

Governor Rauner and Illinois Lottery seek new management partner

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Signals transformation to ensure Lottery grows responsibly while providing better value for taxpayers

CHICAGO — Governor Bruce Rauner and the Illinois Lottery today announced the release of a Request for Proposal (RFP) for a new private management partner. The new private management partner will share the Lottery's goals of increasing profits to the state, responsibly broadening its player base, introducing new technology and innovation, and ensuring responsiveness to public needs and concerns.

“Today, the State of Illinois is transforming the Lottery by seeking a new private management contract. Under this proposal, we are eliminating historical conflicts of interest, incentivizing innovation and growth, and creating opportunities for new businesses to thrive in this industry,” said Governor Bruce Rauner. “Our goal is to continue to provide the beloved games of the lottery while also driving value for taxpayers.”

In 2010, the previous administration poorly negotiated a contract which resulted in the private manager consistently underperforming while being allowed to circumvent FOIA laws and withhold information from the Lottery and the public. The previous administration did attempt to terminate the contract in a deal that would have cost taxpayers tens of millions of dollars had it been allowed to go through. The Rauner administration fought the implementation of that prior termination agreement and re-negotiated its terms to improve taxpayer protections and save \$22 million in immediate savings and \$28 million overall for taxpayers.

Due to statutory requirements, the new contract must be done within the narrow restrictions of the process that was set up by the General Assembly in 2009. The process requires the state to use the same private management structure that was used in the prior terminated contract. Governor Rauner and the Illinois Lottery are determined to make any future contract taxpayer-friendly, transparent and sustainable. With this proposal, unlike the last contract, conflicts of interest will be eliminated, risk of shortfalls to the Common Schools Fund will be removed and the bidding process will be open to all interested parties including smaller businesses and non-traditional lottery companies.

Under the new process, the private manager will be held more accountable in several ways. First, the private manager will be heavily evaluated on its ability to grow the Lottery through innovation. There will be an emphasis placed on finding a partner that can develop new products and reach new customers. Furthermore, the financial incentives are achievable only if a new manager can truly increase the net income of the lottery to fund education and infrastructure projects in Illinois.

“This RFP is a growth opportunity for Lottery retailers, and will allow a new manager to offer fresh and exciting game experiences for our players. However, our main beneficiary will continue to be K-12 education,” added Illinois Lottery Acting Director Tim McDevitt.

The following goals are the guiding factors in picking a new private manager:

- Eliminate Conflicts of Interest
- Eliminate Profiteering Off of Taxpayers

- Incentivize Lottery to Innovate & Grow Online Sales
- Eliminate Risk of Financial Shortfalls to Common School Fund
- Ensure Greater Transparency and Openness
- Prevent Taxpayers from Being Hit by Large Termination Fees
- Create Fair Bidding Process for All Interested Bidders
- Expand and Grow Lottery Revenues and Customer Base

Along with the RFP, the Lottery announced the release of confidential information into its data room, an online portal for information related to Lottery finances, operations, and contracts necessary to assist potential RFP respondents with their bids. The Private Management solicitation and data room entrance documents are available for review on the Illinois Procurement Bulletin, www.purchase.state.il.us.