude on June 30th, again, only in the event of a shutdown. Deputy Villegas said this project will continue as a precautionary measure up until the very last minute and she is hopeful we will not have to enact it but will make sure to

bring everyone updates for the next meetings in April and June. If individual commissioners would like more frequent updates, we're happy to provide those outside of the meetings.

Commissioner Hoss asked for the Lottery specifically if slowing things down will have a direct financial impact that will not be corrected, as things will be held up and then put back in place after. Will this have a lingering effect on our bottom line for the total year? Would it be possible to get some information on what that potential impact could be? The reason is, there may be rational to have some special plans or dispensation allowing us not to permanently lose revenue that would otherwise be received. Deputy Villegas said absolutely, she has that note and will investigate it.

Next, Deputy Villegas shared a status update for One Washington. The One Washington project, which is modernizing our state operation systems, focusing right now on our financial system, had a go live date of July 1, 2025, and that date was suspended. Right now, Deputy Villegas said we do not have a go live date, however we have an anticipated go live range, provided by OFM, of July 2026 to January 2027. As soon as we have a specific date, we'll share it with you. Deputy Villegas reminded the commission we still have the resources for this project and we're in the green. We're set and ready as soon as they tell us to go. Deputy Villegas will keep providing updates, but stated we have a really strong team and gave kudos to the folks who are working on the One Washington project, and that they are remaining engaged and excited about it even considering all the setbacks we've had.

Deputy Villegas moved on to the virtual card for prize payment project update. As a reminder, this is a pilot project that is focused on offering winners the option of a virtual card for prize payments in addition to the current cash and a check options. It's not removing anything from the list of options or how players receive prize payments, but it is adding an additional option. Right now, we're working on this pilot project implementing virtual cards at headquarters here in Olympia and our Spokane Department of Imagination office. If the pilot is successful, we will implement the virtual cards across all Lottery owned and Lottery operated facilities. Deputy Villegas continued by saying right now we are still in the discovery phase of the project, and we will continue to work with the project team, including our vendors. This project is taking more time than we had expected, but we know that implementing virtual cards is a benefit to our players, to our staff, and to our agency, as we receive rebates from those cards at no cost to the player. We realize there is a really great opportunity here, so we have decided to implement what Deputy Villegas refers to as a beta test project. Although this is not the most efficient way to implement virtual cards, it is temporary, and it is still as effective as any other method we offer. The beta test project is not as efficient for our staff, so it will be a little bit of a lift while we do this testing, but again, it will be time limited until we have a permanent method in place. We will only be doing it here in Olympia at headquarters. If it's not a huge lift for our staff, it works as expected, and we pressure test to make sure our assumptions are correct, we will then allow it to be beta-tested in Spokane at the DOI location. We can then implement our permanent method. Deputy Villegas said that players that choose to be part of the beta testing can opt in and provide feedback. We're also hoping to use this as an opportunity to collect that feedback and see if our winners like it, if it's working, and making sure the final method works as players and staff want it to work. Deputy Villegas will keep everyone posted on this project and outcome.

Deputy Villegas closed with a thank you to the Washington Achievement Council and our marketing team. Starting on February 28th, our vending machines will have a QR code that pops up with a great ad for the Student Achievement Council, the WA Grant, and players. If players see it and want to know more about WA Grants, they can scan that QR code and get more information about what funding and support is available to them, their families, and friends. Deputy Villegas thanked our guests from the Student Achievement Council, Isaac and Daniel, who helped create this idea and bring it to fruition. We really appreciate this collaboration, and we're excited to see if it has the impact we hope.

Chair Giniger thanked everyone involved with the WSAC QR code. She is excited about it to be readily visible to everyone and seeing the results of this information. She also asked, backing up to the topic of virtual cards, if the temporary beta test for the virtual card project, is it to see how the public reacts to these cards? Because there is going to be a different method ultimately? Deputy Villegas provided some clarification. Our players shouldn't see a difference in how the virtual card works, or how they receive it; the only difference might be a text or call instead of email, which is how we will initially communicate. Really the impact will be on staff, because we're asking them to take a few more steps in the process than we want them to do with the permanent solution for virtual cards. We would like an integrated solution where it's just in the system we already use and it's already on the screen that they're using. Right now, it's basically functioning as an additional application that they must go into and add information. This isn't efficient for the staff, but it will be temporary and, again, it will test the assumption that our players want this solution. We wanted to get it going and get it functioning instead of sitting back and waiting for a perfect scenario. Chair Giniger thanked Deputy Villegas and said this helps her understand better. Commissioner Hoss provided brief comments, saying he is very impressed by how leadership at the Lottery has been looking for ways to get incremental new revenue from different processes, which as you review the budget, you see adding up. This allows us to bring in additional revenue and in addition to the financial benefit, we're talking about getting more information about who is playing, how it works, so this allows us to get a whole new level of information that is pertinent to marketing and targets the efforts we undertake to promoting the lottery programs, which is impactful and appreciated.

Legislative & Legal Services Update:

Kristi Weeks began the Legislative and Legal Services update with the usual legal statistics, saying we have processed fifteen new formal or informal requests for records or information since the last meeting, and we have received no requests for administrative hearings and no new lawsuits, which is good news.

In terms of legislative activities, tomorrow marks day 40 of 105-day long session and the cutoff date in the Policy Committee in the chamber of origin. Ms. Weeks said there have been very few surprises; the overriding concern, of course, is the state's budget deficit. On the policy side, some larger themes have been immigration, voting rights and access, and artificial intelligence.

Ms. Weeks also mentioned that this year, it seems as if we have had fewer fiscal notes, compared to the last few years, probably because there have been fewer law enforcement reform and regulatory reform bills that we get caught up in as a state agency and a law enforcement agency. In terms of gambling, only a handful of bills have been introduced. The Gambling Commission has an agency requested bill to protect some of the financial and security information of its licensees. The Horse Racing Commission has an agency request bill that is general housekeeping and there's another bill, which isn't an agency request, to provide some financial relief to the industry, which is struggling with federal costs that are charged to them, which are duplicative state costs. There is also the return of a bill we've seen in previous years that would create a gambling diversion court for people who commit crimes due to a gambling disorder, such as embezzlement, theft, or something else they might do to get money to feed their gambling problem. Ms. Weeks explained a similar program is very effective in Nevada, but it's also very expensive and would serve relatively few people here. Ms. Weeks also mentioned that there are no sports wagering bills this year, for the first time in several years.

Next, Ms. Weeks shared with the commission that she and Director Johnston have been attending introductory meetings with various legislators, familiarizing them with the Lottery and Director Johnston. Ms. Weeks said they are going well, and they've been able to meet with some of the newer legislators.

Ms. Weeks also highlighted the Lottery's presentation to the Senate Business, Financial Services, and Trades Committee, which as of this year is the Senate committee that handles gambling issues. Ms. Weeks said they received some hard questions, but they handled them to the best of their ability and Director Johnston did a fantastic job.

March is national Problem Gambling Awareness Month, and we participate each year. Ms. Weeks said in the past Governor Inslee has issued a proclamation recognizing it at the request of the Evergreen Council on Problem Gambling and she assumes Governor Ferguson will maintain the tradition. In addition to this proclamation, the Lottery recognizes the event in several ways, such as special signage and messaging on our vending machines and other public facing equipment. We will also have social media posts, which we will create in conjunction with the Evergreen Council on Problem Gambling as we recognized them as the experts. Ms. Weeks continued by saying we're currently finalizing a joint press release with the Gambling Commission and Healthcare Authority, which is where the state's problem gambling program lives.

In January, Ms. Weeks, Director Johnston, and our Security and Licensing Director, Derek Poppe, attended NASPL's Responsible Gambling and Corporate Social Responsibility conference in Atlanta, GA. Ms. Weeks expressed how valuable this conference was to attend, as most responsible gambling conferences focus on gambling in general or on casinos or sports wagering with little emphasis on lottery. At this conference, the entire focus was on the role of the lottery and how we can better serve our customers and expand our programs. Ms. Weeks came away with copious notes and many ideas for our responsible gambling program; for example, she noted several ideas for retailer training that we hadn't previously considered such as including information about peer pressure, because younger clerks may receive pressure from individuals under 18 years of age who want to buy tickets. Ms. Weeks also thought about ideas like including training for how owners or managers of stores can identify employees with gambling issues. We have had situations where retailer employees are stealing tickets and we always think about it in terms of greed, but perhaps there is a gambling issue as well. We learned that some lotteries engage mystery shoppers, which test retailers on responsible gambling knowledge, whether they'll sell to underage looking players, and how they offer support to customers who appear to be in gambling related distress. Ms. Weeks continued by saying we teach retailers, but we do not test or evaluate them by going out with undercover people to test how well the training works. Ms. Weeks said these are all interesting ideas we will discuss and review in the coming months that will help our program. We received our responsible gambling verification at the sustaining level this past December, so we're at the highest level but we're not done. Every three years we will have to reapply to maintain this level and they will be interested in how we evaluate our program and improve it along the way. These are some ways we can evaluate and change it moving forward, which we can report on in three years. In addition, we were able to attend a tour at the Scientific Games facility while in Atlanta, this is where most of our scratch tickets are printed. Director Johnston and Mr. Poppe were lucky to be able to attend a live Mega Millions drawing.

Chair Giniger commented, saying she has an interest in problem gambling and loves the ideas Ms. Weeks came back with, but is also thinking about the reality of budget cuts and no additional full-time employees, Chair Giniger asked if it would work for staff to be doing more with less? Also, asking if these are just conceptual right now? Ms. Weeks responded, saying yes, these are just conceptual ideas. The ideas related to changes to the retailer training, for example, could be done within existing resources. In our decision package, we asked for an FTE to focus on responsible gambling and corporate social responsibility, because it's currently part of everyone's job, with Ms. Weeks as the lead. She said she's not been able to give it as much time as it deserves. It's unfortunate the position didn't move forward, but Ms. Weeks said we will keep doing the best we can and will try again if the budget changes.

Chair Giniger said problem gambling is something the commission wants to focus on and it's great to hear some new ideas that could enlarge what we're doing, and the three-year reapplication process will make that real in terms of adding to or tweaking our application to make our plan more effective. Chair Giniger continued by saying she read an article that put focus on sports gambling and its potential harm and was interested to see if anything comes from it or what, if any, new attention arises on sports gambling in our country. Chair Giniger thanked Ms. Weeks and Director Johnston for their work connecting with legislators and letting them know what the Lottery does, its mission, and how outside influences can impact our agency and contributions to the state.

Washington Student Achievement Council, WSAC

Chair Giniger happily introduced our guests from the Washington Student Achievement Council (WSAC), Isaac Kwakye, Deputy Executive Director, and Daniel Oliver, Director of Research, who are here to present our next topic. Chair Giniger thanked them both for putting together this presentation and coming to spend some time educating us about what WSAC does and how Washington's Lottery can connect and partner with them for the benefit of education in Washington. Commissioner Sullivan briefly spoke, thanking WSAC for being here, but wanted to let the commission know she will be departing at 10:30am due to the legislative session.

Mr. Kwakye expressed his appreciation for the time today to come to Washington's Lottery and specifically thanked Deputy Villegas for creating a very collaborative environment that helps them work together to shape education policies in our state. WSAC is an agency that focuses on the advancement of educational opportunities and attainment in Washington. WSAC is leading statewide strategic planning to improve educational coordination and transitions, but more than that, has the responsibility for the education service plans for Washington, including administration of financial aid, college saving plans and support services. WSAC advocates for the economic, social, and civic benefits of post-secondary education as well as supporting and managing several workforce programs on behalf of the state and college bound scholarships geared towards students that are eligible for free and reduced-price lunches or those that want training or education to get into the workforce.

In recent years, the Governor-appointed WSAC Council has decided to refocus on how WSAC strategically shapes and informs higher education policy in our state through various exercises that involve stakeholders across education. Mr. Kwakye said the idea is the framework is centered around equity. WSAC believes if we build an affordable and supportive educational environment, more Washingtonians will enroll in programs supported by WSAC and complete their credentials. Mr. Kwakye continued, saying WSAC has a goal of 70% attainment goal for our state. Mr. Kwakye explained the postsecondary attainment for Washington adults, by age, 25-44, as well as discussing specifically race and ethnicity in our state and the importance of identifying the clear disparities, that is not to compare one race to another but rather focus on each racial group and think about what we can do to get each group to the 70% goal. Mr. Kwakye explained that need-based aid is a key lever for equity and the partnership with Washington's Lottery, through beneficiary contributions to the Washington Opportunity Pathways Account (WOPA), is contributing to this work and helping WSAC to be a state leader.

Mr. Oliver took over and shared more about the WA Grant, stressing it's not just about going to college, it's about including apprenticeships and other programs, essential workforce training. Mr. Oliver provided a brief history and explained that WA Grant was traditionally called the state need grant, so when talking about need, it's communicating that need is generally driven by family income. Mr. Oliver said WSAC switched over from the state grant in 2019-2020, and he estimates about 20-30% of students eligible for this WA Grant, did not receive any benefits, since switching over to WA Grant, there is now a promise

that tuition will be covered, and that promise can be met. The hyperlinks and QR codes provided on screen show which institutions are covered and show approved apprenticeship programs. Mr. Oliver said the funding for this program comes from the state's general fund, the workforce, education investment account, Education Legacy Trust accounts and WOPA. Mr. Oliver also mentioned funding from the State Educational Trust fund as well, but in a smaller amount.

Next, Mr. Oliver explained more about the WA Grant funding sources and how it has shifted over the years. To summarize, the Office of Financial Management (OFM) decides how this funding is allocated, so it does fluctuate from year to year. Additionally, funding from the larger groups, WOPA, and more recently the Washington Executive Leadership Academy board (WELA) has made a big difference to this program. Mr. Oliver said in terms of the impact of the WA Grant, he sees the importance of education both about and how effective the WA Grant is and the impacts to students through educational attainment and potential career and job outcomes. Mr. Kawaye said WOPA is where the Lottery is pouring in a lot of revenue to support state residents. Mr. Oliver continued, saying another key feature is the federal Pell Grant, which goes for five years, so students can attend an institution or college for five years. Mr. Oliver added it was just last year that the state passed a bill to align our WA Grant with the Pell Grant. Mr. Oliver provided an example, saying if a student comes from a family at or below 65% of the state's adjusted medium family income, they are entitled to full tuition and fees at any of the institutions listed on the slide. Some institutions are more expensive than others, so a unique feature of the WA Grant is it is stackable. When a student qualifies for the Pell grant, they receive full tuition, fees, and the Pell money, which is huge for students who need transportation fees and living costs covered. This is where Washington really comes through. Another key feature is that while we have community and technical colleges listed, the full award amount, \$4,763, is also going to be similar to the maximum award amounts for people in apprenticeships. Mr. Oliver went on to show a list of eligible apprenticeships programs and some of these are in broad categories, including the construction industry, electrical industry, and mechanic institutions. WSAC continues to expand the type of programs offered to support financial aid and this is a huge initiative that WSAC is working on. For background, it's great we have this apprenticeship program, but a complexity is that there are long waiting lists on some, they are in demand, WSAC is trying to support it and get the population trained as quickly as for both people just out of high school and adult learners.

Mr. Oliver next discussed the nuts and bolts about how the awards are decided as it can be slightly complicated. Mr. Oliver showed a slide with an acronym of TNF, tuition and fees. Mr. Oliver walked the commission through the slide providing different examples of what is paid for each range of family income. It is generous in this state and this award schedule is going to be the same for private institutions. Mr. Oliver said the biggest thing is educating our populations that they are eligible for this aid. Mr. Oliver said WSAC is continuing to operate and improve education related to this grant, including an innovative program, just passed by the legislature last year and being implemented this fall, where students who receive benefits from the Supplemental Assistance Program (SNAP) are automatically eligible to apply for WA Grants. Mr. Oliver explained that this is another huge advantage, because students might not know what their parents' income is or parents might not know that their children will be fully qualified for this grant. Mr. Oliver said the biggest challenge is sending the message out; this year they are focusing on seniors, but in coming years they will be focused on students in 10th, 11th and 12th grade.

Mr. Kwakye jumped in and said another issue was trying to remove administrative barriers and said that when you have a public benefit like WA Grant, the people who need it the most are less likely to take advantage of those benefits and money is left at the table. Mr. Kwakye said that to remove the barriers WSAC is pushing towards a place where even a student in 10th grade can be guaranteed tuition and fees are covered. By doing this the hope is to motivate students to apply and change the behavior and

perception of students. That way, a student who may not be thinking about college will hear the message that college or additional education is feasible. Mr. Kwakye said this is also something we are seeing in institutions as well, moving toward guaranteed admission. This is something the governor has indicated is a priority. WSAC is seeing the ability to combine the guaranteed admission with guaranteed aid to tell a student everything is covered, which is a huge opportunity and WSAC is working through that implementation.

Mr. Oliver went on to talk to the commission through the path of a current high school senior experience. Currently, a high school senior won't know whether they are going to receive full financial aid until they apply to a college and apply for Free Application for Federal Student Aid (FAFSA), which is happening at the end of their senior year. WSAC is updating the process and moving the needle. WSAC isn't worried about encouraging more students to go to college, but instead focusing efforts on moving students ahead, who in prior years that might not have ever thought about going to college or otherwise pursuing continued education. They want to change the mindset of 10th graders so they know college is an option they may not have to pay tuition and fees, and in fact the WA Grant program pairs with other direct admission programs.

Mr. Oliver continued to the next segment of the presentation, partnerships and data capabilities and provided some highlights to the group. Mr. Oliver said that the big picture involves two types of data, WSAC data from their agency that administers the state's financial aid program, so very comprehensive data going on in financial aid in our state. We also know how much awards are going out, whether students are taking loans or not, if they're getting institutional aid or scholarship money. WSAC is also working closely with OFM and the Education Research Data Center (ERDC) to develop a close partnership and exchange data for robust studies. WSAC is also actively linking the financial aid data to the ERDC system, so we can see whether students are enrolling in college, what industries they end up being employed in, and their wages. Mr. Oliver commented that this is a very rich set of data, even able to review high school history, what kind of courses they take in high school, when they graduate, and what school was attended.

Mr. Oliver closed his presentation by discussing his current work, including a full-fledged study, document analysis, interviewing financial aid experts, and completing a report or impact study. Ultimately, WSAC aims to publish their results in 2026. In the meantime, their focus is on enrollment and the impact WA Grant has on degree attainment and the workforce. Chair Giniger thanked Mr. Kwakye and Mr. Oliver for their time and commented that it was very interesting information and helpful to see how the Lottery is contributing to this work at WSAC. Commissioner Mendoza had no questions, but thanked WSAC for their time and work. Commissioner Hoss followed with a few questions. Recently Commissioner Hoss had his Senate confirmation hearing, and he was asked what the most important performance indicators are for the Lottery. Commissioner Hoss said the most important indicator that he follows and worries about is our contribution to WOPA and making sure we maximize our contribution to WSAC and its programs. One question on what was presented -- you showed the WOPA contribution over the three biennium and it looked like it drops, can you explain why that is?

Deputy Villegas stepped in and said that it is a great question, and it is something we're still trying to figure out, on both sides, we're not entirely sure. Deputy Villegas believes it's coming out of OFM, so we're looking into trying to figure out why that is, because it has confused us as well. Commissioner Hoss would appreciate an update on this once available. Commissioner Hoss said he can't stress enough the importance, as a commissioner, to understand our contribution to WOPA, how it's reflected, and how it translates into actual grants and benefits given to students. Todd Steben, Director of Finance, added that one element we're going to explore is if it's a timing difference over different biennium, when funding is

dispersed, when it's spent, and so forth. Mr. Steben said to stay tuned as we do a deep dive through the OFM financial statements through restricted funds and all the esoteric accounting elements that might be influencing what you see as a volatile pattern there. Commissioner Hoss followed up and asked if we know the percentage of WOPA funding that comes from the Lottery? Mr. Steben said they will research that as well and get back to the commission. Ms. Weeks clarified that Washington's Lottery is the sole funder to WOPA, but not all WOPA goes to the WA Grant program. Commissioner Hoss would like to fully understand this better and said the information provided is very helpful and allows the Lottery to have a better understanding of the impact, but he's also looking for, if possible, the number of students that we, the Lottery, provide direct funding and he would appreciate it for each county.

Mr. Oliver said this is information to show the capability and can zero in on the number you want from the WA Grant program and provide that to you. Commissioner Hoss would appreciate that information, saying it's been a challenge to come up with a consistent number that is defensible about how many students or individuals benefit from Washington Lottery programs. Commissioner Hoss understands the complexities, but stressed how important it is for us to be able to articulate a consistent number for the legislature, local officials and different educational institutions. There are very few people that fully understand and appreciate how Lottery dollars are supporting our communities and hopes this great collaboration will continue.

Commissioner Giniger asked to be able to better understand the studies that WSAC is working on now, and how the students do in terms of completing their degrees or certifications such as the students who receive the Washington Grant, and is that what you're going to be looking at in the current studies? Mr. Kwakye thanked Commissioner Giniger for her question and said that one study that was recently published looked at students receiving the WA Grant and what happened to them three years after graduating from post-secondary school and we found there was economic mobility. In terms of students, three years after graduating they were either at par with their parents, in terms of intergenerational mobility, or above. Mr. Kwakye said we know, based on other work and other studies, that this aid is causing internal mobility and economic mobility in our population. Chair Giniger said it sounds like it's tracking students who finish their programs, which is great. She followed up and asked what percentage of students finish their programs. Mr. Kwakye said yes, that's the study Mr. Oliver mentioned earlier, enrollment to outcomes. Chair Giniger thanked WSAC again and echoed the importance of the Lottery to understand how we are contributing to student achievement in the state. It's also important for the public and players to understand.

Mr. Kwakye closed WSAC's presentation by saying the hope is that WSAC and Lottery will get to a place where we are collaboratively doing some more rigorous research to come out with outcomes and finds that you can use regularly to engage the population and stakeholders we serve. We are building that research agenda and some of it is going to be looking at spaces where it's a joint project. Chair Giniger again thanked Mr. Kwakye and Mr. Oliver for coming today and spending time with us.

Financial Report: FY25 Quarter 2 Update:

Chair Giniger introduced the next presenter. Todd Steben, Finance Director, to go over the financial performance this fiscal year to date through December 31st. Mr. Steben took the Commission through a series of slides showing financial comparisons between last fiscal year and this year, budget to date actuals, and sales and operating profits by product. Mr. Steben took time and discussed why sales are down compared to last year, specifically Powerball, which is down almost \$55 million in sales. Mr. Steben said that this is mainly due to low jackpots and reminded everyone that last year at this time, Powerball and Mega Millions both had high jackpots. Mr. Steben said this shows us the power large

jackpots have for sales. Mr. Steben continued saying while sales are down, as an organization we are performing very efficiently and managing our budget well.

Chair Giniger thanked Mr. Steben for this report and the zoom out way of showing comparisons over four years. Commissioner Hoss then provided a few comments, saying it sounds like we are kind of where we want to be, which is good. Commissioner Hoss said he hopes everyone appreciates how much Mr. Steben and his team and all the Lottery has done to make up for the Powerball decline and mitigate the impact and manage the budget. If we had not, we would be hearing a different story today. Commissioner Hoss said he does remain concerned about Powerball, as he had hoped that it would level out over time, but unfortunately, it is still a little bit of a drag there, perhaps it's a question for Sales. Commissioner Hoss commented that other states are having a similar problem with Powerball but hopes we can continue to manage until Powerball comes back.

Director Johnston stepped in and echoed the fantastic job staff have done. Director Johnston said between the draw and instant ticket split, we have the most control over instant tickets. We also have some control over the draw games like Pick 3 or Match 4 that are not jackpot reliant. You will see the ones we have control over are performing well, whereas the ones we don't have control over, we need to catch a jackpot to improve sales that are struggling. It's the top of mind for the Sales team, and lotteries across the country are suffering too. Director Johnston continued and said that we did update Powerball a little bit ago, adding a third draw. We also brought in double play, which, for an extra dollar provides a second drawing for \$10 million, so there have been additional products brought in to support that. We will be doing something similar with Mega Millions too. Director Johnston said this is why we are looking at the Powerball NFL game. If you look at our sales, day by day, Sunday is our softest day, at least a million dollars. That's why the Powerball NFL game was so appealing, because it brings in a game that is drawn on a Sunday that is tied into something outside of the Lottery. Director Johnston said we are also exploring other opportunities to support our portfolio. Commissioner Hoss said the team has done an excellent job controlling what can be controlled. Chair Giniger agreed, saying that the educated estimate of where the Lottery will come in, to meet the budget expectations, is important and the team has done great.

Sales and Marketing Update

Randy Warick, Director of Sales and Marketing, and Kathi Patnode, Assistant Director of Marketing, presented a sales and marketing update. Mr. Warick began by giving an update on overall YTD sales, sitting at \$563 million vs our \$580 million YTD goal, about \$17 million off our goal to date. Mr. Warick reminded the team of the big role jackpots play in reaching our goal. Mr. Warick emphasized that the team is comparing year-over-year numbers and this year, for February, we're averaging about \$634,000 a day in sales. At this time last year, we were at almost \$800,000 in sales so that tells us that the jackpot last year was growing. Mr. Warick said this March is going to be a rough, because at this time last year a jackpot was at \$1.3 billion. Mr. Warick shared larger games and are looking at how they can diversify, and we need to do some of that to help stand these games up as well. We are all eager to see how the change to Mega Millions goes and what is going to happen. Depending on how well that goes, Mr. Warick said he'd expect Powerball to be right behind with something new. Mr. Warick said it's not an ideal picture, he doesn't think we can overcome the \$17 million difference, but if we catch some luck and have a nice jackpot run, along with the continued work from staff, there is a real chance to still close the gap.

Next, Mr. Warick walked through the sales results by product, a few highlights were Mega Millions at 112.47% to goal, due to that large jackpot in December, Match 4 at 100.92% to goal and Cash POP at

145% to goal. Mr. Warick said we've noticed other lotteries will bring games in and out to promote sales, so the sales team is looking for other opportunities of what draw games will look like for us. One of the initiatives that came out of our strategic plan, Lance Anderson, Assistant Director of Sales, has been given the idea of going out and looking into a cash for life game. Many lotteries are looking for a potential multi-state games, so we know Cash for Life or Lucky for Life, which is what we use in scratch, are very popular and it's another jackpot option where players can win a lot of money. Mr. Warick said that the sales team is still looking at how a game like this will fit into our portfolio, knowing and recognizing draw is more profitable for us as we go forward.

Mr. Warick talked about the Happy Hour promotion, which ran in early February for two weeks, similar to the one we ran back in June 2024 to boost sales, this time having even better results. Mr. Warick is happy to share that this Happy Hour promotion generated over 15,923 tickets and our promotional tickets for a value of over \$159,000 in sales when compared to last year, averaging over 11,137 daily versus 956 in 2020, so we see that growth. Something exciting to point out is that we can see a consistent build with this promotion growing each day, by the end we hit our highest mark, \$15,240 or 15,123 entries on our last day of the promotion compared to our first day, at only \$658 and 6,500 in sales. Mr. Warick is pleased to see the success of this promotion and the team has other versions of this built into our promotional calendar, so you'll see different, but more opportunities coming up. Mr. Warick continued and shared the new Hit 5 promotion, music-focused promotion to attract a younger demographic and an opportunity to get different people to play. "My Music Live" will soon launch and give several players the opportunity to win multiple VIP concert experiences at venues in Seattle and Spokane. Mr. Warick said it should be a cool experience, and we think it's going to be great, and we need to be willing to try these kinds of things. Mr. Warick asked for any questions.

Chair Giniger asked if other lotteries are doing these types of promotions with concerts? Mr. Warick said yes, iHeart is a licensed brand. Other states, like Texas, were able to bring Martina McBride to an actual store and do a meet and greet. Mr. Warick said he thinks music is important, we're heavy in sports here, sports resonate with our customers, but music is a passion point, so we are seeing more and more lotteries do similar promotions. Chair Giniger clarified, this is an IGT product? Mr. Warick responded, no, iHeart is an IGT product, but this is a promotion we worked on directly with Anschutz Entertainment Group, AEG.

After Mr. Warick, Kathi Patnode took over to share the great coverage our PR partner, Curator, has done since the last PR update in October. Ms. Patnode highlighted that over the last four months, we have had 621 stories, earning more than 407 million impressions for Washington's Lottery. These efforts helped Washington's Lottery raise awareness around unclaimed prizes, winners, growing jackpots, and upcoming game changes both locally and nationally. Ms. Patnode took a few moments to share specific winner stories from around the state with the commission.

Ms. Patnode went on to share a marketing update. Ms. Patnode shared an update on another successful Seahawks campaign that wrapped up January 5th with the giant drawing on January 8th. The tickets sold through at 92%, which is really good and we had over 103,000 non-winning scratch tickets mailed in. That is a little over 10% of all the available non-winning scratch tickets that could be mailed in. Ms. Patnode said in our first and second drawing, the grand prize was a legendary weekend game day experience and one winner from each drawing got to bring three guests for the weekend experience in Seattle. Ms. Patnode briefly shared with the group the experience, the winners were picked up from their hotel and driven, by limo to Richard Sherman and Cam Chancellor's restaurant Legions in Bellevue, where they had excellent food, got to spend time with Richard and Cam, asked questions, and got autographs. Ms. Patnode said normally we allocate about an hour for the meet-and-greet, but an hour and

a half later, everyone was still talking until Richard and Cam were pulled out for their next meeting. Ms. Patnode said the winners had a lot of fun. Jessica, our new marketing operations manager, helped facilitate the meet and greet and took pictures which we shared on social media. Also, Richard shared our post on his Instagram channel, which was great. We saw over 11,000 impressions, so great awareness and Richard and Cam said they are willing to do it again.

Ms. Patnode also shared about the Seattle Kraken promotion. The last three years we've done a Seattle Kraken scratch ticket, which has done well, but not performed to expectations. Ms. Patnode said instead, this year we decided to shake things up and try a draw product. A player can purchase a \$5 Lotto ticket and receive a trailing voucher to mail in for a chance to win an epic Seattle Kraken prize package. We had two drawings for prizes that included parking in the Players garage, access to Mawei Lounge, view of pregame warmups from inside the penalty box, and being escorted to your glass seats before meeting Joey Daccord, goalie for the Seattle Kraken. Ms. Patnode shared the great campaign developed by our partner VML, about getting close to the action, but not too close, and utilized Joey Daccord. Ms. Patnode shared the spots, social videos and a blooper reel. Ms. Patnode stated that the promotion ran from November 3rd to January 25th and over 626,000, \$5 vouchers were generated with over 109,000 mailed in, which is a return rate of 17%, substantially higher than our 10% goal.

Next, Ms. Patnode previewed some new Mega Millions work that's in development to promote the launch of the game changes on April 5th. Our partner, VML, created a fantastic ad campaign called "Welcome to the Megaverse," a new normal where everything you can imagine already exists. Ms. Patnode said this also includes a social media campaign as well as our vending machines to tease about the upgrades to the game. Ms. Patnode said these will be shared with the commissioners at our next meeting. Along with supporting our promotional campaigns, problem gambling resources, beneficiaries or high jackpots, we love it when we can share out winner stories. Ms. Patnode said in Q2, we were able to share out many great stories but focused on two for this meeting and played them for the group.

Lastly, Ms. Patnode shared a sneak peek at the new Seattle Mariners Scratch campaign launching next month, called "You're Outta Here." The Mariners ticket will have two second chance drawings and the grand prize will have one winner. Each drawing winner will get to attend Mariner's spring training in 2026, including first class tickets, spending money, entry to games, and will get to attend a regular season game. We partnered with Cal Raleigh, catcher for the Mariners, as well as VML and will develop a broadcast spot and social shorts for this campaign, more to come soon! Ms. Patnode also teased us with hints about a new DOI brand campaign and a Jurassic Park *Scratch* ticket promotion with a fun second chance drawing, with a chance to win a trip to Hawaii and while they're enjoying Hawaii, a chance to win up to \$1 million dollars!

Chair Giniger thanked Ms. Patnode and the marketing team for their work.

Scratch Artwork

Gaylene Gray, Instant Product Manager, presented the new scratch ticket artwork for the commissioners' review and briefly talked about each one. The commission had no questions.

Commission Business/Agenda Items:

Chair Giniger asked the commissioners if there were any topics they would like to have discussed at the next meeting. Commissioner Hoss confirmed there will be updates on legislative results, activities, and budget during the next meeting. Ms. Weeks responded, saying yes, normal course for the next meeting.

Chair Giniger had no additional topics, but said if Commissioners think of a topic, please reach out to Director Johnston or Deputy Villegas.

Public Comment:

Chair Giniger asked if anyone online or in the studio is interested in speaking today. Hearing no comments, Chair Giniger closed the public comment period.

Adjournment:

Commissioner Giniger wished everyone happy holidays and thanked everyone for their time and participation. Commissioner Giniger adjourned the meeting at 11:42am.

The, February 20, 2025, Lottery Commission Meeting Minutes were approved this _____ day of _____, 2025.

Respectfully submitted,

Judy Giniger, Commission Chair

Rita Hawkins, Executive Assistant