

December 29, 2020

The Honorable Ralph S. Northam  
Governor  
Commonwealth of Virginia  
Patrick Henry Building, 3<sup>rd</sup> floor  
Richmond, VA 23219

**Re: November 2020 Lottery Results**

Dear Governor Northam:

I am pleased to provide our report of monthly activities and financial update for the month of November 2020, as required in §58.1-4006 of the *Code of Virginia*.

November sales totaled \$229.7 million, up \$59.7 million (35.1%) compared to the same month last year. November profits of \$51.3 million were \$2.8 million (+5.8%) higher than November 2019. The strong sales and profits continue to be supported by year-over-year incremental growth at retail as well as the successful introduction of online lottery play in Virginia on July 1 this year.

For the fiscal year to date, Lottery sales totaled \$1.16 billion, an increase of \$306.5 million (36.1%) compared to last year. Profits for the year so far totaled \$278.6 million, or \$37.3 million (15.5%) higher than last year. As you know, all Virginia Lottery profits are constitutionally directed to K-12 public school programs. Compared to the updated forecast of sales and profits included in your introduced budget, sales are less than 0.2% behind forecast and profits are \$10.0 million (+3.7%) ahead of forecast.

In addition, the Lottery continues to move forward in implementing our new statutory responsibilities to license and regulate mobile sports betting in Virginia. In the coming days, the Lottery expects to award the initial operator permits for mobile sports betting. Additionally, the Lottery continues drafting initial regulations for the oversight of land-based casino gaming and remains on-track to meet the April 2021 statutory deadline to have these initial regulations in place.

Finally, as part of the Lottery's year-round commitment to support K-12 public schools, we recently announced our fourth annual Virginia student art contest for the Thank a Teacher program. The Art Contest is a great activity for students over holiday break, as an in-class project, or as a

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remote-learning activity. Student entrants can draw, paint, or digitally design a custom piece of artwork and submit it to [www.thankateacherva.com](http://www.thankateacherva.com). Three winning designs will be featured on digital thank you notes to be distributed throughout Virginia during Teacher Appreciation Week next May. In the past, members of your Administration -- most notably, First Lady Pam Northam -- have been strong and visible supporters of our Thank a Teacher program. We hope to enlist your support and participation once again next Spring.

Please let me know if you have any questions, or if you would like more information.

Sincerely yours,

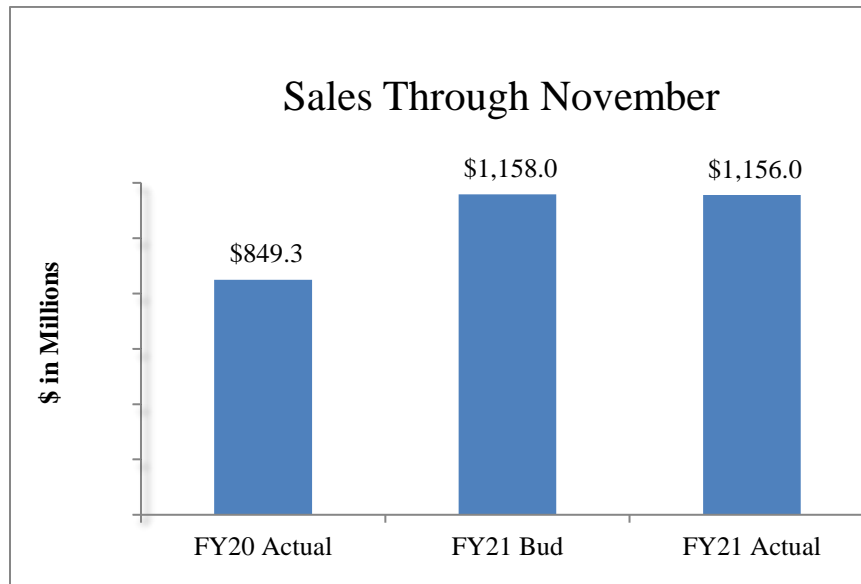
Kevin Hall

c:     The Honorable Janet D. Howell, Chairwoman, Senate Finance & Appropriations Committee  
       The Honorable Luke E. Torian, Chairman, House Appropriations Committee  
       The Honorable Vivian E. Watts, Chairwoman, House Finance Committee  
       The Honorable Clark Mercer, Chief of Staff, Office of the Governor  
       The Honorable Aubrey Layne, Secretary of Finance  
       Daniel S. Timberlake, Director, Department of Planning & Budget  
       David A. Von Moll, State Comptroller  
       April Kees, Director, Senate Finance & Appropriations Committee  
       Anne E. Oman, Staff Director, House Appropriations Committee  
       Ferhan Hamid, Chairman, Virginia Lottery Board

**VIRGINIA LOTTERY**  
**Report to the Governor and**  
**Selected Members of**  
**the General Assembly**  
**As of November 30, 2020**

Sales

Lottery sales for the fiscal year totaled \$1,156.0 million through November. This represents an increase of \$306.5 million (36.1%) compared to the prior year. Scratcher sales of \$497.5 million were \$34.8 million (7.5%) higher than last year. Sales of daily games (Pick 3, Pick 4, and Cash 5) totaled \$329.9 million, an increase of \$56.7 million (22.1%) from last year. Sales in the jackpot games category (Mega Millions, Powerball, Cash for Life and Bank a Million) totaled \$80.1 million, a decline of \$3.7 million (-4.4%) compared to last year because of lower jackpots this year. Sales of Print n' Play, the new KENO and iLottery games totaled \$248.4 million, \$215.6 million (+658.8%) higher than last year. The increase is primarily attributable to the introduction of internet lottery gaming this year.



Expenses

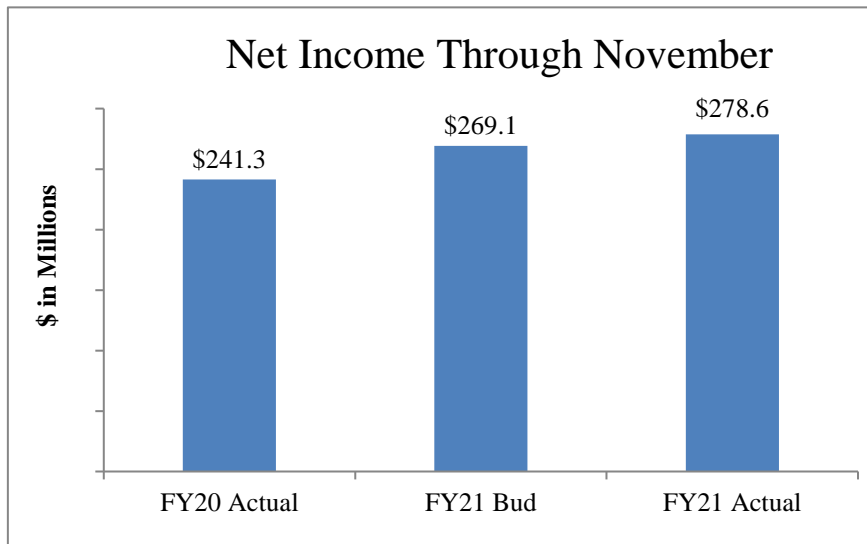
The overall prize expense rate (prizes as a percent of sales) for the year to date was 67.0%, significantly higher than last year's rate of 60.2% because of higher payout percentages for this year's introduced internet lottery games. The scratcher prize rate of 70.9% was higher than last year's rate of 70.2% as players continue to choose higher price point tickets with higher prize payouts. The daily games prize rate of 51.3% was significantly higher than last year's rate of 44.6%; however, this year's rate is more in line with the statistically expected 50%. It is important to note that significant fluctuations in prize expense rates occur during the short term, especially for games that have fixed prizes; however, overall long-term prize rates reflect outcomes more in line with statistical expectations.

With higher sales, retailers earned \$5.4 million more than last year, for a total \$52.8 million in earnings. Overall, retailers earned 5.6% of Lottery sales in commissions and incentives for the year so far, which is in line with the typical earnings rate.

Administrative operating costs, including gaming, ticket printing and distribution expenses, were 4.4% of sales, lower than last year's rate of 6.0%.

Net Income

Strong sales in daily and iLottery games led to profits of \$278.6 million, an increase of \$37.3 million (15.5%) compared to last year.



CONTRIBUTIONS TO DEBT SETOFF & LITERARY FUND

Through the end of November, the Lottery made debt setoff collection payments to the Department of Taxation totaling \$1,505,158. Also, unclaimed prizes totaling \$5,201,355 were transferred to the Literary Fund through November this year.

MEETINGS

The Lottery Board will hold its next regular business meeting (virtually) on February 3, 2021.