

March 30, 2021

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

**Re: February 2021 Lottery Results**

Dear Governor Northam:

I am very pleased to provide our report of monthly activities and financial update for the month of February 2021, as required in §58.1-4006 of the *Code of Virginia*.

February sales totaled \$254.4 million, up \$84.9 million (50.1%) compared to the same month last year. February profits of \$59.7 million were \$11.7 million (24.4%) higher than February 2020. The strong sales and profits continue to be supported by Virginia's improving economic conditions and the successful introduction of iLottery online play at the beginning of FY21.

For the fiscal year to date, Lottery sales totaled \$2.03 billion, an increase of \$633.4 million (45.3%) compared to the same period last year. Profits for FY21 through February totaled \$501.6 million, or \$109.8 million (28.0%) higher than last year. Compared to the official forecast of sales and profits included in your introduced budget, sales are 7.5% ahead of forecast. The conference budget increased the expected Lottery transfers for FY21 by \$23.2 million, and profits are 8.2% (\$38.0 million) ahead of this increased estimate.

March is National Problem Gambling Awareness Month. It's a time when we at the Virginia Lottery renew our commitment to ensuring our players, retail partners and employees reinforce responsible gaming practices. We also spotlight the resources available for guidance and help:

- The Virginia Lottery partners with the non-profit Virginia Council on Problem Gambling (VACPG) to help raise awareness of problem gambling, using public service announcements, social media, and many other tools. The lottery set up and funds the VACPG's toll-free Virginia Problem Gambling Helpline. The helpline number — 888-532-3500 — is printed on every Virginia Lottery ticket.

March 30, 2021  
Page Two

- This year, for the first time, a state fund supported by designated revenue sources has been created to support problem gambling programs in Virginia. The Problem Gambling Treatment and Support Fund was created through the 2020 legislation legalizing sports wagering and casino gambling in the commonwealth. This is a huge step forward towards recognizing gambling addiction and developing programs to help people who suffer from it.
- In addition, the Virginia Lottery has launched a Voluntary Exclusion Program in FY21 which allows players to opt-out of most forms of state-regulated gambling activities for a set period of time — or even for life. Experts say the ability to voluntarily self-exclude can be an effective tool for someone trying to beat an addiction.

Responsible gaming is a commitment which the Virginia Lottery works to promote every day of the year. And as other forms of legal gambling expand across Virginia, we appreciate your Administration's commitment that all of us — those who provide the games, health and mental health experts, elected leaders and community organizations — continue to work together to protect the interests of players and the public.

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

Sincerely yours,



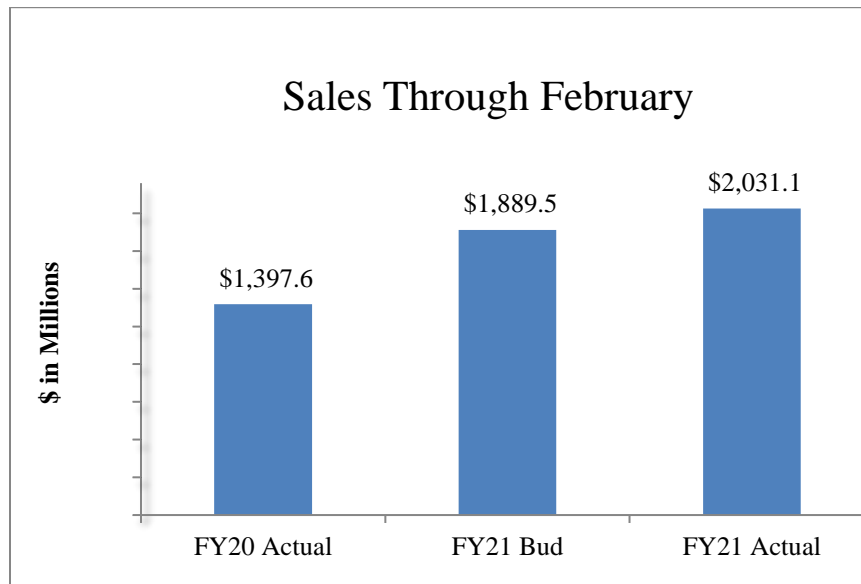
Kevin Hall

- 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 February 28, 2021**

Sales

Lottery sales for the fiscal year totaled \$2.03 billion through February. This represents an increase of \$633.4 million (45.3%) compared to the prior year. Scratcher sales of \$818.8 million were \$58.1 million (7.6%) higher than last year. Sales of daily games (Pick 3, Pick 4, and Cash 5) totaled \$522.0 million, an increase of \$84.8 million (19.4%) from last year. Sales in the jackpot games category (Mega Millions, Powerball, Cash for Life and Bank a Million) totaled \$194.1 million, an increase of \$53.2 million (37.7%) compared to last year. Sales of Print n' Play, KENO and iLottery Instants games totaled \$486.2 million, with \$446.1 million from the new KENO and iLottery offerings this year.



Expenses

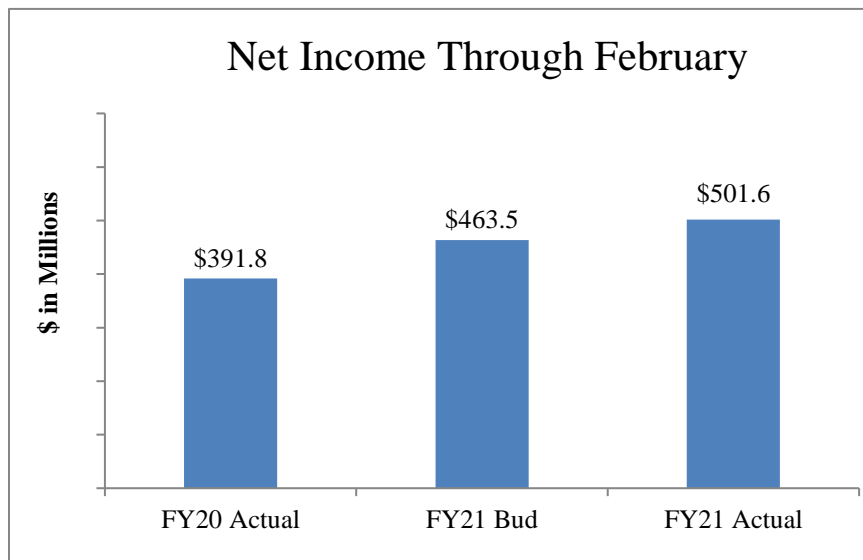
The overall prize expense rate (prizes as a percent of sales) for the year to date was 66.4%, higher than last year's rate of 60.9% because of higher payout percentages built into the iLottery offerings that are significant new additions to the product mix. The scratcher prize rate of 70.3% was slightly lower than last year's rate of 70.9%. The daily games prize rate of 47.8% was higher than last year's rate of 47.1%; 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, and key incentive programs in place to support retailer sales and earnings, retailers earned \$11.3 million more in commissions and incentives than last year, for a total \$89.6 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 4.5% of sales, lower than last year's rate of 5.5%.

### Net Income

Strong sales in daily games, and iLottery Instant games led to profits of \$501.6 million, an increase of \$109.8 million (28.0%) compared to last year.



### CONTRIBUTIONS TO DEBT SETOFF & LITERARY FUND

Through the end of February, the Lottery made debt setoff collection payments to the Department of Taxation totaling \$2,804,793. Also, unclaimed prizes totaling \$6,707,460 were transferred to the Literary Fund through February this year.

### MEETINGS

The Lottery Board will hold its next regular business meeting on April 21, 2021.