



**Strategic Plan/
Master List
September 2025**



Katie Hobbs
Governor

Alec Esteban Thomson
Executive Director

August 31, 2025

The Honorable Katie Hobbs
Governor of the State of Arizona
1700 W. Washington St
Phoenix, AZ 85007

Governor Hobbs:

Enclosed is the Arizona Lottery's Strategic Plan/Master List submittal, prepared in accordance with the OSPB planning guidelines.

Please feel free to contact me at (480) 921-4505 if you have any questions regarding this information.

Sincerely,

A handwritten signature in black ink that reads "Alec E. Thomson".

Alec E. Thomson
Executive Director

Enclosure

Agency 5 Year Plan

LOA Lottery

Issue 1 Grow Annual Revenues

Description: Grow annual revenue from digital platforms and innovative games from 0% to 10% of total revenue by June 2029.
- Last year our initiative was to complete the implementation of an upgraded digital player loyalty / CRM platform in order to improve player engagement and modernize for future growth. This was completed April 1, 2025. The upgraded platform will provide additional tools which will be utilized to increase player engagement

Solutions:

- 1 Grow annual revenue from digital platforms and innovative games from 0% to 10% of total revenue by June 2029.
- 1.1 By end of June 2026, increase the player engagement rate in the digital player loyalty platform from average 20% to average 23%.
 - 1.1.a. Identify key stakeholders for Lottery innovation and develop community engagement plan.
 - 1.2 By the end of June 2026, complete the effort of establishing Lottery courier rules.
 - 1.2.a. Create a regulatory format that provides clear operating guidelines for Lottery couriers.

Issue 2 Increase Beneficiary Transfers

Description: Increase from \$276M to \$330M in annual beneficiary transfers by June 2029.
- Beneficiary transfers are a percentage of overall sales. FY25 sales of \$1,403,405,280 and total beneficiary transfer will be calculated in Oct. 2025. Sales were impacted by the lack of high jackpots on the multistate draw games.
- Great efforts were accomplished to increase the instant ticket sales including installing Digital Menu Boards at retailers and the digital signage pilot program.

Solutions:

- 2 Increase from \$276M to \$330M in annual beneficiary transfers by June 2029.
- 2.1 Target goal for end of June 2026 for total sales revenue is \$1.4 B.
 - 2.1.a. Increase visibility and awareness of Lottery products in key accounts via improved signage and merchandising and expand vending machine placements.

Issue 3 Improve Retailer Economic Impact Score

Description: Demonstrate an annual increase in the percentage of retailers that improve their “retailer economic impact score” by June 2029.
- Last year our goal was to define the “retailer impact score”. This score will be based on the retailer satisfaction survey, the timeliness of new game activations, the facings growth and the number of retailer business reviews.

Solutions:

- 3 Demonstrate an annual increase in the percentage of retailers that improve their “retailer economic impact score” by June 2029.
- 3.1 By end of June 2026, achieve retailer economic impact target score of 94%.
 - 3.1.a. Implement the new retailer economic impact score that incorporates the performance metrics of retailer satisfaction survey, new game activations, facings growth, and retailer business reviews.
 - 3.1.b. Implement improved ticket distribution security controls for independent retailers to reduce theft as part of the gaming system upgrade.

Issue 4 Improve Employee Engagement

Description: By June 2029, AZL will improve our employee engagement score by 10%.
- We had a 94% participation rate in our employee engagement survey with an average overall engagement score of 82% for FY 2025 which is 7% higher than the FY 2024 score of 75% bringing us within 3% of our 5 year target.

Agency 5 Year Plan

Solutions:

- 4 By June 2029, AZL will improve our employee engagement score by 10%.
- 4.1 By June 2026, increase agency overall engagement score from 82% to 84%.
- 4.1.a. Identify areas for improvement in FY25 engagement survey results; develop action plan to raise FY26 score.
- 4.1.b. Track employee retention rates and identify key drivers of regrettable attrition.
- 4.2 By June 2026 design and administer new vendor employee engagement survey.
- 4.2.a. Work with key Lottery vendors to develop vendor employee engagement survey to align with state engagement survey.

Resource Assumptions

	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate
Full-Time Equivalent Positions	98.8	98.8	98.8
General Fund	-	-	-
Other Appropriated Funds	188,818.0	191,313.0	193,845.0
Non-Appropriated Funds	2,003,312.0	2,033,521.0	2,064,191.0
Federal Funds	-	-	-

Agency Summary

Lottery

Alec E. Thomson, Executive Director

Phone: 480-921-4505

A.R.S. §§ 5-551 et seq.

Mission:

To support Arizona programs for the public benefit by maximizing net revenue in a responsible manner.

Description:

The Arizona Lottery maximizes revenue through the sale of its products on behalf of Arizona taxpayers and in support of its beneficiaries as defined by statute. An advisory commission and agency head appointed by the Governor oversee operations, including product development and product sales through licensed retailers, providing players with entertaining, rewarding games of chance that make a difference in Arizona.

Agency Summary: (\$ Thousands)

Program	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate
▶ Lottery	2,080,908.2	2,556,706.9	2,562,706.9
Agency Total:	2,080,908.2	2,556,706.9	2,562,706.9

Funding:

	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate
Other Appropriated Funds	161,128.8	195,451.6	201,451.6
Other Non-Appropriated Funds	1,919,779.4	2,361,255.3	2,361,255.3
Total Funding	2,080,908.2	2,556,706.9	2,562,706.9

FTE Positions	49.0	98.8	98.8
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5 Year Plan

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◆ **Goal 1** Grow annual revenue from digital platforms and innovative games from 0% to 10% of total revenue by June 2029

Performance Measures	FY 2024 Actual	FY 2025 Estimate	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate
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Average monthly Players Clubs engagement rates (percent)	16.1%	15.0%	21.1%	23.2%	23.2%
Percent of tasks completed to upgrade Lottery player loyalty platform	N/A	100%	100%	N/A	N/A

◆ **Goal 2** Increase from \$276M to \$330M in annual beneficiary transfers by June 2029

Performance Measures	FY 2024 Actual	FY 2025 Estimate	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate
Dollar amount of instant ticket sales (in millions)	\$1,049.0	\$1,067.1	\$1,055.4	\$1,075.9	\$1,075.9
Dollar amount of draw game sales (in millions)	\$479.2	\$484.0	\$348.0	\$369.2	\$369.2
Total Lottery sales (in millions)	\$1,528.2	\$1,551.1	\$1,403.4	\$1,445.2	\$1,445.2

◆ **Goal 3** Demonstrate an annual increase in the percentage of retailers that improve their “retailer economic impact score” by June 2029.

Performance Measures	FY 2024 Actual	FY 2025 Estimate	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate
Percent of tasks completed to implement retailer economic impact score	N/A	100%	100%	N/A	N/A
Retailer economic impact score (percent)	0%	0%	N/A	94.0%	94.0%
Total retailer earnings (in millions)	N/A	\$105.8	\$94.1	N/A	N/A

◆ **Goal 4** By June 2029, AZL will improve our employee engagement score by 10%.

Performance Measures	FY 2024 Actual	FY 2025 Estimate	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate
Percent monthly agency on-site work hours (12-month average)	37.9%	45.0%	34.2%	N/A	N/A
Percent of tasks completed employee engagement survey action plan	N/A	100%	100%	100%	100%