



GLENN YOUNGKIN, GOVERNOR | KELLY T. GEE, EXECUTIVE DIRECTOR  
Virginia Lottery | 600 E. Main St. | Richmond, VA 23219 | ph: 804.692.7100 | valottery.com

June 30, 2022

The Honorable Glenn Youngkin  
Governor  
Commonwealth of Virginia  
Patrick Henry Building, 3<sup>rd</sup> floor  
1111 E. Broad Street  
Richmond, VA 23219

**Re: May 2022 Lottery Results**

Dear Governor Youngkin:

I am pleased to provide our report of monthly activities and financial update for the month of May 2022, as required in §58.1-4006 of the *Code of Virginia*.

May sales totaled \$309.2 million, up \$12.1 million (4.1%) compared to the same month last year. May profits of \$61.1 million were \$9.8 million (-13.8%) lower than May 2021. Lower profits in May were a result of increased prize payout expenses. Compared to the revised forecast included in the introduced budget, year-to-date sales are \$3.7 million (0.1%) higher than forecast and profits are \$15.3 million (2.1%) ahead of the forecast, due to lower than budgeted expenses.

Through the end of May, the Lottery has made debt setoff collection payments to the Department of Taxation totaling nearly \$5.6 million this fiscal year. Unclaimed prizes totaling over \$15.9 million have been transferred to the Literary Fund during the current fiscal year.

As established by the budget, the Lottery initiated its final Fiscal Year 2022 transfer of estimated profits to the Lottery Proceeds Fund on June 17. As the fiscal year ends, players are benefitting from good luck, and prize expenses in June are higher than expected. We have begun working with the Auditor of Public Accounts as they review lottery sales and profits. They anticipate certifying the final profit figure on August 15, as required by statute. This certification will determine any residual transfer of profits (fiscal year 2022 actual profits vs. transferred profits), which becomes available in Fiscal Year 2023. The enacted budget for 2022-2024 includes an estimate of \$20 million for the residual transfer, but the actual residual transfer will be less. Modified forecasts will be handled as part of the overall revenue forecast later this fall.

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During the month of May, [La Fleur's](#), a lottery industry association, hosted its [spring conference](#) here in Richmond. Around 250 nationwide leaders attended the three-day conference focused on information sharing, panel sessions, and roundtable discussions on the latest industry trends. Virginia Lottery was happy to play an active role in the content of the presentations and serve as a city guide.

Finally, we continue to work in earnest with the Joint Legislative Audit and Review Commission as they conduct a study on the oversight and administration of gaming in the Commonwealth and the potential implications for consolidation of regulatory oversight to a single agency. As the research carries on through the summer with the expectation of a final report published in the fall, we will meet with the team and supply any requested documentation throughout the process.

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

Respectfully,



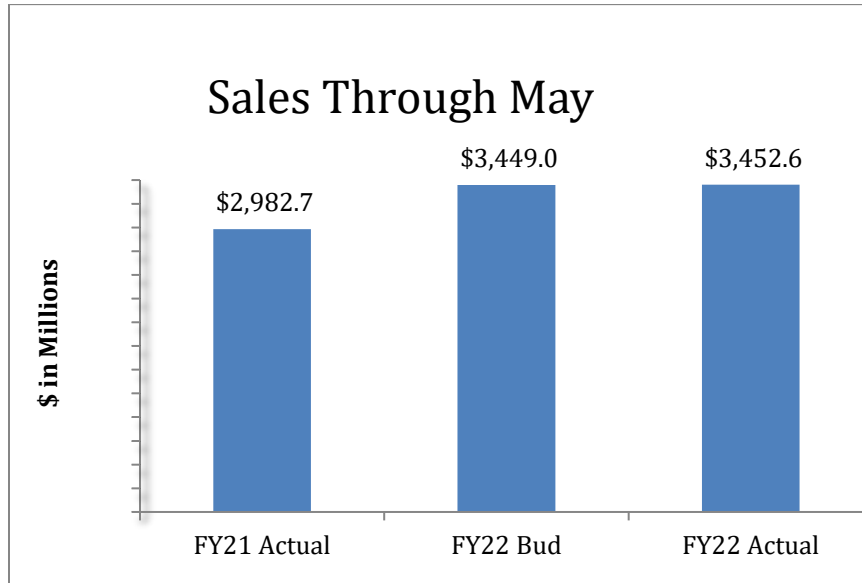
Kelly T. Gee

- c: The Honorable Janet D. Howell, Chairwoman, Senate Finance & Appropriations Committee  
The Honorable Barry D. Knight, Chairman, House Appropriations Committee  
The Honorable Roxann L. Robinson, Chairwoman, House Finance Committee  
The Honorable Jeff Goettman, Chief of Staff, Office of the Governor  
The Honorable Stephen E. Cummings, Secretary of Finance  
Michael Maul, Director, Department of Planning & Budget  
Lewis R. McCabe, 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 May 31, 2022**

Sales

Lottery sales for the fiscal year totaled \$3,452.6 million through May. This represents an increase of \$470 million (15.8%) compared to the prior year and \$3.7 million (0.1%) higher than forecast. Scratcher sales of \$1,230.8 million were \$39.2 million (3.3%) higher than last year but \$78.5 million (-6.0%) lower than the forecast. Sales of daily games (Pick 3, Pick 4, and Cash 5) totaled \$687.6 million, a decrease of \$54.5 million (-7.3%) from last year and \$49.5 million (-6.7%) lower than forecast. Sales in the jackpot games category (Mega Millions, Powerball, Cash for Life and Bank a Million) totaled \$244.7 million, a decrease of \$13.6 million (-5.3%) compared to last year but \$4.9 million (2.0%) higher than forecast. Sales of Print n' Play, Keno, Raffle, iLottery Instants and Cash Pop totaled \$1,289.5 million, \$498.8 million (63.1%) higher than last year and \$126.8 million (10.9%) ahead of forecast.



Expenses

The overall prize expense rate (prizes as a percent of sales) for the year to date was 71.0%, higher than last year's rate of 67.5% and slightly higher than the forecast rate of 70.7%. The increase in the prize expense rate is attributable primarily to the higher percentage of total sales from iLottery games, which are designed to have higher prize payout rates. The scratcher prize rate of 71.5% was higher than last year's rate of 71.1%, and the same as the forecast rate, as players continue to choose higher price tickets. The daily games prize rate of 48.3% was lower

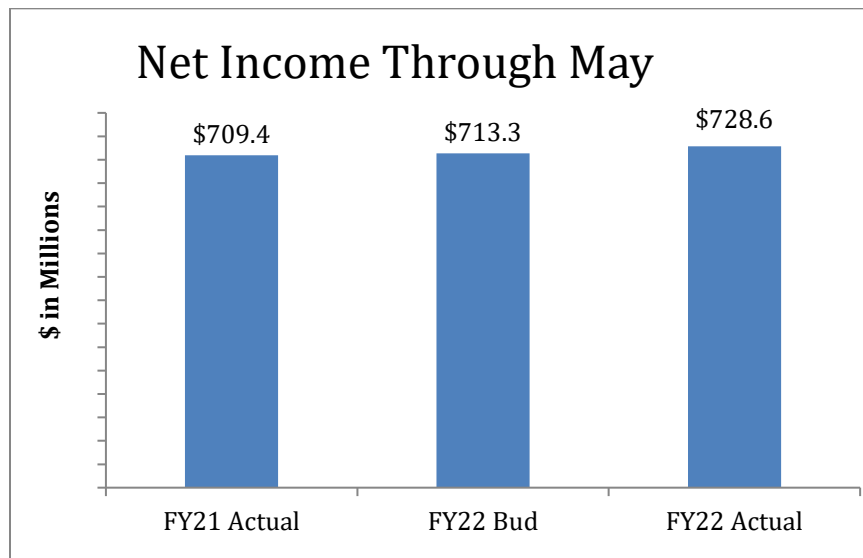
than last year's rate of 49.1% and lower than the forecast rate of 51.2%. It is important to note that significant fluctuations in prize expense rates occur during the short term, especially for games that have fixed prizes; however, overall long-term prize rates reflect outcomes more in line with statistical expectations.

With key incentive programs in place to support retailer sales and earnings, retailers earned \$0.2 million or 0.1% more in commissions and incentives than last year, for a total \$128.4 million in earnings.

Administrative operating costs, including gaming, ticket printing and distribution expenses, were 4.2% of sales, lower than last year's 4.4% rate and lower than the forecast rate of 4.6%.

### Net Income

Sales of both retail products and iLottery offerings during the fiscal year led to profits of \$728.6 million, an increase of \$19.3 million (2.7%) compared to last year and \$15.3 million (2.1%) ahead of our forecast year to date.



### CONTRIBUTIONS TO DEBT SETOFF & LITERARY FUND

Through the end of May, the Lottery made debt setoff collection payments to the Department of Taxation totaling \$5,612,802. Also, unclaimed prizes totaling \$15,928,186 were transferred to the Literary Fund through May this year.

### MEETINGS

The next scheduled meeting of the Board is July 20, 2022.