



February 28, 2023

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

Re: January 2023 Lottery Results

Dear Governor Youngkin:

I am very pleased to provide our report of monthly activities and financial update for the month of January 2023, as required in §58.1-4006 of the *Code of Virginia*. I am also showing results compared to the official forecast, as included in your introduced budget (HB1400/SB800).

January Monthly Update:

	Monthly Actuals Jan FY23	% of Total	Monthly Actuals Jan FY22	Current Month FY23 vs FY22		Monthly Forecast Jan FY23	Current Month Actuals vs Forecast	
				\$ Change	% Change		\$ Change	% Change
Sales								
Scratchers	\$ 102,527,824	23.7%	\$ 90,287,434	\$ 12,240,390	13.6%	\$ 94,050,282	\$ 8,477,542	9.01%
Draw Games	\$ 139,265,727	32.2%	\$ 105,847,426	\$ 33,418,301	31.6%	\$ 103,933,980	\$ 35,331,747	33.99%
iLottery Instant	\$ 191,380,197	44.2%	\$ 110,649,333	\$ 80,730,864	73.0%	\$ 155,000,000	\$ 36,380,197	23.47%
Total	\$ 433,173,748	100.0%	\$ 306,784,193	\$ 126,389,555	41.2%	\$ 352,984,262	\$ 80,189,486	22.72%
Prize Expense				<u>FY23 Rates</u>	<u>FY22 Rates</u>		<u>Forecast Rates</u>	
Scratchers	\$ 71,818,237	22.7%	\$ 64,908,258	70.0%	71.9%	\$ 67,528,102	71.8%	
Draw Games	\$ 74,760,326	23.6%	\$ 58,232,425	53.7%	55.0%	\$ 55,017,280	52.9%	
iLottery Instant	\$ 169,917,885	53.7%	\$ 97,882,887	88.8%	88.5%	\$ 137,640,000	88.8%	
Total	\$ 316,496,448	100.0%	\$ 221,023,570	73.1%	72.0%	\$ 260,185,382	73.7%	
<u>Retailer Earnings</u>	\$ 12,685,670		\$ 10,752,423	5.6%	5.7%	\$ 10,445,917	5.7%	
<u>Admin Expenses</u>	\$ 18,122,591		\$ 11,405,346	4.2%	3.7%	\$ 15,871,170	4.5%	
<u>Other Income</u>	\$ 457,321		\$ 53,660			\$ 100,003		
Profits	\$ 86,326,360		\$ 63,656,514	\$ 22,669,846	35.61%	\$ 66,581,796	\$ 19,744,564	29.65%

Fiscal Year to Date Update:

	YTD FY23 January	% of Total	YTD FY22 January	Year to Date FY23 vs FY22		Forecast FY23 YTD January	Year to Date FY23 vs FY23 Forecast	
				<u>\$ Change</u>	<u>% Change</u>		<u>\$ Change</u>	<u>% Change</u>
Sales								
Scratchers	\$ 748,529,371	28.2%	\$ 814,960,207	\$ (66,430,836)	-8.15%	\$ 717,849,163	\$ 30,680,208	4.27%
Draw Games	\$ 807,606,811	30.4%	\$ 697,192,923	\$ 110,413,888	15.84%	\$ 703,106,261	\$ 104,500,550	14.86%
iLottery Instants	\$ 1,097,154,598	41.4%	\$ 698,012,992	\$ 399,141,606	57.18%	\$ 1,001,227,069	\$ 95,927,529	9.58%
Total	\$ 2,653,290,780	100.0%	\$ 2,210,166,122	\$ 443,124,658	20.05%	\$ 2,422,182,493	\$ 231,108,287	9.54%
Prize Expense				<u>FY23 Rates</u>	<u>FY22 Rates</u>		<u>Forecast Rates</u>	
Scratchers	\$ 535,385,768	27.5%	\$ 582,730,800	71.5%	71.5%	\$ 515,415,699	71.8%	
Draw Games	\$ 432,227,372	22.2%	\$ 354,895,220	53.5%	50.9%	\$ 373,555,249	53.1%	
iLottery Instants	\$ 977,481,065	50.3%	\$ 620,656,931	89.1%	88.9%	\$ 889,089,637	88.8%	
Total	\$ 1,945,094,205	100.0%	\$ 1,558,282,951	73.3%	70.5%	\$ 1,778,060,585	73.4%	
<u>Retailer Earnings</u>	\$ 83,451,774		\$ 84,127,006	5.7%	5.7%	\$ 79,998,771	5.7%	
<u>Admin Expenses</u>	\$ 110,619,417		\$ 91,022,850	4.2%	4.1%	\$ 110,726,474	4.6%	
<u>Other Income</u>	\$ 2,384,571		\$ 746,306			\$ 700,006		
Profits	<u>\$516,509,955</u>		<u>\$477,479,621</u>	<u>\$39,030,334</u>	<u>8.17%</u>	<u>\$ 454,096,669</u>	<u>\$ 62,413,286</u>	<u>13.74%</u>

Sales Highlights

January activity was supported by yet another multi-state jackpot run, this time with Mega Millions rolling to \$1.38 billion, with one winning ticket sold in Maine. Retail sales were stronger than last January, due in part to the jackpot roll and because last January retail activity was significantly affected by several weather events. For FY23, total sales are more than 9% ahead of the official forecast, primarily from the unprecedented Mega Millions and Powerball jackpots, with three separate runs topping \$1 billion. Year-over-year comparison shows sales up more than 20% over last year. However, scratcher ticket sales, games that are sold only in retail stores, are down 8% compared to last year.

Profit Highlights

Profits for the month and the year-to-date were very strong. January profits, with the strong sales in the highly profitable Mega Millions game, were nearly \$20 million ahead of the month's forecast. We are on a solid track to meet the profit transfers expected in the budget for the current fiscal year, as anticipated by the Conference Report passed by the House and Senate. Any surplus will become part of the total transfers available in the Lottery Proceeds Fund for FY24.

Other Highlights

The Lottery continues with its "best-in-class" offerings for players by introducing two new features. We are the first in the industry to launch mobile cashing to an online account, allowing players to cash winning retail-purchased tickets up to \$5,000 into their Lottery wallet through the Virginia Lottery mobile app. This new and secure option lets players claim prizes easily 24-hours a day, while still ensuring identity verification, tax reporting, and legally required debt setoff checks. The second new feature allows players to create a digital barcode which can be

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scanned directly from their phone at any Virginia Lottery retailer to withdraw winnings from their account. This offers a convenient option for our customers while giving retailers the opportunity to earn commissions on each voucher cashed.

This work is part of the Lottery's omnichannel strategy, creating great customer experiences when and where players choose to do business with us.

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