



# **PERFORMANCE OVERSIGHT HEARING FY 2021 AND FY 2022**

**MARCH 3, 2022**

# PRESENTATION OVERVIEW

- OLG MISSION AND OVERVIEW
- STATE OF LOTTERY
  - FY2021 and FY2022 Year-to-Date
  - FY2022 Initiatives
- STATE OF SPORTS WAGERING
  - FY2021 and FY2022 Year-to-Date
  - FY2022 Initiatives
  - Assessing the Model



# MISSION AND VALUES

To responsibly maximize revenue generation for the District of Columbia through the sale of innovative lottery and sports wagering products while providing gaming regulation and oversight that upholds the highest standards of integrity and public trust.

- Integrity
- Equity and Inclusion
- Customer Centric
- Innovative
- One Team
- Quality
- Responsible Growth



# OLG OVERVIEW



# OLG CONTRIBUTIONS SINCE INCEPTION IN 1982

**\$7.8 Billion** in Sales

**\$2.2 Billion** in Net Profit for District's General Fund

**\$4.2 Billion** in Prizes Won

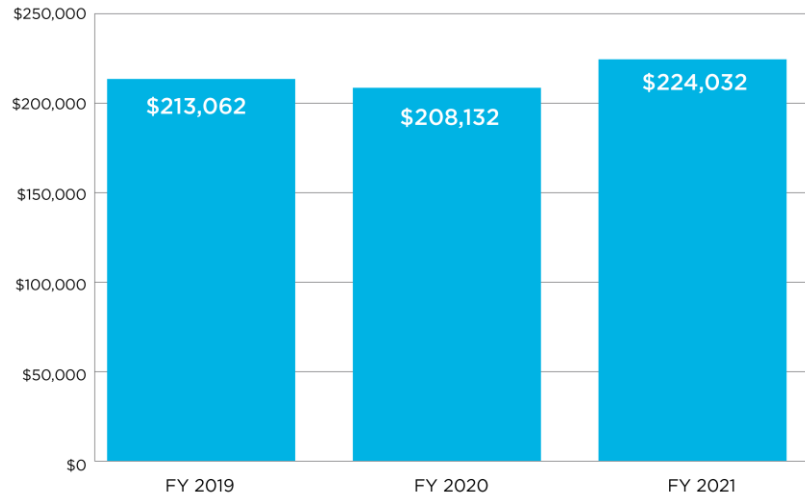
**\$461.8 Million** in Retailer Commissions

**\$134.9 Million** raised through Charitable Gaming

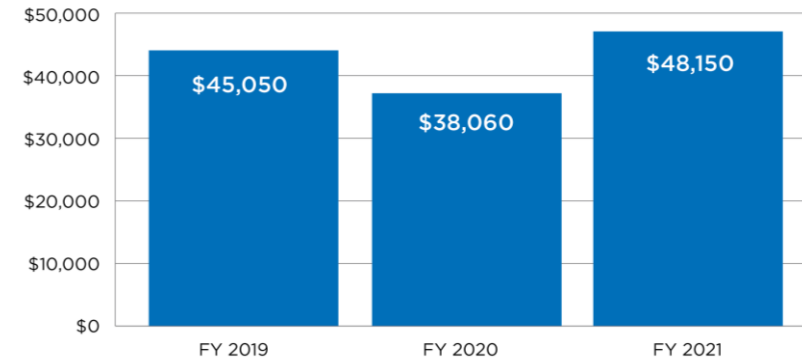


# STATE OF LOTTERY – FY 2021

**DC LOTTERY**  
TOTAL LOTTERY SALES



**DC LOTTERY**  
TOTAL TRANSFER



- **FY21 Lottery sales of \$224 million up 7.6% year-over-year**
- **Lottery transfer in FY21 was \$48.1 million, up 26.6% versus FY20**
- **FY21 sales and transfer surpassed pre-pandemic FY19 levels**

# STATE OF LOTTERY – FY 2021 KEY DRIVERS

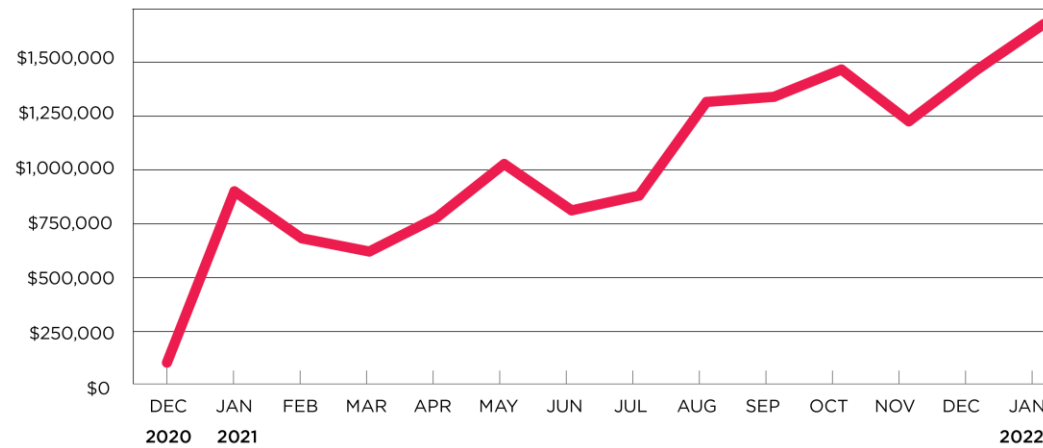
- Released 34 new instant tickets compared to 28 in FY20
  - Instant ticket sales in FY21 were \$46.6 million, down 1.1%
- Terminal game sales totaled \$169.3 million in FY21, a year-over-year increase of 5.2%.
- Numbers games grew \$5.3 million or 4.4% compared to FY20
  - Numbers games include DC 2, DC 3, DC 4, DC 5, and The Lucky One
- Powerball added additional drawing on Mondays driving sales up 34% versus FY20
- Lucky for Life sales up 17.9% versus FY20 with drawings expanded to seven days per week
- Prize payout decreased to 55.5% compared to 59.1% in FY20



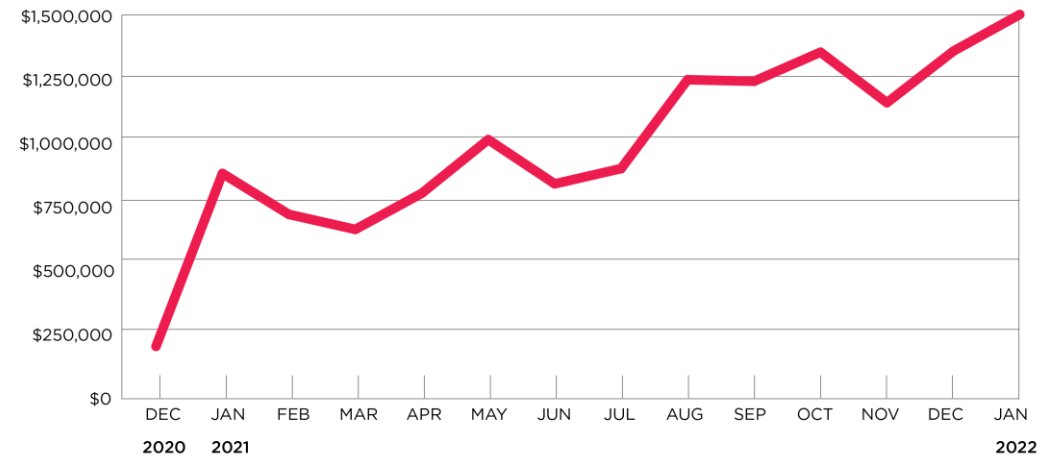
# STATE OF LOTTERY – iLOTTERY



iLOTTERY SALES BY MONTH SINCE LAUNCH



e-INSTANT SALES FOR iLOTTERY BY MONTH



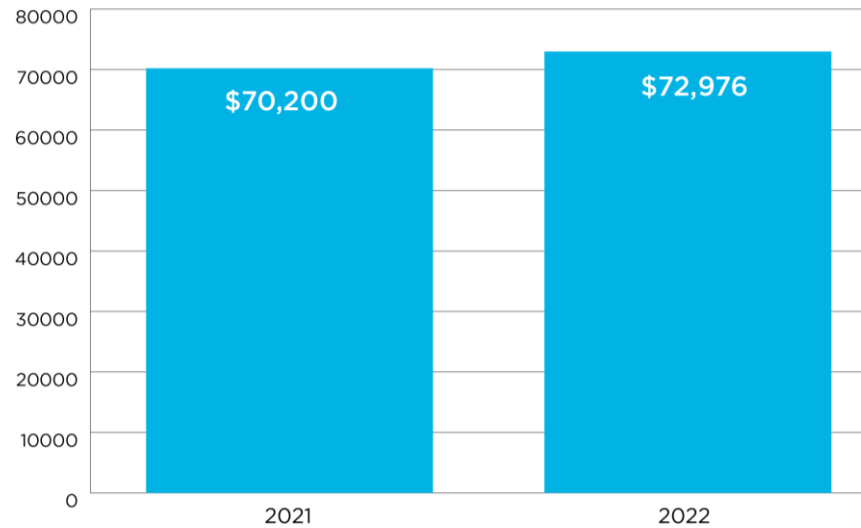
- **iLottery sales of \$8.46 million in FY21 (launched December 2020)**
  - Sales of e-instants totaled \$8 million in FY21
  - 3.76 million wagers placed in FY21
- **20,454 iLottery registrations (as of February 15, 2022)**



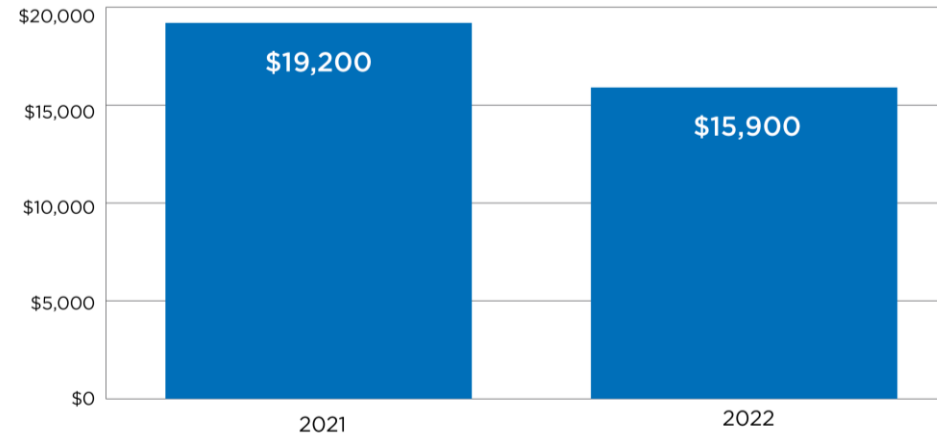


# STATE OF LOTTERY – FY 2022 YEAR-TO-DATE

TOTAL LOTTERY SALES YEAR OVER YEAR AS OF 1/31/22



TOTAL LOTTERY TRANSFER YEAR OVER YEAR AS OF 1/31/22



- FY22 lottery sales year-to-date are \$72.9 million, up 3.9% compared to FY21
- FY22 total transfer is \$15.9 million, down 17.2% compared to FY21



# STATE OF LOTTERY – FY 2022 YEAR-TO-DATE

- **Higher prize payout percentage compared to the same period in FY21**
  - FY22 payout is 59.7% year-to-date compared to 52.6% in FY21
- **Terminal game sales have decreased in FY22 by \$4.3 million or 7.6% compared to the same period in FY21**
- **Mega Millions sales down 48.5% due to lack of significant jackpot amounts**
  - *Mega Millions'* jackpot reached \$1 billion for the January 22, 2021, drawing
- **Numbers game sales in FY22 are \$39 million, which is 6.6% lower than the same period in FY21**
- **FY22 instant ticket sales are \$15.4 million, up 13.2% compared to FY21**



# STATE OF LOTTERY – FY 2022 INITIATIVES

- **Central Gaming System Upgrade** – provide new functionality for retailers, along with all new retailer terminals, ticket checkers and multimedia screens
- **Race2Riches Revamp** – all new graphics, an improved prize structure, and new bet types
- **Instant Ticket Optimization Project** – evaluate and enhance all aspects of instant ticket sales
- **New e-Instant Games** – launch every three to four weeks
  - One of the first lotteries in the nation to launch a newly developed progressive jackpot e-instant game
- **Enhanced Promotional and Customer Relationship Management (CRM) capabilities** – help drive more effective iLottery player acquisition and retention



# STATE OF SPORTS WAGERING – PRIVATELY OPERATED

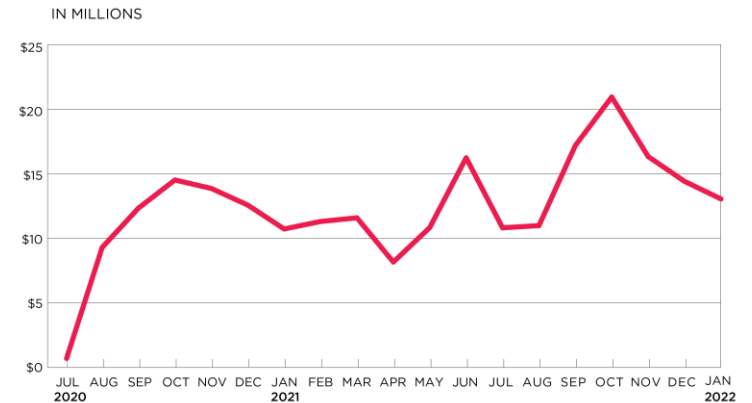
- **FY21 Private Sports Operator Results:**

- 1.52 million wagers
- \$146,887,958 in handle (dollar amount of wagers placed)
- \$2,156,293 in tax revenue to the District

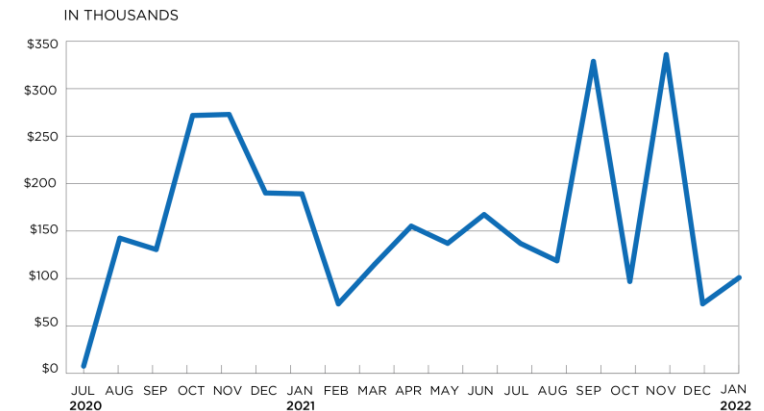
- **FY22 Private Sports Operator Results (as of January 31, 2022) :**

- 874,050 wagers placed
- \$64,105,947 in handle, up 25.7% compared to FY21
- \$607,026 in tax revenue, which has decreased by 34.3% (\$316,957)
- Nation's first Class B License for Grand Central, a small business in the Adams Morgan neighborhood
- Grand opening of the Bet MGM retail sportsbook at National's Park

**PRIVATE SPORTS OPERATORS TOTAL HANDLE BY MONTH SINCE LAUNCH**



**PRIVATE SPORTS OPERATORS TAX REVENUE BY MONTH SINCE LAUNCH**



# STATE OF SPORTS WAGERING – GAMBETDC

- **FY21 GambetDC Results:**

- 1.2 million wagers placed
- \$42.2 million in handle
- Due to significant upstart costs, and high customer acquisition, marketing, and regulatory expenses, GambetDC did not provide a net transfer to the District in FY21.

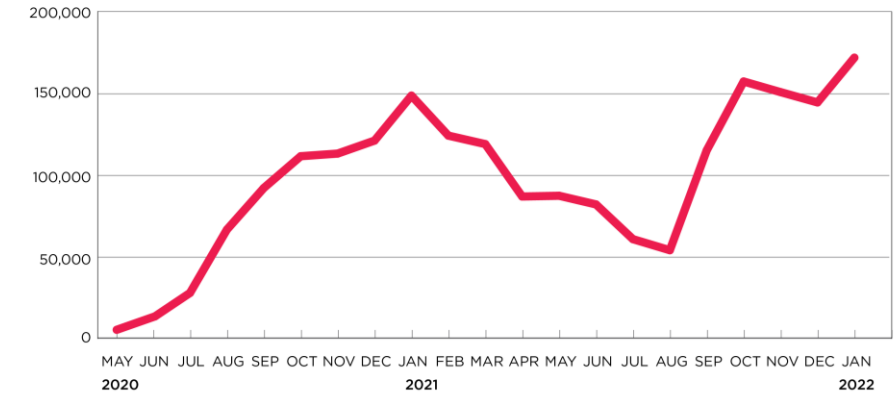
- **FY22 GambetDC Results (as of January 31, 2022):**

- 625,295 wagers placed
- \$21.4 million in handle, up 23% compared to FY21
- \$930,000 transferred to the District as of January 31, 2022, surpassing tax revenue collected from private sports operators

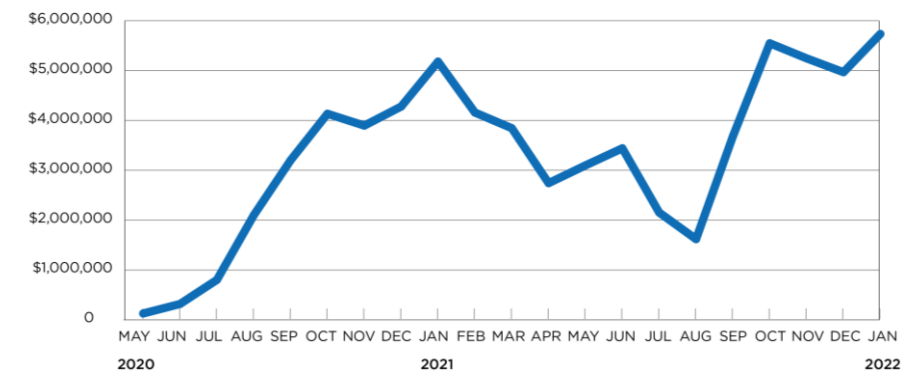
- **FY22 GambetDC Key Drivers:**

- Registrations up 6.8% (30,826 total registrations as of February 25, 2022)
- Ongoing implementation of product enhancements (e.g., streamlining the registration process and providing more diverse and richer proposition bets)
- Offered competitive pricing on key events
- Began expanding into retail locations

**GAMBETDC NUMBER OF WAGERS BY MONTH SINCE LAUNCH**

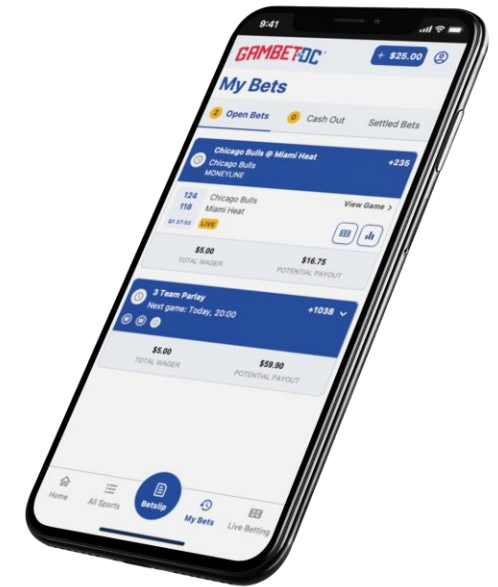


**GAMBETDC TOTAL HANDLE BY MONTH SINCE LAUNCH**



# STATE OF SPORTS WAGERING – FY 2022 INITIATIVES

- **Accelerated GambetDC Retail Rollout** – added 36 new retailers in the last four months for a total of 40 GambetDC retailers as of February 25, 2022
- **Revamp of GambetDC User Interface** – continue to make ongoing enhancements and complete a total revamp of the mobile app and website interface that will be more intuitive and user friendly for players
- **Increased GambetDC Payout Percentage to 90%** – will be more competitive with private operators and neighboring states
- **Launch GambetDC Over-the-Counter Sales** – will complement the self-serve terminals already in the market and add capacity during heavy traffic periods
- **New GambetDC Marketing Plan** – developing a new plan that will better position the brand amongst its competitors, be better targeted, and provide a stronger return on investment
- **Private Operated Sports Wagering will Continue to Expand** – OLG's Regulation and Oversight division is working diligently towards the potential approval of a third Class A license at Audi Field in the spring and a second Class B license for a local business.



# STATE OF SPORTS WAGERING – THE MODEL

- **The Sports Wagering Lottery Amendment Act of 2018 established the District as the first and only jurisdiction in the country to have a local-first model**
  - Allows private and government operated sports wagering to coexist while placing the priority on local and small businesses
- **Expectations set with limited data and many assumptions**
  - Very early into the legalization of sports wagering across the United States
  - Setting performance expectations was a complicated task, even without the sudden, unexpected onset of a global pandemic
- **The model is in its infancy, and we expect the current positive trend to continue**
  - Launched a new government operated sportsbook from the ground up – GambetDC, launched on May 28, 2020
  - Regulating new privately operated sportsbooks under a newly developed regulatory system – first Class A license approved on July 31, 2020



# STATE OF SPORTS WAGERING – THE MODEL

- **Comparison to similar jurisdictions is a key way to measure performance**
  - No other jurisdiction has a model like the District
  - The District has the smallest population of all U.S. jurisdictions
- **Best to compare performance on a per capita basis – minimizes bias due to population size**
- **The District’s \$1.92 per capita of sports wagering revenue fares well when compared to other jurisdictions**
  - This is more than double the \$0.89 per capita in tax revenue provided by Virginia

**Sports Wagering Handle and Revenue (October 2021 - December 2021)**

Jurisdiction	Handle	Revenue	Population	Handle per Capita	Revenue per Capita
Rhode Island	\$ 167,842,173	\$ 6,165,610	1,095,610	\$ 153.20	\$ 5.63
New Hampshire	\$ 267,809,646	\$ 6,630,248	1,388,992	\$ 192.81	\$ 4.77
Illinois	\$ 2,409,894,151	\$ 26,589,943	12,671,469	\$ 190.18	\$ 2.10
<b>District of Columbia</b>	<b>\$ 66,971,909</b>	<b>\$ 1,286,218</b>	<b>670,050</b>	<b>\$ 99.95</b>	<b>\$ 1.92</b>
Virginia	\$ 1,256,538,329	\$ 7,708,501	8,642,274	\$ 145.39	\$ 0.89
Colorado	\$ 1,428,343,145	\$ 3,998,814	5,812,069	\$ 245.75	\$ 0.69

Source for Handle and Tax Revenue data: <https://www.legalsportsreport.com/sports-betting/revenue/>

Source for 2021 Population Estimates: [https://www.census.gov/data/datasets/time-series/demo/popest/2020s-state-total.html#par\\_textimage\\_50098992](https://www.census.gov/data/datasets/time-series/demo/popest/2020s-state-total.html#par_textimage_50098992)





# STATE OF SPORTS WAGERING – A STRONG MODEL

- **More of the profits from sports wagering in the District stay in the District**
  - 41 local small businesses benefiting directly from sports wagering (40 GambetDC retailers and one Class B licensee)
  - GambetDC retailers have a low barrier to entry in the sports wagering market
  - GambetDC retailers have earned \$109,000 in commissions (as of January 31, 2022)
  - GambetDC ensures that the District will get at least 10% of its handle.
  - The District currently only receives 10% of gross gaming revenue (GGR), which results in the District receiving 10% of a much smaller portion since the payout is removed from the handle when calculating GGR.
- **Minimizes the risk to the District**
  - The smaller tax revenue from private operators is not guaranteed
  - One Class A licensed private operator provided zero tax revenue in October 2021 due to negative GGR
  - GambetDC's contract is structured to guarantee 10% of handle as revenue, regardless of what its vendor pays out or loses



# STATE OF SPORTS WAGERING – A STRONG MODEL

- **Helps ensure that sports wagering across the District is done responsibly**
  - Too much aggressive advertising can have a negative impact on player health
  - GambetDC will appropriately balance advertising and promotions to increase our player base
  - GambetDC's core value of Responsible Growth ensures we will do what is best for our community
  - Private operators have been competing heavily to acquire players, as illustrated by recently reported losses attributed to heavy marketing and player acquisition (promotional) costs

**The District's local-first model is built to succeed in the long run and needs the appropriate time to prove it.**



