



January 31, 2023

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

Re: December 2022 Lottery Results

Dear Governor Youngkin:

I am very pleased to provide our report of monthly activities and financial update for the month of December 2022, as required in §58.1-4006 of the *Code of Virginia*. Beginning this month, I am also showing results compared to the official forecast, as included in your introduced budget (HB1400/SB800).

December Monthly Update:

| | Monthly Actuals Dec FY23 | % of Total | Monthly Actuals Dec FY22 | Current Month FY23 vs FY22 | | Monthly Forecast Dec FY23 | Current Month Actuals vs Forecast | |
|--------------------------|-----------------------------|---------------|-----------------------------|-------------------------------|-------------------|------------------------------|--------------------------------------|--------------|
| | | | | \$ Change | % Change | | \$ Change | % Change |
| Sales | | | | | | | | |
| Scratchers | \$ 125,612,768 | 29.8% | \$ 129,100,810 | \$ (3,488,042) | -2.7% | \$ 114,468,177 | \$ 11,144,591 | 9.74% |
| Draw Games | \$ 104,606,839 | 24.8% | \$ 100,107,511 | \$ 4,499,328 | 4.5% | \$ 97,138,331 | \$ 7,468,508 | 7.69% |
| iLottery Instants | \$ 191,717,858 | 45.4% | \$ 112,493,724 | \$ 79,224,134 | 70.4% | \$ 160,000,000 | \$ 31,717,858 | 19.82% |
| Total | \$ 421,937,465 | 100.0% | \$ 341,702,045 | \$ 80,235,420 | 23.5% | \$ 371,606,508 | \$ 50,330,957 | 13.54% |
| Prize Expense | | | | <u>FY23 Rates</u> | <u>FY22 Rates</u> | | <u>Forecast Rates</u> | |
| Scratchers | \$ 91,494,161 | 28.3% | \$ 92,965,845 | 72.8% | 72.0% | \$ 82,188,151 | 71.8% | |
| Draw Games | \$ 59,805,711 | 18.5% | \$ 47,504,239 | 57.2% | 47.5% | \$ 51,817,317 | 53.3% | |
| iLottery Instants | \$ 171,935,029 | 53.2% | \$ 100,519,942 | 89.7% | 89.4% | \$ 142,080,000 | 88.8% | |
| Total | \$ 323,234,901 | 100.0% | \$ 240,990,026 | 76.6% | 70.5% | \$ 276,085,468 | 74.3% | |
| <u>Retailer Earnings</u> | \$ 12,873,267 | | \$ 12,635,197 | 5.9% | 5.7% | \$ 12,628,933 | 5.7% | |
| <u>Admin Expenses</u> | \$ 15,212,395 | | \$ 13,242,362 | 3.6% | 3.9% | \$ 16,616,389 | 4.5% | |
| <u>Other Income</u> | \$ 689,692 | | \$ 112,325 | | | \$ 100,000 | | |
| Profits | \$ 71,306,594 | | \$ 74,946,785 | \$ (3,640,191) | -4.86% | \$ 66,375,718 | \$ 4,930,876 | 7.43% |

Fiscal Year to Date Update:

| | YTD FY23 December | % of Total | YTD FY22 December | Year to Date FY23 vs FY22 | | Forecast FY23 YTD December | Year to Date FY23 vs FY23 Forecast | |
|--------------------------|-----------------------------|---------------|-----------------------------|------------------------------|---------------------|-------------------------------|---------------------------------------|----------------------|
| | | | | \$ Change | % Change | | \$ Change | % Change |
| Sales | | | | | | | | |
| Scratchers | \$ 646,001,547 | 29.1% | \$ 724,672,773 | \$ (78,671,226) | -10.86% | \$ 623,798,881 | \$ 22,202,666 | 3.56% |
| Draw Games | \$ 668,341,084 | 30.1% | \$ 591,345,497 | \$ 76,995,587 | 13.02% | \$ 599,172,282 | \$ 69,168,802 | 11.54% |
| iLottery Instants | \$ 905,774,401 | 40.8% | \$ 587,363,658 | \$ 318,410,743 | 54.21% | \$ 846,227,069 | \$ 59,547,332 | 7.04% |
| Total | \$ 2,220,117,032 | 100.0% | \$ 1,903,381,928 | \$ 316,735,104 | 16.64% | \$ 2,069,198,232 | \$ 150,918,800 | 7.29% |
| Prize Expense | | | | <u>FY23 Rates</u> | <u>FY22 Rates</u> | | <u>Forecast Rates</u> | |
| Scratchers | \$ 463,567,531 | 28.5% | \$ 517,822,543 | 71.8% | 71.5% | \$ 447,887,597 | 71.8% | |
| Draw Games | \$ 357,467,047 | 21.9% | \$ 296,662,795 | 53.5% | 50.2% | \$ 318,537,969 | 53.2% | |
| iLottery Instants | \$ 807,563,180 | 49.6% | \$ 522,774,044 | 89.2% | 89.0% | \$ 751,449,637 | 88.8% | |
| Total | \$ 1,628,597,758 | 100.0% | \$ 1,337,259,382 | 73.4% | 70.3% | \$ 1,517,875,203 | 73.4% | |
| <u>Retailer Earnings</u> | \$ 70,766,104 | | \$ 73,374,582 | 5.7% | 5.7% | \$ 69,552,854 | 5.7% | |
| <u>Admin Expenses</u> | \$ 92,496,823 | | \$ 79,617,506 | 4.2% | 4.2% | \$ 94,855,305 | 4.6% | |
| <u>Other Income</u> | \$ 1,927,243 | | \$ 692,648 | | | \$ 600,000 | | |
| Profits | <u>\$430,183,590</u> | | <u>\$413,823,106</u> | <u>\$16,360,484</u> | <u>3.95%</u> | <u>\$ 387,514,870</u> | <u>\$ 42,668,720</u> | <u>11.01%</u> |

Sales Highlights

December activity was near last year’s levels for traditional products, and we continue to see strong growth in the iLottery category. The 2023 New Year’s Millionaire Raffle sold out, and we have awarded all five of the \$1 million top prizes to the lucky ticket holders. For the 2022-23 fiscal year, total sales are 7% ahead of the official forecast, primarily from the unprecedented Mega Millions and Powerball jackpots, with three separate runs topping \$1 billion this fiscal year. Year-over-year comparison show sales up more than 16% over last year. However, scratcher ticket sales, games that are only sold in retail stores, are down almost 11% compared to last year.

Profit Highlights

Profits for the month and the year to date were very strong. Even though monthly profits for December were lower than last year, the year-to-date profits are ahead of both last year and the official forecast.

Other Highlights

Finally, as part of the Lottery’s year-round commitment to support K-12 public schools, we are wrapping up our sixth annual student art contest in preparation for our Thank a Teacher campaign. Three winning designs - one each from elementary, middle, and high school students - will be featured on digital and hard-copy thank you notes to be distributed throughout Virginia during Teacher Appreciation Week this May. We look forward to awarding the talented student artists in surprise presentations in just a few weeks. We hope to enlist the administration’s support and participation, both for the Art Contest presentations and throughout the Thank a Teacher campaign which officially kicks off in April.

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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