



October 31, 2022

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

Re: September 2022 Lottery Results

Dear Governor Youngkin:

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

September Monthly Update:

	September-22	% of Total	September-21		
<u>Sales</u>				<u>\$ Change</u>	<u>% Change</u>
Scratchers	\$ 102,007,770	31.3%	\$ 119,479,370	\$ (17,471,600)	-14.62%
Draw Games	\$ 90,418,470	27.8%	\$ 104,242,138	\$ (13,823,668)	-13.26%
iLottery Instants	\$ 133,357,908	40.9%	\$ 93,840,287	\$ 39,517,621	42.11%
Total	\$ 325,784,148	100.0%	\$ 317,561,795	\$ 8,222,353	2.59%
<u>Prize Expense</u>				<u>FY23 Rates</u>	<u>FY22 Rates</u>
Scratchers	\$ 73,756,947	30.4%	\$ 86,333,304	72.3%	72.3%
Draw Games	\$ 49,977,764	20.6%	\$ 57,256,391	55.3%	54.9%
iLottery Instants	\$ 119,013,012	49.0%	\$ 83,896,780	89.2%	89.4%
Total	\$ 242,747,723	100.0%	\$ 227,486,475	74.5%	71.6%
Retailer Earnings	\$ 10,451,392		\$ 12,340,381	5.7%	5.7%
Admin Expenses	\$ 13,587,147		\$ 13,171,305	4.2%	4.1%
Other Income	\$ 259,097		\$ 127,756		
<u>Profits</u>	<u>\$ 59,256,983</u>		<u>\$ 64,691,390</u>	<u>\$ (5,434,407)</u>	<u>-8.40%</u>

Fiscal Year to Date Update:

	YTD FY23 September	% of Total	YTD FY22 September		
Sales				<u>\$ Change</u>	<u>% Change</u>
Scratchers	\$ 298,913,744	29.4%	\$ 359,194,677	\$ (60,280,933)	-16.78%
Draw Games	\$ 315,691,222	31.1%	\$ 298,861,107	\$ 16,830,115	5.63%
iLottery Instants	\$ 400,454,495	<u>39.5%</u>	\$ 282,508,004	\$ 117,946,491	<u>41.75%</u>
Total	\$ 1,015,059,461	100.0%	\$ 940,563,788	\$ 74,495,673	7.92%
Prize Expense				<u>FY23 Rates</u>	<u>FY22 Rates</u>
Scratchers	\$ 213,068,337	28.7%	\$ 255,791,817	71.3%	71.2%
Draw Games	\$ 172,508,904	23.2%	\$ 158,077,400	54.6%	52.9%
iLottery Instants	\$ 356,627,253	<u>48.0%</u>	\$ 251,808,219	<u>89.1%</u>	<u>89.1%</u>
Total	\$ 742,204,494	100.0%	\$ 665,677,436	73.1%	70.8%
<u>Retailer Earnings</u>	\$ 33,206,313		\$ 37,088,154	5.7%	5.8%
<u>Admin Expenses</u>	\$ 41,470,021		\$ 38,322,765	4.1%	4.1%
<u>Other Income</u>	\$ 488,798		\$ 294,178		
Profits	<u>\$ 198,667,431</u>		<u>\$ 199,769,611</u>	<u>\$ Change</u> <u>\$ (1,102,180)</u>	<u>% Change</u> <u>-0.55%</u>

Sales Highlights

September activity continued the FY23 trend of softened retail activity when compared to last year’s very strong first half. Anything that impacts the retail space where we sell lottery products impacts our sales. Inflation, gas prices, labor shortages that affect hours of operation, and gaming competition – especially competition in the same stores where we sell lottery – are all playing a part in that softening. The Board reviewed updated staff recommendations for sales projections during its meeting earlier this month.

Profit Highlights

Profits are trending close to last year, but first quarter profits are slightly behind last year’s record pace. Projections of Lottery Proceeds Fund transfers for the biennium were reviewed with the Board. The updated projections of sales and profits have been forwarded to your office for inclusion in the budget.

Other Highlights

This month the Joint Legislative Audit and Review Commission presented its study *Oversight and Administration of Gaming in the Commonwealth*. The report finds that Virginia Lottery could best serve as Virginia’s central gaming agency. If the goal of decision-makers is to ensure effective and efficient regulation across multiple forms of gaming, with one agency serving as a single point of contact, the Virginia Lottery stands ready to assist in accomplishing that mission. To safeguard the success of lottery operations and profits to support K-12 education, the appropriate time and resources would be critical for success.

October 31, 2022

Page Three

Additionally, I was pleased to present at the October Senate Finance and Appropriations Committee meeting. We discussed Lottery sales and profits and gaming tax collections.

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