Message from the President & CEO and the Board Chair

On behalf of the Tennessee Education Lottery Corporation (TEL) and its Board of Directors, we are excited to present the annual review of Fiscal Year 2020. It was an extraordinary and unique year, presenting new challenges requiring quick thinking and adaptation, particularly during the final four months.

Throughout everything FY 2020 presented to us as an organization, our mission remained the same: to raise funds for education in Tennessee. We are incredibly grateful for our committed retailers, players, Board of Directors and the dedicated team at the TEL who make this possible for Tennessee students.

The end of March saw the majority of us working remotely, and that is the way the fourth quarter began. During this time, we remained focused on our mission and actively made adjustments. We continued to process and pay prize claims in a timely manner while taking health and safety precautions for players and staff. We stayed connected to our retailers while adhering to social distancing protocols, held drawings and distributed personal protective equipment to employees. The results of that commitment speak for themselves. The TEL closed FY 2020 with its highest sales in a quarter in its history and transferred $118,263,000 to the Lottery for Education Account for the fourth quarter.

For all of FY 2020, the TEL recorded its highest gross total revenues of $1.84 billion and generated a total of $438,229,000 for education in Tennessee, including $17,605,000 for after-school programs.

This brought the total raised for education since our inception date of January 20, 2004 to $5,503,978,000.

Education

The Lottery funds 14 different scholarships and grants for Tennessee students, including HOPE Scholarships, Wilder-Naifeh grants, Tennessee Promise, Tennessee Reconnect and other Drive to 55 initiatives. Monies raised by the TEL are also used to fund after-school programs and an energy-efficient schools initiative.

Nearly 151,000 students benefitted during the 2019–2020 school year alone, and more than $13.5 million in unclaimed prize money was used to support K–12 after-school programs for 65 grantees at 230 individual sites.

Since the Lottery’s inception on January 20, 2004, 1.62 million Lottery-funded scholarships and grants have been awarded, and more than $213 million has been raised for after-school programs in Tennessee.

Prizes

Fiscal Year 2020 kicked off with a bang when a lucky Powerball player in Hendersonville won $198 million in the July 13, 2019 drawing, the first winning ticket of $1 million or more sold in the fiscal year.

The Lottery sold 23 more winning tickets worth $1 million or more during FY 2020, bringing the total sold since the Lottery began to 296.

For all of FY 2020, players won more than $1.383 million in prizes, and Tennessee Lottery players have won more than $15.2 billion in prizes since inception.

On average, Tennessee Lottery players win more than $3 million every day.

Retailers

The TEL’s network of retailers span the state and provide the primary connection between players and the Lottery. Lottery games are sold at more than 5,000 locations, and we encourage players to take appropriate health and safety precautions when purchasing tickets at participating retailers.

During Fiscal Year 2020, 5,128 retailers earned more than $120 million in retailer commissions and incentives.

Tennessee retailers have earned $1.435 billion in commissions since inception.
The TEL is governed by a seven-member board of directors appointed by the governor and confirmed by the General Assembly. The Board sets overall policy, and during FY 2020, two new board members were appointed: John Crosslin and Chris Patterson.

**Fiscal Year 2020**

The TEL Team includes 165 committed professionals working together across the following divisions:

**Executive: Rebecca Paul Hargrove**

President and Chief Executive Officer

The President and CEO oversees all daily operations, develops a broad vision for the Corporation, and ensures the Lottery achieves its mission of maximizing revenues for education. This division also includes:

- Legislative and Government Affairs
- Internal Controls: Reports directly to the Board of Directors, monitors internal controls to ensure integrity and accountability in TEL operations.

The President and CEO also oversees the Executive Management Team, which includes:

**Legal: Alonda McCutcheon**

Executive Vice President and General Counsel

Legal Services, Human Resources, Security, Retailer Contract Administration, Corporate Services, Equal Business Opportunity Program, Sports Wagering

**Advertising, Marketing and Communications: Lou Ann Russell**

Executive Vice President

Advertising, Events and Sponsorships, Retail and Digital Marketing, Internal and External Communications, Player Services

**Finance and Information Systems: Andy Davis**

Chief Financial and Information Systems Officer

Accounting, Prize Payments, Retailer Receivables, Purchasing, Fleet Management, Gaming Systems and Drawings, Software Services, Quality Assurance

**Sales: Wylie Dillard**

Executive Vice President

Sales, Retailer Sales and Services, Corporate Accounts, Warehouse Management and Distribution, District Offices

For more details about the TEL’s FY20 financial performance and review of the FY20 Audit Report, visit **TNLOTTERY.COM**.
Diversity and Inclusion

The TEL employs several proactive strategies to achieve a diverse and inclusive workplace, including active engagement with the minority business community.

- **TEL Workforce Diversity** – Of the cumulative total of 165 TEL employees during FY 2020:
  - Women – 50%
  - Men – 50%
  - Minority – 50%
  - Non-Minority – 50%

- **TEL Advisory Council on Minority Business Participation** – A group of business leaders from each of Tennessee’s three Grand Divisions that assist TEL management in developing economic, technical and educational strategies for increasing minority-owned business participation.

- **Equal Business Opportunity Program** – The Lottery and its major procurement vendors met or exceeded the statutory goal of 15% as follows:
  - The Buntin Group – 18%
  - IGT – 21%
  - SciGames – 15%
  - TEL – 24%

- **Wanda Young Wilson Summer Internship Program** – During FY 2020, the internship program went entirely virtual with eight participants. These young men and women worked remotely while checking in regularly via online video conferencing. In this adapted format, the annual paid internship program continued to offer professional corporate training and work experience to students attending Tennessee’s Historically Black Colleges and Universities. This program is funded by the TEL’s major procurement vendors, and to date, there have been 231 interns who have benefited from the program since it began in 2004.

Sales

Total gross revenues for Fiscal Year 2020 were $1.84 billion, the highest recorded since inception, and the second record-breaking year in a row.

- Record instant game revenues of $1.556 billion.
- Record Tennessee-only drawing-style game revenues of $150.2 million.

The TEL closed FY 2020 with its highest total revenues for a quarter (4Q, April 1–June 30, 2020) since inception.

Additional highlights include:

- The FY 2020 $420.6 million transfer to the Lottery for Education Account exceeded February estimates;
- Tennessee-only drawing-style games, which are Cash 3, Cash 4, Tennessee Cash and Keno To Go, and instant games grew 8.2 percent and 7.4 percent over FY 2019, respectively; and
- More than $22 billion in gross ticket revenues since inception.
Sports Wagering Licensing and Regulation

Tennessee state law permits wagering on sporting events via the internet, mobile devices or other telecommunications platforms. Customers must be at least 21 years old to play and physically located in Tennessee at the time a wager is placed.

The TEL is responsible for the licensing and regulation of online sports wagering in Tennessee. On April 15, 2020, the Board of Directors approved the rules and processes to establish and support a responsible and competitive sports wagering program in Tennessee with launch expected in FY 2021.

The TEL works with the Sports Wagering Committee of the Board of Directors and the nine-member Sports Wagering Advisory Council.

Corporate Social Responsibility

The Lottery and its staff are dedicated to their role as a socially responsible corporation. Our mission is to raise funds for education in Tennessee, and we do so in a responsible manner. Strategies to fulfill this pledge include:

- World Lottery Association Responsible Gaming Level 4 Certification, the highest level awarded.
- Adoption of rules regarding responsible gaming for sports wagering in Tennessee and membership into the Global Lottery Monitoring System.
- An environmentally conscious workplace and anti-litter program.
- Diversity and inclusion initiatives.
- Social action projects benefiting the community.
- Employee programs to encourage professional growth, health and wellness.
- Integration of work processes to protect the health and safety of our players, retailers and employees during COVID-19.

Contact Us:
For more information, visit tnlottery.com or call 615-324-6500.
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