TEXAS LOTTERY COMMISSION

LEGISLATIVE APPROPRIATIONS REQUEST

Submitted to the Office of the Governor, Budget and Policy Divison, and the Legislative Budget Board

by

Texas Lottery Commission

August 30, 2024

FOR FISCAL YEARS 2026 AND 2027

Legislative Appropriations Request for Fiscal Years 2026 and 2027

Submitted to the
Office of the Governor, Budget and Policy Division,
and the Legislative Budget Board

by

Texas Lottery Commission

Commission Members	Dates of Term	Hometown
Robert G. Rivera, Chairman	November 23, 2021 – February 1, 2027	Dallas, Texas
Cindy Lyons Fields	November 7, 2023 – February 1, 2029	El Paso, Texas
Mark A. Franz	May 7, 2019 – February 1, 2025	Austin, Texas
Clark E. Smith	November 7, 2023 – February 1, 2029	Austin, Texas
Jamey Steen	July 21, 2020 – February 1, 2025	Houston, Texas

Submitted: August 30, 2024

Legislative Appropriations Request
for Fiscal Years 2026 and 2027
Texas Lottery Commission

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STATEMENT, CHART AND CERTIFICATE

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TEXAS LOTTERY COMMISSION MEMBERS - Names, Terms of Office, Hometowns

Robert G. Rivera, Chairman	November 23, 2021 – February 1, 2027	Dallas, TX
Cindy Fields	January 30, 2020 – February 1, 2029	El Paso, TX
Mark A. Franz	May 7, 2019 – February 1, 2025	Austin, TX
Clark E. Smith	November 7, 2023 – February 1, 2029	Austin, TX
Jamey Steen	July 21, 2020 – February 1, 2025	Houston, TX

The Texas Lottery Commission (TLC) is currently under Sunset Review and Strategic Fiscal Review. The Sunset Advisory Commission's Staff Report on the TLC was issued in May, and it is anticipated the Legislative Budget Board Strategic Fiscal Review Report will be issued in September. Some of the findings and topics in the Sunset Staff Report are being addressed through the agency's exceptional item requests and through a Rider Request. It should also be noted the Sunset Staff Report includes a recommendation stating the House Appropriations and Senate Finance Committees should consider modifying the agency's budget pattern to include an indirect administration goal. The agency does not address this recommendation in its Legislative Appropriations Request (LAR).

TEXAS LOTTERY SALES AND REVENUE

The Texas Lottery continues to generate record amounts of revenue through the responsible sale of lottery products. Through Fiscal Year (FY) 2023, the agency has generated over $37.8 billion for the state of Texas since the first ticket was sold in 1992. Prior to 1997, lottery proceeds were allocated to the General Revenue Fund. Since 1997, lottery proceeds have been dedicated to the Foundation School Fund to support public education in our state. The agency has contributed more than $31.8 billion to the Foundation School Fund for that purpose.

In FY 2023, the Texas Lottery transferred $2.13 billion to the Foundation School Fund and the Fund for Veterans' Assistance received $29.7 million, the highest contribution to date to these beneficiaries. Including unclaimed prize money, total revenue transferred to the state was $2.161 billion, resulting in a new record for total revenue. This also marked the 20th consecutive year the Texas Lottery has reached the $1 billion mark in total transfers since 2004 and the first time to reach the $2 billion mark. The agency's revenue transfer in FY 2023 was based on overall lottery sales of $8.726 billion, breaking the sales record set in FY 2022.

The new lottery sales record established in FY 2023 was an increase of more than $428 million above FY 2022 sales levels. This record can be attributed to new, innovative scratch ticket designs; the introduction of the first Loteria-themed $100 scratch ticket game; growth of higher price points in the scratch portfolio; solid performance from core scratch ticket games, most notably the Loteria-themed games; record draw sales, including a Lotto Texas jackpot of $95 million in April 2023 and four jackpots of at least $1 billion on the multijurisdictional games Powerball and Mega Millions.

The agency anticipates FY 2024 sales will be approximately 4% less than the record-breaking levels of FY 2023. The multijurisdictional draw games Powerball and Mega Millions have had large rolling jackpots this year, but not as many as FY 2023. These $1 billion and above jackpots are occurring more frequently, and as a result, do not yield the same sales results as previous years when such jackpot levels were novel and more exciting for players. This "jackpot fatigue," a term commonly used in the lottery industry, is not only happening in Texas but across the country. Scratch ticket sales, which can benefit during high jackpot runs, are also projected to be less than in FY 2023. Reduced scratch ticket sales are a trend across the country; however, Texas remains a leader in scratch ticket sales with both California and Florida.

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As authorized by the Texas Legislature, certain Texas Lottery revenues benefit state programs including the Funds for Veterans' Assistance. Since the first veterans' themed scratch ticket game was launched in 2009, the agency has contributed more than $221.9 million to the Fund for Veterans' Assistance, with a record amount of revenue transferred during FY 2023.

The agency remains confident in its ability to continue to generate significant revenue for the Foundation School Fund, the Fund for Veterans' Assistance and other state programs. The agency expects net revenue contributions to the state in FY 2024 to slightly decrease. Even with the reduced sales, the agency expects FY 2024 to be one of the largest revenue years in the agency's history.

In addition to transfers to the Foundation School Fund and the Fund for Veterans' Assistance, the Texas Lottery also contributed revenue from other sources such as unclaimed prizes and collection of debts owed to the state.

During FY 2023, the Texas Lottery transferred $88.9 million in unclaimed prizes to the state. This brings the total to $1.54 billion since the first statutory change addressing unclaimed prizes in 1999. The biggest beneficiaries to date have been the Foundation School Fund, the General Revenue Fund, and the Multi-Categorical Teaching Hospital Account (UTMB), which have received $716.8 million, $431.3 million, and $193.8 million respectively in unclaimed prizes. Beginning with the 2014 – 2015 biennium, unclaimed prizes previously transferred to General Revenue Fund are now transferred to the Foundation School Fund.

The Texas Lottery also assists in collecting debts owed to the state of Texas. Before the agency pays a claimant his or her prize, agency staff check to ensure that the winner does not owe outstanding debts to the state. This effort has garnered more than $8.12 million for the state over the past three years to satisfy debt that might have otherwise gone unpaid.

LOTTERY ADMINISTRATIVE EXPENSES

The sale of lottery tickets is used to pay for all costs of agency operations. This includes the payment of prizes to the holders of winning tickets, retailer commissions, and all other costs incurred in the operation and administration of the lottery. The State Lottery Act limits the combined total of retailer compensation and agency administration to no more than 12% of gross ticket revenues. Of this 12%, the State Lottery Act mandates that no less than 5% be allocated to retailers as commissions, with the remaining 7% percent of ticket sales allowed to be expended on administration of the agency. The agency returns any "unspent administrative funds" to the Foundation School Fund.

A major part of the agency's budget, 77%, is utilized for contractual outsourced services and is concentrated in the Lottery Operations Division budget. The current lottery operator contract, which became effective September 1, 2011, included a compensation rate to the lottery operator of 2.2099% of gross sales through FY 2020. Effective September 1, 2020, the compensation rate to the lottery operator was reduced to 2.0773% of gross sales and then further adjusted in FY 2023 to 2.0331% of gross sales with a final adjustment to 1.9889% of gross sales in FY 2025. This contract expires August 31, 2026. In preparation of this major contract expiring in 2026 and considering the significant services provided by the lottery operator, the agency is currently in the procurement process for these contracted services and issued a Request for Proposals in June 2024.The anticipated goal is to execute a new contract one year prior to the current contact expiring. This is by far the largest contract managed by the agency with a value of approximately $160 million annually based on FY 2023 sales or $1.22 billion over the past ten years.

CHARITABLE BINGO REVENUE AND BUSINESS ACTIVITIES

Since the first licenses were issued in 1982, charitable bingo has delivered positive benefits for charities, players, and state, county, and municipal governments in Texas. Local jurisdictions benefit from charitable bingo activity through allocations derived from charitable bingo prize fees. Charitable bingo in Texas benefits a wide range of charitable causes, including veterans' organizations, women's shelters, needy children, the disabled, homeless shelters, churches, schools, local libraries, museums, addiction treatment programs, medical treatment and research programs, emergency medical services, volunteer fire departments, senior citizens groups and education scholarships.

The funding necessary to administer Charitable Bingo Operations Division is generated from fees collected from commercial lessor, manufacturer, and distributor license fees, as well as the state's share of bingo prize fees paid to the Texas Lottery. The license fees for charities to conduct bingo and bingo worker registration fees were eliminated in the 85th legislative session. The Sunset Staff Report includes a recommendation to eliminate licensing bingo manufacturers and distributors.

Cumulative gross receipts from 1982 through calendar year 2023 from the conduct of charitable bingo total $26.7 billion. For the same period, bingo prizes awarded have been approximately $19.9 billion. The total amount of reported charitable distributions from the conduct of bingo exceeds $1.35 billion.

In addition, for calendar year 2023, net proceeds reported by licensed organization total $30.9 million or 15.21% of adjusted gross receipts of $203.29 million.

EXCEPTIONAL ITEMS

The Texas Lottery is requesting three exceptional items: 1) increase General Revenue funding for technology infrastructure upgrades for the Bingo Operating Service System and Bingo Service Portal for $1.59 million; 2) increase General Revenue funding for the recruitment and retention of qualified staff for the agency's Charitable Bingo Operations Division for $429,050; and 3) authorize funding for the implementation of the last phase of the Centralized Accounting & Payroll/Personnel System (CAPPS) for $1.8 million.

1. Technology Infrastructure Upgrades for the Bingo Operating Service System and Bingo Service Portal
The Bingo Operating Service System (BOSS) is the agency's bingo licensing and accounting application, and the Bingo Service Portal (BSP) is the outward facing application for license holders. Both systems have been in use since 2015 and are at the end-of-life legacy platforms and require a redesign or conversion to the current platform used by the agency. Upgrades to BOSS and BSP will enhance data reporting and analytics and will also address findings included in the Sunset Staff Report. It is critical both systems be upgraded.

The agency's recommendation is to procure the services of two (2) contracted programmers and to retain one (1) full-time equivalent (FTE) position for deployment and ongoing support at an estimated cost of $1.59 million.

2. Recruiting and Retention of Qualified Bingo Staff
The agency is requesting an increase in General Revenue funding to recruit, hire, and retain qualified and capable staff that will enhance the agency's Charitable Bingo Operations Division's (CBOD) ability to maximize its efficiencies and delivery of services with trained and experienced staff. The agency's CBOD salaries and related payroll costs comprise at least 80% of the annual appropriated budget. In the last ten years, the overall appropriations for the agency's bingo program have decreased by

13%. Division staff turnover in FY 2022 was 15.6% and in FY 2023 it was 25.8%.

The agency is requesting $429,050 in General Revenue funding for the recruitment and retention of qualified bingo staff.

3. Centralized Accounting & Payroll/Personnel System Implementation
The agency is scheduled to implement the Centralized Accounting and Payroll/Personnel System (CAPPS) financial module during the 2026-2027 biennium as part of the ongoing statewide initiative. The agency is requesting $1,795,158 in the 2026-27 biennium with $928,099 and 8.0 FTEs in FY 2026 and $867,059 and 8.0 FTEs in FY 2027. The project will require updating agency business processes to align to the new system. The agency plans utilizing subject matter experts dedicated to the deployment efforts, training and other activities to implement CAPPS. The additional FTEs will also provide backfill of operational activities to ensure continuity while others devote up to 30 hours per week on the implementation. This support and expertise will ensure normal operations during deployment, develop a transition integration plan and training, as well as ensure proper integration with the agency's gaming and other stand-alone business systems.

RIDER REQUEST

The Texas Lottery is requesting two rider changes:

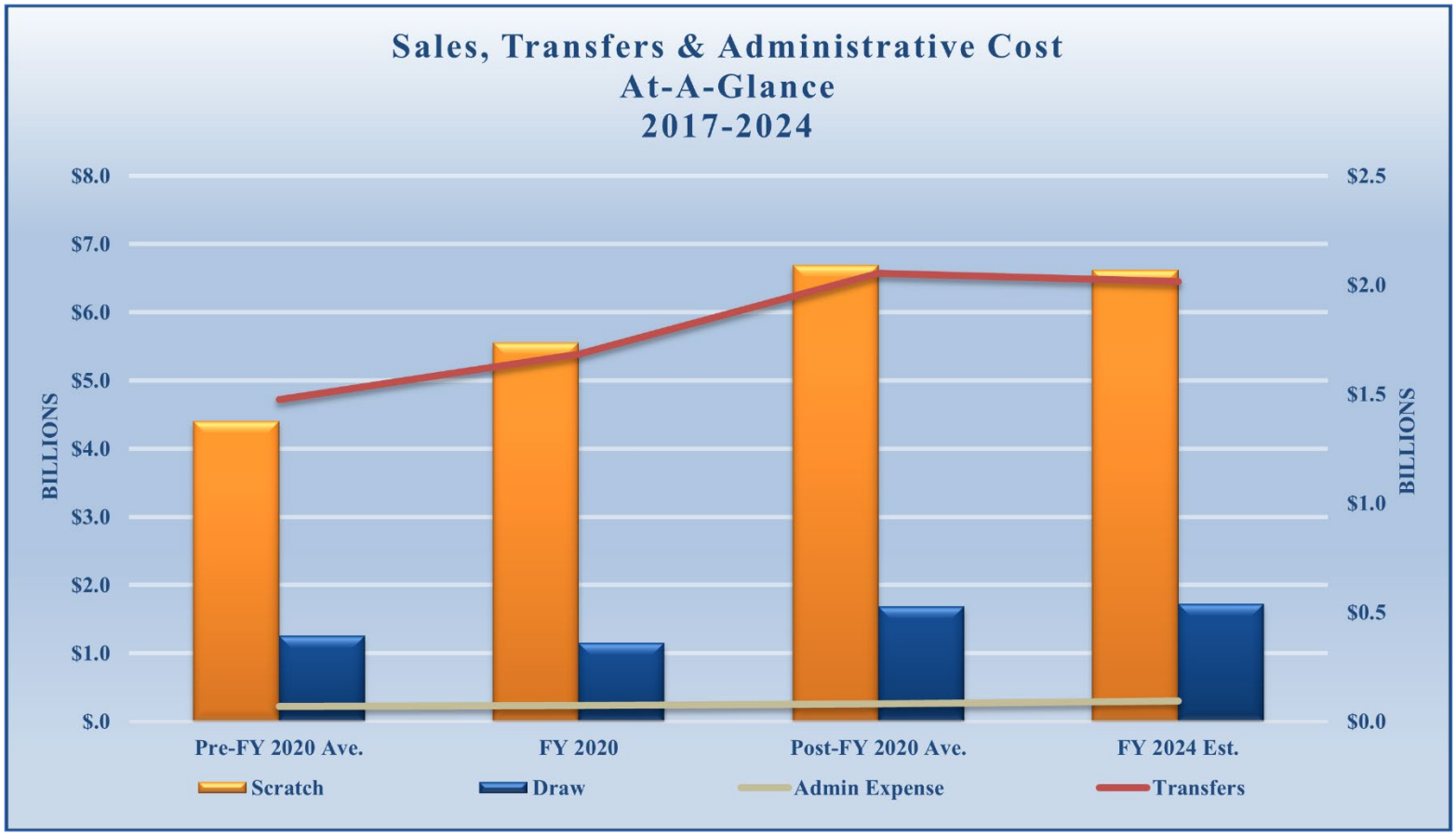
1. Remove Rider 16, Lottery Sales by Phone, relating to lottery courier services. In addition to the request to remove the rider, the agency is requesting statutory legislative direction be provided on courier services.

2. Request unexpended balance authority of General Revenue Funds within the biennium. This rider will allow the agency the flexibility to fund Bingo operations within the biennium.

AGENCY STATUTORY AUTHORITY TO CONDUCT BACKGROUND CHECKS

The Texas Lottery's Enforcement Division conducts background investigations of Texas Lottery applicants, bingo workers, bingo and lottery licensees, contract vendors, and contract vendor employees. Authority is granted to the Texas Lottery under Chapters 411, 466 and 467 of the Texas Government Code and the Bingo Enabling Act, Occupations Code, Chapter 2001.

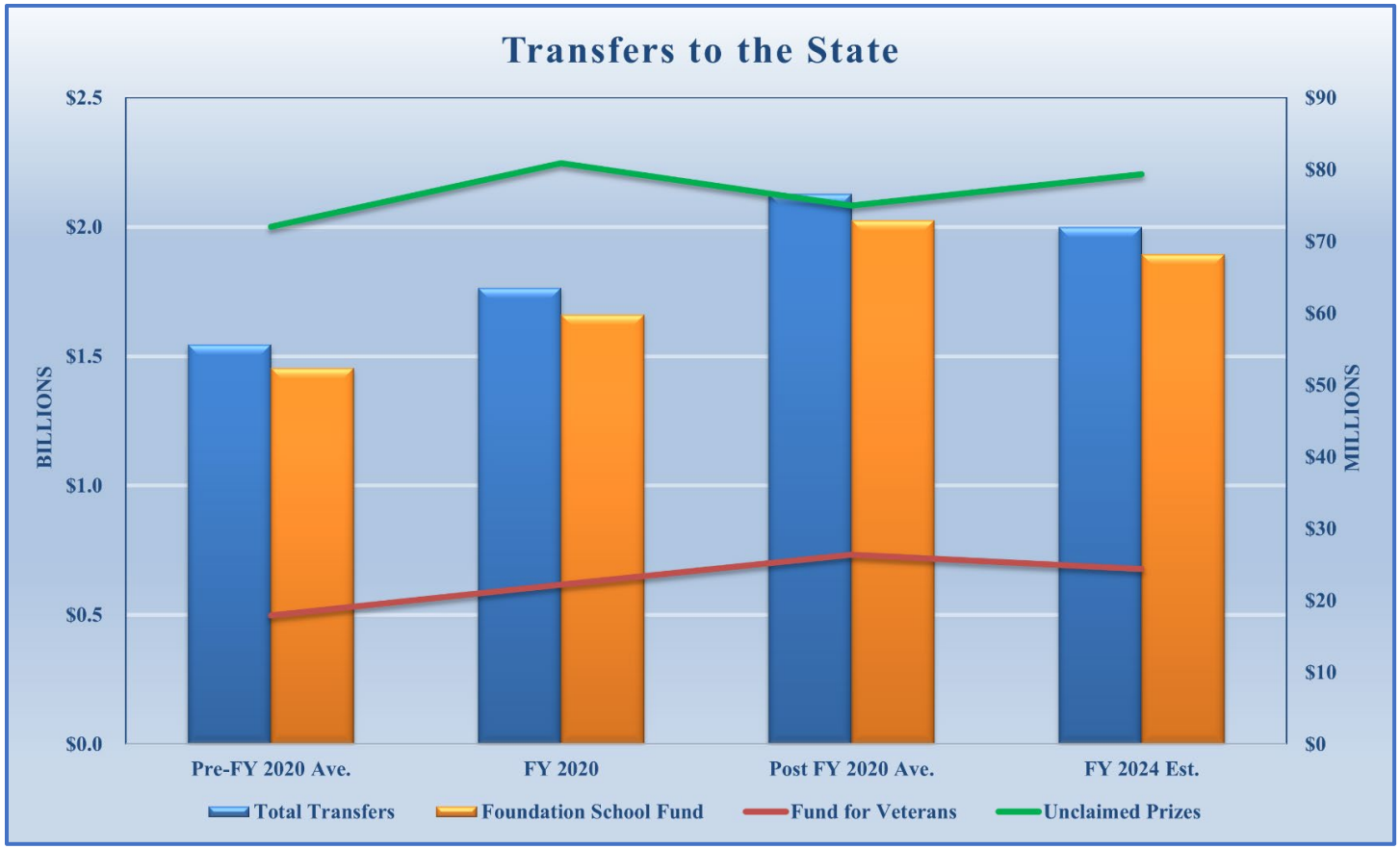
Texas Lottery Commission
Fiscal Year 2026-27
Administrator's Statement – Supplemental



The Texas Lottery has had 20 record-breaking sales years. After a steady climb, FY 2020 sales surged and a new trend continued into FY 2023 which benefitted from the introduction of the first $100 Loteria-themed scratch ticket and record jackpots for Lotto Texas®, Powerball®, and Mega Millions®. FY 2024 sales have leveled off from the record growth achieved during the pandemic when there was a lack of available entertainment options; however, it remains one of the largest sales and revenue years in Texas Lottery history.

Revenue transfers to the state have also exceeded expectations through the years, especially since FY 2020. With increased sales and fiscal responsibility, FY 2024 is projected to reach the $2 billion mark. The agency has authority to pay administrative expenses at an amount not to exceed 12% of gross sales. Retailer commissions accounts for 5% leaving 7% for daily operations. The agency has consistently kept administrative expenses well below the 7% threshold, with FY 2023 administrative expenses at 3% of sales.

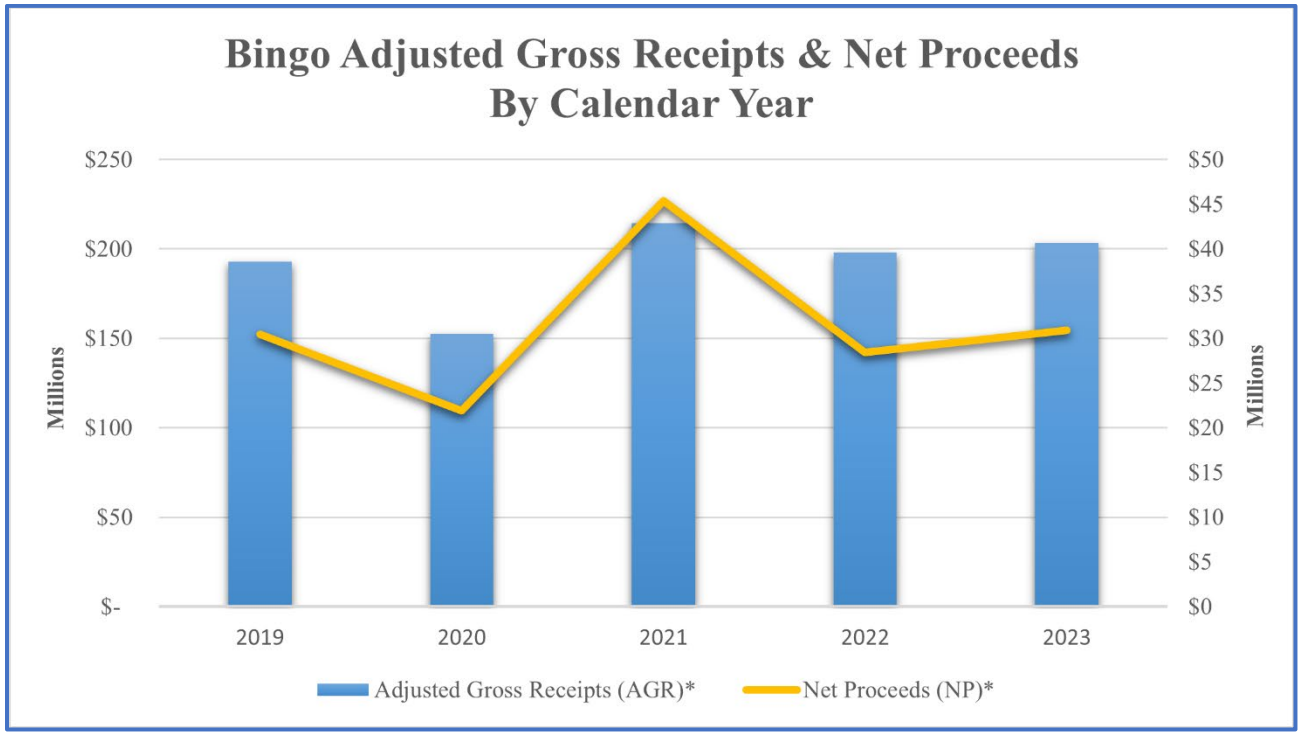
Texas Lottery Commission
Fiscal Year 2026-27
Administrator's Statement – Supplemental



Since 1992, the Texas Lottery has generated more than $39 billion in revenue for the Foundation School Fund, the Fund for Veterans' Assistance and other important state programs. In FY 2023, over $2 billion were transferred to these beneficiaries. In FY 2024, the impacts resulting from lower sales also impacted revenue available for transfer to the lottery's beneficiaries; however, the Texas Lottery still expects to reach $2 billion in transfers this year.

The Foundation School Fund, which supports public education in Texas, has received $33.5 billion over the years. The Fund for Veterans' Assistance has received $246 million from sales of dedicated Texas Lottery veterans' games. Unclaimed prizes contribute additional funds to these and other causes and programs.

Through strict adherence to our mission, the Texas Lottery is dedicated to fiscal responsibility by keeping administrative expenses low to ensure these programs continue to benefit from annual sales.



Adjusted Gross Receipts and Net Proceeds

In Calendar Year 2023, licensed organizations reported net proceeds of $30.9 million, or 15.21% of the adjusted gross receipts (receipts after prizes paid.)

This reflects a return to pre-pandemic trends.

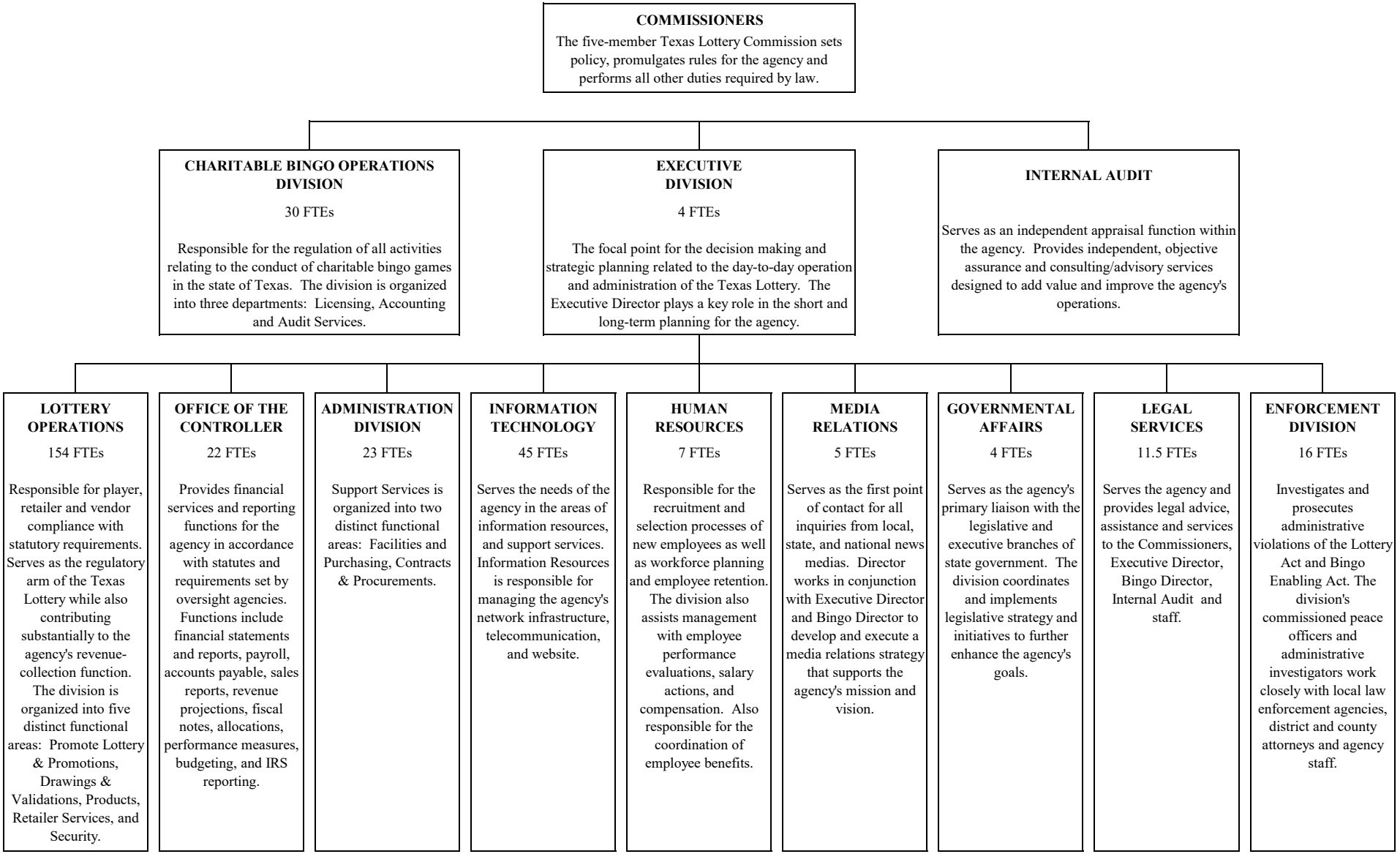
Calendar Year 2020 was challenged by the COVID pandemic, but a resurgence occurred in Calendar Year 2021 when restrictions were lifted and charities experienced signs of financial recovery.

Calendar Year	2019	2020	2021	2022	2023
Adjusted Gross Receipts (AGR)*	$ 192,761,599	$ 152,489,556	$ 214,212,327	$ 197,932,737	$ 203,297,900
Net Proceeds (NP)*	$ 30,460,676	$ 21,892,063	$ 45,385,782	$ 28,450,654	$ 30,929,428
NP as a percentage of AGR	15.80%	14.36%	21.19%	14.37%	15.21%

**Adjusted Gross Receipts: gross receipts minus prizes paid.*

**Net Proceeds: adjusted gross receipts plus other income minus reasonable and necessary expenses.*

TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE
Descriptions



C E R T I F I C A T E

Agency Name: Texas Lottery Commission

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Office of the Governor, Budget and Policy Division, is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Office of the Governor will be notified in writing in accordance with House Bill 1, Article IX, Section 7.01, Eighty-eighth Legislature, Regular Session, 2023.

Ryan Mindell
Executive Director

August 30, 2024
Date

Robert G. Rivera
Chairman

August 30, 2024
Date

Sergio Rey
Chief Financial Officer

August 30, 2024
Date

SUMMARY OF REQUEST

Budget Overview - Biennial Amounts

89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

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Appropriation Years: 2026-27

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2026-27
Goal: 1. Run Self-supporting, Revenue-producing, and Secure Lottery											
1.1.1. Lottery Operations			9,532,861	10,735,790					9,532,861	10,735,790	
1.1.2. Lottery Field Operations			7,914,256	8,400,169					7,914,256	8,400,169	
1.1.3. Product Development			12,752,823	13,293,536					12,752,823	13,293,536	
1.1.4. Security			11,639,344	13,033,356					11,639,344	13,033,356	
1.1.5. Central Administration			31,543,916	34,286,914					31,543,916	34,286,914	2,124,502
1.1.6. Lottery Operator Contract(S)			325,060,755	307,982,969					325,060,755	307,982,969	
1.1.7. Scratch Ticket Product. Contract(S)			169,651,412	173,393,000					169,651,412	173,393,000	
1.1.8. Promote Lottery Games Contract(S)			20,000,000	20,000,000					20,000,000	20,000,000	
1.1.9. Drawing & Broadcast Contract(S)			4,521,450	4,521,450					4,521,450	4,521,450	
1.1.10. Retailer Bonus			4,020,000	5,025,000					4,020,000	5,025,000	
1.1.11. Retailer Commissions			70,127,626	77,210,000					70,127,626	77,210,000	
Total, Goal			**666,764,443**	**667,882,184**					**666,764,443**	**667,882,184**	**2,124,502**
Goal: 2. Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully											
2.1.1. Bingo Licensing	1,372,115	1,361,292							1,372,115	1,361,292	1,349,250
2.1.2. Bingo Education And Development	218,330	229,856							218,330	229,856	21,730
2.1.3. Bingo Law Compliance Field Oper	2,906,965	3,011,958							2,906,965	3,011,958	264,296
2.1.4. Bingo Prize Fee Collection & Acct	606,370	596,384							606,370	596,384	53,774
Total, Goal	**5,103,780**	**5,199,490**							**5,103,780**	**5,199,490**	**1,689,050**
Total, Agency	**5,103,780**	**5,199,490**	**666,764,443**	**667,882,184**					**671,868,223**	**673,081,674**	**3,813,552**
Total FTEs									**321.5**	**321.5**	**9.0**

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Goal / *Objective* / STRATEGY	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
1 Run Self-supporting, Revenue-producing, and Secure Lottery					
1 *Generate Revenue through Ticket Sales*					
1 LOTTERY OPERATIONS	3,966,538	4,642,843	4,890,018	5,292,467	5,443,323
2 LOTTERY FIELD OPERATIONS	3,237,455	3,864,561	4,049,695	4,199,533	4,200,636
3 PRODUCT DEVELOPMENT	7,517,692	6,498,997	6,253,826	6,657,535	6,636,001
4 SECURITY	4,866,473	5,755,391	5,883,953	6,851,161	6,182,195
5 CENTRAL ADMINISTRATION	13,726,029	15,286,843	16,257,073	17,141,858	17,145,056
6 LOTTERY OPERATOR CONTRACT(S)	177,372,746	169,270,218	155,790,537	153,562,969	154,420,000
7 SCRATCH TICKET PRODUCT. CONTRACT(S)	56,617,906	72,589,133	97,062,279	86,696,500	86,696,500
8 PROMOTE LOTTERY GAMES CONTRACT(S)	10,169,831	10,000,000	10,000,000	10,000,000	10,000,000
9 DRAWING & BROADCAST CONTRACT(S)	2,255,918	2,260,725	2,260,725	2,260,725	2,260,725
10 RETAILER BONUS	2,080,000	2,010,000	2,010,000	2,512,500	2,512,500
11 RETAILER COMMISSIONS	27,972,600	30,962,626	39,165,000	38,605,000	38,605,000

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Goal / *Objective* / STRATEGY	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
TOTAL, GOAL 1	**$309,783,188**	**$323,141,337**	**$343,623,106**	**$333,780,248**	**$334,101,936**
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully					
1 *Curtail Violations of Bingo Laws/Rules*					
1 BINGO LICENSING	483,706	691,469	680,646	680,646	680,646
2 BINGO EDUCATION AND DEVELOPMENT	77,241	103,402	114,928	114,928	114,928
3 BINGO LAW COMPLIANCE FIELD OPER	983,048	1,404,106	1,502,859	1,505,979	1,505,979
4 BINGO PRIZE FEE COLLECTION & ACCT	240,827	308,178	298,192	298,192	298,192
TOTAL, GOAL 2	**$1,784,822**	**$2,507,155**	**$2,596,625**	**$2,599,745**	**$2,599,745**
TOTAL, AGENCY STRATEGY REQUEST	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				**$0**	**$0**
GRAND TOTAL, AGENCY REQUEST	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**

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Goal / *Objective* / STRATEGY	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
METHOD OF FINANCING:					
General Revenue Funds:					
1 General Revenue Fund	1,784,822	2,507,155	2,596,625	2,599,745	2,599,745
SUBTOTAL	**$1,784,822**	**$2,507,155**	**$2,596,625**	**$2,599,745**	**$2,599,745**
General Revenue Dedicated Funds:					
5025 Lottery Acct	309,783,188	323,141,337	343,623,106	333,780,248	334,101,936
SUBTOTAL	**$309,783,188**	**$323,141,337**	**$343,623,106**	**$333,780,248**	**$334,101,936**
TOTAL, METHOD OF FINANCING	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**

*Rider appropriations for the historical years are included in the strategy amounts.

Agency code: **362** Agency name: **Texas Lottery Commission**

METHOD OF FINANCING	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
GENERAL REVENUE					
1 General Revenue Fund					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2022-23 GAA)	$2,419,591	$0	$0	$0	$0
Regular Appropriations from MOF Table (2024-25 GAA)	$0	$2,507,155	$2,596,625	$0	$0
Regular Appropriations from MOF Table (2026-27 GAA)	$0	$0	$0	$2,599,745	$2,599,745
RIDER APPROPRIATION					
Art IX, Sec 8.02, Reimbursements and Payments (2022-23 GAA)	$139	$0	$0	$0	$0
TRANSFERS					
SB 30, 88th Leg, Regular Session	$14,566	$0	$0	$0	$0
LAPSED APPROPRIATIONS					

Agency code: **362** Agency name: **Texas Lottery Commission**

METHOD OF FINANCING	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
GENERAL REVENUE					
Regular Appropriations from MOF Table (2022-23 GAA)	$(649,474)	$0	$0	$0	$0
TOTAL, General Revenue Fund	**$1,784,822**	**$2,507,155**	**$2,596,625**	**$2,599,745**	**$2,599,745**
TOTAL, ALL GENERAL REVENUE	**$1,784,822**	**$2,507,155**	**$2,596,625**	**$2,599,745**	**$2,599,745**
GENERAL REVENUE FUND - DEDICATED					
5025 GR Dedicated - Lottery Account No. 5025					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2022-23 GAA)	$256,419,808	$0	$0	$0	$0
Regular Appropriations from MOF Table (2024-25 GAA)	$0	$320,886,632	$335,501,609	$0	$0
Regular Appropriations from MOF Table (2026-27 GAA)	$0	$0	$0	$333,780,248	$334,101,936
RIDER APPROPRIATION					

Agency code: **362** Agency name: **Texas Lottery Commission**

METHOD OF FINANCING	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
GENERAL REVENUE FUND - DEDICATED					
Rider 9, Lottery Operator Contract (2022-23 GAA)	$48,603,094	$0	$0	$0	$0
Rider 10, Appropriation of Increased Revenue (2022-23 GAA)	$11,606,365	$0	$0	$0	$0
Art IX, Sec 8.02, Reimbursements and Payments (2022-23 GAA)	$435,174	$0	$0	$0	$0
Rider 8, Retailer Commissions (2024-25 GAA)	$0	$2,463,601	$0	$0	$0
Rider 9, Lottery Operator Contract (2024-25 GAA)	$0	$10,017,495	$0	$0	$0
Rider 10, Appropriation of Increased Revenue (2024-25 GAA)	$0	$7,341,531	$0	$0	$0
Art IX, Sec 8.02, Reimbursements and Payments (2024-25 GAA)	$0	$609,775	$609,775	$0	$0

Agency code: **362** Agency name: **Texas Lottery Commission**

METHOD OF FINANCING	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
GENERAL REVENUE FUND - DEDICATED					
TRANSFERS					
SB 30, 88th Leg, Regular Session	$180,660	$0	$0	$0	$0
LAPSED APPROPRIATIONS					
Regular Appropriations from MOF Table (2022-23 GAA)	$(3,844,097)	$0	$0	$0	$0
Rider 8, Retailer Commissions (2022-23 GAA)	$(3,702,700)	$0	$0	$0	$0
Rider 9, Lottery Operator Contract (2022-23 GAA)	$(28,452)	$0	$0	$0	$0
Art IX, Sec. 14.03(i), Capital Budget (2022-23 GAA)	$(124,466)	$0	$0	$0	$0
Rider 8, Retailer Commissions (2024-25 GAA)	$0	$(10,665,975)	$0	$0	$0

Agency code: **362** Agency name: **Texas Lottery Commission**

METHOD OF FINANCING	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
GENERAL REVENUE FUND - DEDICATED					
UNEXPENDED BALANCES AUTHORITY					
Art IX, Sec. 14.03(i), Capital Budget (2022-23 GAA)	$237,802	$0	$0	$0	$0
Art IX, Sec. 14.03(i), Capital Budget (2024-25 GAA)	$0	$(170,191)	$170,191	$0	$0
Rider 10, Appropriation of Increased Revenue (2024-25 GAA)	$0	$(7,341,531)	$7,341,531	$0	$0
TOTAL, GR Dedicated - Lottery Account No. 5025	**$309,783,188**	**$323,141,337**	**$343,623,106**	**$333,780,248**	**$334,101,936**
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	**$309,783,188**	**$323,141,337**	**$343,623,106**	**$333,780,248**	**$334,101,936**
TOTAL, GR & GR-DEDICATED FUNDS	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**
GRAND TOTAL	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**

Agency code: **362** Agency name: **Texas Lottery Commission**

METHOD OF FINANCING	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2022-23 GAA)	321.5	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2024-25 GAA)	0.0	321.5	321.5	0.0	0.0
Regular Appropriations from MOF Table (2026-27 GAA)	0.0	0.0	0.0	321.5	321.5
UNAUTHORIZED NUMBER OVER (BELOW) CAP					
Regular Appropriations from MOF Table (2022-23 GAA)	(32.7)	0.0	0.0	0.0	0.0
TOTAL, ADJUSTED FTES	**288.8**	**321.5**	**321.5**	**321.5**	**321.5**
NUMBER OF 100% FEDERALLY FUNDED FTEs	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

2.C. Summary of Base Request by Object of Expense

89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

OBJECT OF EXPENSE	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
1001 SALARIES AND WAGES	$21,928,386	$25,444,161	$27,232,621	$27,839,346	$27,839,346
1002 OTHER PERSONNEL COSTS	$952,529	$435,400	$428,480	$428,480	$428,480
2001 PROFESSIONAL FEES AND SERVICES	$5,504,885	$6,286,757	$6,118,428	$6,542,899	$6,117,799
2002 FUELS AND LUBRICANTS	$3,489	$4,400	$4,400	$4,400	$4,400
2003 CONSUMABLE SUPPLIES	$82,911	$94,720	$107,395	$107,395	$107,395
2004 UTILITIES	$165,739	$216,847	$243,542	$243,542	$243,542
2005 TRAVEL	$383,450	$446,869	$419,170	$419,170	$419,170
2006 RENT - BUILDING	$4,340,300	$2,511,837	$2,446,416	$2,546,416	$2,596,416
2007 RENT - MACHINE AND OTHER	$917,994	$755,155	$755,866	$855,866	$855,866
2009 OTHER OPERATING EXPENSE	$277,167,659	$289,317,341	$308,293,222	$296,692,479	$297,539,267
4000 GRANTS	$0	$0	$0	$0	$0
5000 CAPITAL EXPENDITURES	$120,668	$135,005	$170,191	$700,000	$550,000
OOE Total (Excluding Riders)	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**
OOE Total (Riders)					
Grand Total	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**

2.D. Summary of Base Request Objective Outcomes

89th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

362 Texas Lottery Commission

Goal/ *Objective* / **Outcome**	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
1 Run Self-supporting, Revenue-producing, and Secure Lottery					
1 Generate Revenue through Ticket Sales					
KEY 1 Percent of Retailers Satisfied with Lottery Commission	89.16%	91.76%	89.00%	89.00%	89.00%
2 Per Capita Net Lottery Sales	288.50	256.51	253.40	246.09	243.13
3 % of Net Lottery Sales Spent on Agency Administration	3.56%	4.11%	4.38%	4.32%	4.33%
4 Percentage of Bad Debt to Lottery Sales	0.01%	0.02%	0.02%	0.02%	0.02%
5 Ratio of Promotion Expense to Net Lottery Sales	0.12%	0.13%	0.13%	0.13%	0.13%
KEY 6 State Revenue Received Per Dollar Expended on Promotion	212.40	199.15	194.99	197.95	198.28
7 Percent of Licensees with No Recent Violations	99.31%	99.16%	99.31%	98.00%	98.00%

362 Texas Lottery Commission

Goal/ *Objective* / **Outcome**	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully					
1 Curtail Violations of Bingo Laws/Rules					
1 Percent of Licensees with No Recent Violations	95.07%	95.00%	95.00%	95.00%	95.00%
2 Percentage of Bingo Audits Referred for Disciplinary Action	33.58%	55.00%	55.00%	55.00%	55.00%
KEY 3 Percent of Complaints Referred for Disciplinary Action	0.00%	1.00%	1.00%	1.00%	1.00%
4 Percent of Documented Complaints Completed within Six Months	94.00%	95.00%	95.00%	95.00%	95.00%
KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)	30.30	30.00	30.00	30.00	30.00
KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req	97.64%	97.00%	97.00%	97.00%	97.00%
7 Percentage of Organizations Receiving an Audit	8.96%	10.00%	10.00%	10.00%	10.00%
8 Percentage of Organizations Receiving an Inspection	20.72%	15.00%	15.00%	15.00%	15.00%

Agency code: **362** Agency name: **Texas Lottery Commission**

Priority	Item	2026 GR and GR/GR Dedicated	2026 All Funds	2026 FTEs	2027 GR and GR Dedicated	2027 All Funds	2027 FTEs	Biennium GR and GR Dedicated	Biennium All Funds
1	Upgrade BOSS-BSP	$798,487	$798,487	1.0	$790,857	$790,857	1.0	$1,589,344	$1,589,344
2	Bingo Recruiting and Retention	$214,525	$214,525		$214,525	$214,525		$429,050	$429,050
3	CAPPS	$928,099	$928,099	8.0	$867,059	$867,059	8.0	$1,795,158	$1,795,158
Total, Exceptional Items Request		**$1,941,111**	**$1,941,111**	**9.0**	**$1,872,441**	**$1,872,441**	**9.0**	**$3,813,552**	**$3,813,552**
Method of Financing									
	General Revenue	$844,525	$844,525		$844,525	$844,525		$1,689,050	$1,689,050
	General Revenue - Dedicated	1,096,586	1,096,586		1,027,916	1,027,916		2,124,502	2,124,502
	Federal Funds								
	Other Funds								
		$1,941,111	**$1,941,111**		**$1,872,441**	**$1,872,441**		**$3,813,552**	**$3,813,552**
Full Time Equivalent Positions				**9.0**			**9.0**		
Number of 100% Federally Funded FTEs				**0.0**			**0.0**		

Agency code: **362** Agency name: **Texas Lottery Commission**

Goal/*Objective*/**STRATEGY**	**Base 2026**	**Base 2027**	**Exceptional 2026**	**Exceptional 2027**	**Total Request 2026**	**Total Request 2027**
1 Run Self-supporting, Revenue-producing, and Secure Lottery						
1 *Generate Revenue through Ticket Sales*						
1 LOTTERY OPERATIONS	$5,292,467	$5,443,323	$0	$0	$5,292,467	$5,443,323
2 LOTTERY FIELD OPERATIONS	4,199,533	4,200,636	0	0	4,199,533	4,200,636
3 PRODUCT DEVELOPMENT	6,657,535	6,636,001	0	0	6,657,535	6,636,001
4 SECURITY	6,851,161	6,182,195	0	0	6,851,161	6,182,195
5 CENTRAL ADMINISTRATION	17,141,858	17,145,056	1,096,586	1,027,916	18,238,444	18,172,972
6 LOTTERY OPERATOR CONTRACT(S)	153,562,969	154,420,000	0	0	153,562,969	154,420,000
7 SCRATCH TICKET PRODUCT. CONTRACT(S)	86,696,500	86,696,500	0	0	86,696,500	86,696,500
8 PROMOTE LOTTERY GAMES CONTRACT(S)	10,000,000	10,000,000	0	0	10,000,000	10,000,000
9 DRAWING & BROADCAST CONTRACT(S)	2,260,725	2,260,725	0	0	2,260,725	2,260,725
10 RETAILER BONUS	2,512,500	2,512,500	0	0	2,512,500	2,512,500
11 RETAILER COMMISSIONS	38,605,000	38,605,000	0	0	38,605,000	38,605,000
TOTAL, GOAL 1	**$333,780,248**	**$334,101,936**	**$1,096,586**	**$1,027,916**	**$334,876,834**	**$335,129,852**

Agency code: **362** Agency name: **Texas Lottery Commission**

Goal/*Objective*/**STRATEGY**	**Base 2026**	**Base 2027**	**Exceptional 2026**	**Exceptional 2027**	**Total Request 2026**	**Total Request 2027**
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Law						
1 *Curtail Violations of Bingo Laws/Rules*						
1 BINGO LICENSING	$680,646	$680,646	$674,625	$674,625	$1,355,271	$1,355,271
2 BINGO EDUCATION AND DEVELOPMENT	114,928	114,928	10,865	10,865	125,793	125,793
3 BINGO LAW COMPLIANCE FIELD OPER	1,505,979	1,505,979	132,148	132,148	1,638,127	1,638,127
4 BINGO PRIZE FEE COLLECTION & ACCT	298,192	298,192	26,887	26,887	325,079	325,079
TOTAL, GOAL 2	**$2,599,745**	**$2,599,745**	**$844,525**	**$844,525**	**$3,444,270**	**$3,444,270**
TOTAL, AGENCY STRATEGY REQUEST	**$336,379,993**	**$336,701,681**	**$1,941,111**	**$1,872,441**	**$338,321,104**	**$338,574,122**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	**$336,379,993**	**$336,701,681**	**$1,941,111**	**$1,872,441**	**$338,321,104**	**$338,574,122**

Agency code: **362** Agency name: **Texas Lottery Commission**

Goal/*Objective*/**STRATEGY**	**Base 2026**	**Base 2027**	**Exceptional 2026**	**Exceptional 2027**	**Total Request 2026**	**Total Request 2027**
General Revenue Funds:						
1 General Revenue Fund	$2,599,745	$2,599,745	$844,525	$844,525	$3,444,270	$3,444,270
	$2,599,745	**$2,599,745**	**$844,525**	**$844,525**	**$3,444,270**	**$3,444,270**
General Revenue Dedicated Funds:						
5025 Lottery Acct	333,780,248	334,101,936	1,096,586	1,027,916	334,876,834	335,129,852
	$333,780,248	**$334,101,936**	**$1,096,586**	**$1,027,916**	**$334,876,834**	**$335,129,852**
TOTAL, METHOD OF FINANCING	**$336,379,993**	**$336,701,681**	**$1,941,111**	**$1,872,441**	**$338,321,104**	**$338,574,122**
FULL TIME EQUIVALENT POSITIONS	**321.5**	**321.5**	**9.0**	**9.0**	**330.5**	**330.5**

Agency code: **362** Agency name: **Texas Lottery Commission**

Goal/ *Objective* / **Outcome**

		BL 2026	BL 2027	Excp 2026	Excp 2027	Total Request 2026	Total Request 2027
1	Run Self-supporting, Revenue-producing, and Secure Lottery						
1	*Generate Revenue through Ticket Sales*						
KEY	**1 Percent of Retailers Satisfied with Lottery Commission**	89.00%	89.00%			89.00%	89.00%
	2 Per Capita Net Lottery Sales	246.09	243.13			246.09	243.13
	3 % of Net Lottery Sales Spent on Agency Administration	4.32%	4.33%			4.32%	4.33%
	4 Percentage of Bad Debt to Lottery Sales	0.02%	0.02%			0.02%	0.02%
	5 Ratio of Promotion Expense to Net Lottery Sales	0.13%	0.13%			0.13%	0.13%
KEY	**6 State Revenue Received Per Dollar Expended on Promotion**	197.95	198.28			197.95	198.28
	7 Percent of Licensees with No Recent Violations	98.00%	98.00%			98.00%	98.00%
2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully						
1	*Curtail Violations of Bingo Laws/Rules*						

Agency code: **362** Agency name: **Texas Lottery Commission**

Goal/ *Objective* / **Outcome**

		BL 2026	BL 2027	Excp 2026	Excp 2027	Total Request 2026	Total Request 2027
	1 Percent of Licensees with No Recent Violations	95.00%	95.00%			95.00%	95.00%
	2 Percentage of Bingo Audits Referred for Disciplinary Action	55.00%	55.00%			55.00%	55.00%
KEY	**3 Percent of Complaints Referred for Disciplinary Action**	1.00%	1.00%			1.00%	1.00%
	4 Percent of Documented Complaints Completed within Six Months	95.00%	95.00%			95.00%	95.00%
KEY	**5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)**	30.00	30.00			30.00	30.00
KEY	**6 % of Organizations Who Met the Statutory Charitable Distribution Req**	97.00%	97.00%			97.00%	97.00%
	7 Percentage of Organizations Receiving an Audit	10.00%	10.00%			10.00%	10.00%
	8 Percentage of Organizations Receiving an Inspection	15.00%	15.00%			15.00%	15.00%

STRATEGY REQUEST

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 1 Lottery Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
KEY 1	Number of Retailer Business Locations Licensed	21,025.00	21,447.00	21,786.00	22,130.00	22,480.00
2	Number of Denials or Revocations of Licenses	88.00	100.00	89.00	89.00	89.00
3	Dollars Collected via the Debt Set-off Program (Thousands)	2,999,919.51	2,716,098.00	2,000,000.00	2,000,000.00	2,000,000.00
4	# New Licenses Issued to Individual Retailers	1,965.00	3,820.00	1,995.00	1,995.00	1,995.00
5	# Licenses Renewed to Individual Retailers	8,408.00	8,494.00	8,432.00	10,868.00	8,550.00
Efficiency Measures:						
1	Average Cost Per License Application Completed	104.90	63.00	112.00	115.00	119.00
Objects of Expense:						
1001	SALARIES AND WAGES	$2,753,215	$3,177,767	$3,309,171	$3,382,814	$3,382,814
1002	OTHER PERSONNEL COSTS	$108,249	$62,400	$65,120	$65,120	$65,120
2001	PROFESSIONAL FEES AND SERVICES	$37,500	$0	$47,450	$25,000	$119,900
2002	FUELS AND LUBRICANTS	$3,489	$4,400	$4,400	$4,400	$4,400
2003	CONSUMABLE SUPPLIES	$68,912	$76,500	$86,500	$86,500	$86,500
2004	UTILITIES	$36,549	$32,537	$37,050	$37,050	$37,050
2005	TRAVEL	$4,512	$11,532	$9,000	$9,000	$9,000
2006	RENT - BUILDING	$613,947	$653,996	$750,181	$850,181	$900,181
2007	RENT - MACHINE AND OTHER	$334	$500	$500	$500	$500

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 1 Lottery Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
2009	OTHER OPERATING EXPENSE	$339,831	$623,211	$580,646	$831,902	$837,858
4000	GRANTS	$0	$0	$0	$0	$0
5000	CAPITAL EXPENDITURES	$0	$0	$0	$0	$0
TOTAL, OBJECT OF EXPENSE		**$3,966,538**	**$4,642,843**	**$4,890,018**	**$5,292,467**	**$5,443,323**
Method of Financing:						
5025	Lottery Acct	$3,966,538	$4,642,843	$4,890,018	$5,292,467	$5,443,323
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$3,966,538**	**$4,642,843**	**$4,890,018**	**$5,292,467**	**$5,443,323**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$5,292,467**	**$5,443,323**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$3,966,538**	**$4,642,843**	**$4,890,018**	**$5,292,467**	**$5,443,323**
FULL TIME EQUIVALENT POSITIONS:		**45.4**	**50.5**	**49.7**	**49.7**	**49.7**

STRATEGY DESCRIPTION AND JUSTIFICATION:

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 1 Lottery Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

Activities relating to this strategy include vendor and retailer compliance with Texas Government Code Chapters 466 and 467 and applicable administrative rules. The strategy ensures the needs of the Commission and its customers are met in certain areas of vendor compliance, scratch ticket warehousing/distribution, retailer services, prize payments, retailer inspections and support services.

The strategy goals are met by providing necessary services to our players and retailers along with overseeing certain key activities of the Lottery Operator. Communication and education of players and retailers are done through the use of the agency web site, newsletters, brochures, public seminars retailer training and visits as well as through a toll-free hotline. The strategy oversees recruitment of new retailers and monitors retailer satisfaction with lottery operations and services. The strategy encourages voluntary compliance from our retailers and players regarding licensing rules and prize payment policies. The strategy also provides oversight of the Lottery Operator in the areas of ticket warehousing/distribution, retailer service levels, scratch game accounting and draw terminal installations. Finally, this strategy provides for certain agency-wide functions such as facilities support, mail center functions, and certain administrative services.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 1 Lottery Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

External factors impacting this strategy include: 1) The number of lottery retailer locations licensed and/or applying for licenses; 2) The sales level of lottery tickets; 3) Potential change of the Lottery Operator and/or change in scope of Lottery Operator contract; 4) Changes to the agency's enabling statutes and/or administrative rules; 5) The number of licensed retailer and the desire of new retailers to obtain Lottery sales agent licenses; 6) The propensity of lottery retailers and players to adhere to the Lottery Act and/or the agency's applicable rules; 7) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the agency; 8) Decisions made by local law enforcement authorities; 9) Natural disaster or other catastrophic event; and 10) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) The number and scope of contracted services brought in-house; 3) Staff turnover; 4) The ability of the staff to react quickly and responsively to changes in the external factors; 5) Organizational restructuring; 6) Retailer recruitment efforts; and 7) Long-range business planning.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 1 Lottery Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$9,532,861	$10,735,790	$1,202,929	$281,410	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$97,450	Increases in services for drawings contracts.
			$346,185	Increases for claim center and warehouse leases due to CPI and new contracts.
			$480,416	Increase in claim center moves, janitorial, freight/delivery/postage, other operating expenses and cost of consumables and projected utilities.
			$(2,532)	Decrease in projected travel costs.
			$1,202,929	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 2 Lottery Field Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
1	Number of Prize Payments Processed by the Texas Lottery (Thousands)	114,026.00	126,171.00	90,000.00	90,000.00	90,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	$2,887,840	$3,562,708	$3,817,094	$3,902,041	$3,902,041
1002	OTHER PERSONNEL COSTS	$128,636	$74,880	$66,080	$66,080	$66,080
2001	PROFESSIONAL FEES AND SERVICES	$0	$0	$0	$0	$0
2002	FUELS AND LUBRICANTS	$0	$0	$0	$0	$0
2003	CONSUMABLE SUPPLIES	$545	$1,500	$1,500	$1,500	$1,500
2004	UTILITIES	$0	$0	$0	$0	$0
2005	TRAVEL	$170,779	$115,329	$90,000	$90,000	$90,000
2006	RENT - BUILDING	$0	$0	$0	$0	$0
2007	RENT - MACHINE AND OTHER	$0	$0	$0	$0	$0
2009	OTHER OPERATING EXPENSE	$49,655	$110,144	$75,021	$139,912	$141,015
4000	GRANTS	$0	$0	$0	$0	$0
5000	CAPITAL EXPENDITURES	$0	$0	$0	$0	$0
TOTAL, OBJECT OF EXPENSE		**$3,237,455**	**$3,864,561**	**$4,049,695**	**$4,199,533**	**$4,200,636**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 2 Lottery Field Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Method of Financing:						
5025	Lottery Acct	$3,237,455	$3,864,561	$4,049,695	$4,199,533	$4,200,636
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$3,237,455**	**$3,864,561**	**$4,049,695**	**$4,199,533**	**$4,200,636**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$4,199,533**	**$4,200,636**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$3,237,455**	**$3,864,561**	**$4,049,695**	**$4,199,533**	**$4,200,636**
FULL TIME EQUIVALENT POSITIONS:		**52.0**	**61.6**	**61.8**	**61.8**	**61.8**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include player and retailer compliance with Texas Government Code Chapters 466 and 467 and applicable administrative rules. The strategy ensures the needs of the Commission and the public are met in the areas of customer service, payment of prizes and retailer support in communities throughout the State.

The strategy goals are met by providing customer service and educational information to our players and retailers via the field claim center locations. Field personnel also gather survey data from retailer licensees in support of the agency's Marketing and Customer Service efforts. Through such communication and education, the strategy encourages voluntary compliance from our players regarding prize payment policies. Lottery Field Operations coordinates with Headquarters Claim Center Operations, Lottery Operations Security Department and Enforcement Division staff when violations are detected.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 2 Lottery Field Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The sales level of lottery tickets; 2) Changes to the agency's enabling statutes and/or administrative rules; 3) The propensity of lottery retailers and players to adhere to the Lottery Act and/or the agency's applicable rules; 4) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the agency; and 5) Natural disaster or other catastrophic event; and 6) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) Staff turnover; 3) The ability of the staff to react quickly and responsively to changes in the external factors; 4) Changes to the number and location of field claim center locations; 5) Organizational restructuring; and 6) Long-range business planning.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 2 Lottery Field Operations — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$7,914,256	$8,400,169	$485,913	$415,480	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$95,762	Increase for other operating expenses, including payroll contribution costs from reduced FY24 salary expenses due to vacancies.
			$(25,329)	Decrease in projected travel costs.
			$485,913	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 3 Product Development — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
1	Number of Newsletters Distributed to Retailers	232,025.00	237,552.00	240,828.00	244,164.00	247,572.00
2	Number of Retailer Visits	376,438.00	391,260.00	396,720.00	402,280.00	407,960.00
Efficiency Measures:						
KEY 1	Average Cost Per Survey Issued	0.10	0.09	0.09	0.09	0.09
Objects of Expense:						
1001	SALARIES AND WAGES	$2,731,201	$3,080,092	$3,342,551	$3,416,937	$3,416,937
1002	OTHER PERSONNEL COSTS	$140,714	$56,200	$55,880	$55,880	$55,880
2001	PROFESSIONAL FEES AND SERVICES	$0	$63,521	$19,745	$19,745	$19,745
2002	FUELS AND LUBRICANTS	$0	$0	$0	$0	$0
2003	CONSUMABLE SUPPLIES	$6,081	$3,170	$3,170	$3,170	$3,170
2004	UTILITIES	$191	$280	$280	$280	$280
2005	TRAVEL	$70,324	$75,686	$59,800	$59,800	$59,800
2006	RENT - BUILDING	$3,718,648	$1,846,841	$1,685,125	$1,685,125	$1,685,125
2007	RENT - MACHINE AND OTHER	$1,040	$1,175	$1,175	$1,175	$1,175
2009	OTHER OPERATING EXPENSE	$849,493	$1,372,032	$1,086,100	$1,415,423	$1,393,889
4000	GRANTS	$0	$0	$0	$0	$0
5000	CAPITAL EXPENDITURES	$0	$0	$0	$0	$0

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 3 Product Development — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
TOTAL, OBJECT OF EXPENSE		**$7,517,692**	**$6,498,997**	**$6,253,826**	**$6,657,535**	**$6,636,001**
Method of Financing:						
5025	Lottery Acct	$7,517,692	$6,498,997	$6,253,826	$6,657,535	$6,636,001
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$7,517,692**	**$6,498,997**	**$6,253,826**	**$6,657,535**	**$6,636,001**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$6,657,535**	**$6,636,001**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$7,517,692**	**$6,498,997**	**$6,253,826**	**$6,657,535**	**$6,636,001**
FULL TIME EQUIVALENT POSITIONS:		**32.3**	**33.4**	**34.5**	**34.5**	**34.5**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include lottery product development, as well as, promotional events and items, and sales enhancement efforts of the Texas Lottery Commission. Staff works with contracted vendors to determine the interests, opinions, awareness levels and purchase behaviors of adult Texans in order to facilitate the planning, development, and implementation of effective and entertaining scratch ticket games. Other activities include introducing lottery products to adult Texans across the State of Texas; educating players and providing opportunities to learn about lottery products and responsible gaming; communicating game information, marketing ideas, responsible gaming and operational information to Lottery retailers.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 3 Product Development — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The general impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the agency; 2) The willingness of the general public to learn about and participate in lottery games; 3) The number of licensed retailers and the desire of new retailers to obtain Lottery sales agent licenses; 4) Natural disaster or other catastrophic event; and 5) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) The effective dissemination of information within the agency and to the general public; 3) Organizational restructuring; 4) Staff turnover; 5) Long-range business planning; and 6) Development of emerging technologies and product lines.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 3 Product Development — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$12,752,823	$13,293,536	$540,713	$410,911	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$351,180	Increase for Products contracts and for payroll contributions costs impacted by FY24 vacancies.
			$(161,716)	Cost savings from expiring products event contracts.
			$(59,662)	Net savings in temporary contract services and travel.
			$540,713	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 4 Security — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
1	Number of Lottery Investigations Initiated	2,116.00	1,750.00	1,750.00	1,750.00	1,750.00
2	Number of Lottery Investigations Completed	1,544.00	1,400.00	1,500.00	1,500.00	150.00
3	Number of Lottery Background Investigations Completed	578.00	420.00	400.00	450.00	400.00
Efficiency Measures:						
1	Average Time to Complete Investigations (Days)	23.60	45.00	45.00	45.00	45.00
2	Average Cost Per Complete Investigation	427.62	500.00	500.00	500.00	500.00
3	Average Time to Complete Lottery Background Investigations (Days)	14.64	30.00	30.00	30.00	30.00
Objects of Expense:						
1001	SALARIES AND WAGES	$2,762,557	$3,305,446	$3,578,652	$3,658,293	$3,658,293
1002	OTHER PERSONNEL COSTS	$82,742	$47,720	$52,700	$52,700	$52,700
2001	PROFESSIONAL FEES AND SERVICES	$1,186,352	$1,497,358	$1,305,095	$1,602,016	$1,082,016
2002	FUELS AND LUBRICANTS	$0	$0	$0	$0	$0
2003	CONSUMABLE SUPPLIES	$5,939	$7,250	$9,925	$9,925	$9,925
2004	UTILITIES	$0	$0	$0	$0	$0
2005	TRAVEL	$62,509	$72,391	$71,020	$71,020	$71,020
2006	RENT - BUILDING	$0	$0	$0	$0	$0

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 4 Security — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
2007	RENT - MACHINE AND OTHER	$224,007	$275,012	$275,900	$275,900	$275,900
2009	OTHER OPERATING EXPENSE	$421,699	$420,405	$420,470	$481,307	$482,341
4000	GRANTS	$0	$0	$0	$0	$0
5000	CAPITAL EXPENDITURES	$120,668	$129,809	$170,191	$700,000	$550,000
TOTAL, OBJECT OF EXPENSE		**$4,866,473**	**$5,755,391**	**$5,883,953**	**$6,851,161**	**$6,182,195**
Method of Financing:						
5025	Lottery Acct	$4,866,473	$5,755,391	$5,883,953	$6,851,161	$6,182,195
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$4,866,473**	**$5,755,391**	**$5,883,953**	**$6,851,161**	**$6,182,195**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$6,851,161**	**$6,182,195**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$4,866,473**	**$5,755,391**	**$5,883,953**	**$6,851,161**	**$6,182,195**
FULL TIME EQUIVALENT POSITIONS:		**38.1**	**44.0**	**44.1**	**44.1**	**44.1**

STRATEGY DESCRIPTION AND JUSTIFICATION:

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 4 Security — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

Activities relating to this strategy include protecting and maintaining the security and integrity of lottery games, systems and drawings, assures the physical security of all commission operating sites, and investigates possible regulatory and criminal violations related to both lottery and bingo. Investigate complaints, conduct background investigations on prospective employees, applicants of licenses under the State Lottery Act and Bingo Enabling Act and Texas Lottery vendors. Investigators also act as liaison with local law enforcement agencies.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, Texas Occupations Code Chapter 2001, and Texas Constitution Article III, Section 47 (b), (c), and (e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the Lottery and/or the regulation and administration of charitable bingo; 2) Other types of gaming; 3) Natural disaster or other catastrophic event; and 4) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) The ability of the staff to react quickly and responsively to changes in the external factors; 3) New lottery games and variations to existing games; 4) Changes in or elimination of contracted services; 5) Organizational restructuring; 6) Staff turnover; 7) Long-range business planning; and 8) Changes to the agency's policies, procedures, rules or regulations.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 4 Security — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$11,639,344	$13,033,356	$1,394,012	$437,468	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$475,000	Increase for expenditures for servers and technology equipment to support drawings studio.
			$126,336	Increases of various operating expenses including payroll contribution costs from reduced FY24 salary expenses due to vacancies, increased costs in consumables and security monitoring contract.
			$(119,792)	Adjustments for security related contracts and travel savings.
			$475,000	Increase in expenditures for refresh of drawings equipment per equipment life cycle.
			$1,394,012	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 5 Central Administration — Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Objects of Expense:						
1001	SALARIES AND WAGES	$9,266,727	$10,398,326	$11,065,394	$11,311,647	$11,311,647
1002	OTHER PERSONNEL COSTS	$433,592	$157,480	$149,280	$149,280	$149,280
2001	PROFESSIONAL FEES AND SERVICES	$1,933,227	$2,353,991	$2,379,961	$2,529,961	$2,529,961
2003	CONSUMABLE SUPPLIES	$1,434	$5,000	$5,000	$5,000	$5,000
2004	UTILITIES	$128,543	$183,574	$204,504	$204,504	$204,504
2005	TRAVEL	$55,328	$130,181	$147,600	$147,600	$147,600
2006	RENT - BUILDING	$7,705	$11,000	$11,110	$11,110	$11,110
2007	RENT - MACHINE AND OTHER	$662,976	$462,192	$462,192	$562,192	$562,192
2009	OTHER OPERATING EXPENSE	$1,236,497	$1,585,099	$1,832,032	$2,220,564	$2,223,762
TOTAL, OBJECT OF EXPENSE		**$13,726,029**	**$15,286,843**	**$16,257,073**	**$17,141,858**	**$17,145,056**
Method of Financing:						
5025	Lottery Acct	$13,726,029	$15,286,843	$16,257,073	$17,141,858	$17,145,056
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$13,726,029**	**$15,286,843**	**$16,257,073**	**$17,141,858**	**$17,145,056**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 5 Central Administration — Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$17,141,858**	**$17,145,056**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$13,726,029**	**$15,286,843**	**$16,257,073**	**$17,141,858**	**$17,145,056**
FULL TIME EQUIVALENT POSITIONS:		**96.8**	**102.0**	**101.4**	**101.4**	**101.4**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include the executive and support functions of the Texas Lottery Commission through executive management, financial services, information technology, legal services, governmental affairs, human resources, and internal audit.

The primary functions carried out through this strategy are agency management, providing legal advice, counsel and assistance to agency staff and Commissioners; responding to open records request; agency records management; media relations; and providing human resources support to staff and employment recruitment. Additional functions include operation and maintenance of the agency's information technology infrastructure; financial services, and acting as liaison with the Texas Legislature and other governmental entities.

The Internal Audit function is outsourced to an independent contractor and is responsible for identifying, assessing, and monitoring internal controls to minimize risk exposure of the agency's operations to ensure the security and integrity of the games.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, Texas Occupations Code Chapter 2001, and Texas Constitution Article III, Section 47 (b), (c), and (e).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 5 Central Administration — Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) Changes to the agency's enabling statutes and other applicable laws; 2) The level of lottery ticket sales and revenues to the state; 3) The number of lottery players and prize winners; 4) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the lottery and/or the regulation and administration of charitable bingo; 5) Technology developments which require changes to the agency's information technology infrastructure; and 6) Lottery industry advances that change the competitive market climate.

Internal factors impacting this strategy include 1) Long-range business planning; 2) The efficient alignment of agency resources; 3) The effective use of management information systems supporting the agency; 4) Organizational restructuring; and 5) Requests for support services from other areas of the agency and from the general public.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 5 Central Administration — Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$31,543,916	$34,286,914	$2,742,998	$1,151,374	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$325,970	Increases for IT staff augmentation costs.
			$350,000	Increases in software licenses and related costs.
			$465,654	Increases in travel costs, utility expenditures, storage lease and other operationg costs including payroll contributions from FY24 salary reductions due to vacancies.
			$450,000	Increases in equipment lease contracts and computer peripheral costs.
			$2,742,998	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 6 Lottery Operator Contract(s). Estimated and Nontransferable. — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	$177,372,746	$169,270,218	$155,790,537	$153,562,969	$154,420,000
TOTAL, OBJECT OF EXPENSE		**$177,372,746**	**$169,270,218**	**$155,790,537**	**$153,562,969**	**$154,420,000**
Method of Financing:						
5025	Lottery Acct	$177,372,746	$169,270,218	$155,790,537	$153,562,969	$154,420,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$177,372,746**	**$169,270,218**	**$155,790,537**	**$153,562,969**	**$154,420,000**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$153,562,969**	**$154,420,000**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$177,372,746**	**$169,270,218**	**$155,790,537**	**$153,562,969**	**$154,420,000**
FULL TIME EQUIVALENT POSITIONS:						

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting lottery gaming and management system operations, telecommunications and terminal/hardware network, field sales and business development staff, market research and promotion, scratch ticket warehousing, ordering and distribution and retailer hotline technical support.

The statutory and constitutional provisions authorizing this strategy are Texas Gov’t Code 466 and 467, and Texas Constitution Article III, Section 47(e).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 6 Lottery Operator Contract(s). Estimated and Nontransferable. — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; 2) Changes to the agency's enabling statutes and other applicable laws; 3) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the agency; 4) The sales level of lottery tickets; and 5) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) The ability of the agency to monitor and enforce the requirements of the Lottery Operator contract; and 3) The ability of the staff to react quickly and responsively to changes in the external factors.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$325,060,755	$307,982,969	$(17,077,786)	$(17,077,786)	Appropriation based on estimated lottery sales. FY24-25 projected sales are higher than projected sales for FY26-27. FY25 has a reduced contract reimbursement rate.
			$(17,077,786)	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 7 Scratch Ticket Production and Services Contract(s). — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	$56,617,906	$72,589,133	$97,062,279	$86,696,500	$86,696,500
TOTAL, OBJECT OF EXPENSE		**$56,617,906**	**$72,589,133**	**$97,062,279**	**$86,696,500**	**$86,696,500**
Method of Financing:						
5025	Lottery Acct	$56,617,906	$72,589,133	$97,062,279	$86,696,500	$86,696,500
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$56,617,906**	**$72,589,133**	**$97,062,279**	**$86,696,500**	**$86,696,500**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$86,696,500**	**$86,696,500**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$56,617,906**	**$72,589,133**	**$97,062,279**	**$86,696,500**	**$86,696,500**

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for scratch ticket development and manufacturing services through a scratch ticket vendor(s). Other services under this contract include production of coupons, second chance drawing programs, provision of branded/licensed/proprietary scratch products and related services (including associated marketing and game promotion support packages, drawings and prize fulfillment), and sales performance analysis related to scratch ticket products.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 7 Scratch Ticket Production and Services Contract(s). — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; 2) Changes to the agency's enabling statutes and other applicable laws; 3) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery; 4) The sales level of lottery tickets; and 5) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient alignment of agency resources; 2) The ability of the agency to monitor and enforce the requirements of the contract; and 3) The ability of the staff to react quickly and responsively to changes in the external factors.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$169,651,412	$173,393,000	$3,741,588	$3,741,588	Increase attributed to scratch ticket printing required to support increased produce demand and associated increase in scratch ticket product sales and revenue realized over last biennium.
			$3,741,588	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 8 Promote Lottery Games Contract(s) — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
KEY 1	Billboard Expenditures from Promote Lottery Games (Millions)	6.67	6.19	6.42	6.42	6.42
KEY 2	Other Promotion Expenditures from Promote Lottery Games (Millions)	3.50	3.81	3.58	3.58	3.58
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	$10,169,831	$10,000,000	$10,000,000	$10,000,000	$10,000,000
TOTAL, OBJECT OF EXPENSE		**$10,169,831**	**$10,000,000**	**$10,000,000**	**$10,000,000**	**$10,000,000**
Method of Financing:						
5025	Lottery Acct	$10,169,831	$10,000,000	$10,000,000	$10,000,000	$10,000,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$10,169,831**	**$10,000,000**	**$10,000,000**	**$10,000,000**	**$10,000,000**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$10,000,000**	**$10,000,000**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$10,169,831**	**$10,000,000**	**$10,000,000**	**$10,000,000**	**$10,000,000**
FULL TIME EQUIVALENT POSITIONS:						

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery			
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	8	Promote Lottery Games Contract(s)	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for the media planning, buying and placement of radio, digital, social, experiential, print, and billboard promotion of lottery games, as well as billboard production across the State of Texas. The promote lottery games vendor(s) support the Texas Lottery in achieving the following goals: Enhancing the marketing effectiveness of the Texas Lottery; effectively reaching and educating the public to increase sales and enhance the awareness of Texas Lottery games.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; 2) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery; 3) The confidence of the general public in the lottery games; 4) The expansion of media communication vehicles (which has made it more difficult to reach large groups of the general public); and 5) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient alignment of agency resources; 2) The ability of the agency to monitor and enforce the requirements of the contract; 3) The ability of the staff to react quickly and responsively to changes in the external factors; and 4) the effective dissemination of information within the agency and to the general public.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 8 Promote Lottery Games Contract(s) — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$20,000,000	$20,000,000	$0		
			$0	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 9 Drawing and Broadcast Services Contract(s) — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	$2,255,918	$2,260,725	$2,260,725	$2,260,725	$2,260,725
TOTAL, OBJECT OF EXPENSE		**$2,255,918**	**$2,260,725**	**$2,260,725**	**$2,260,725**	**$2,260,725**
Method of Financing:						
5025	Lottery Acct	$2,255,918	$2,260,725	$2,260,725	$2,260,725	$2,260,725
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$2,255,918**	**$2,260,725**	**$2,260,725**	**$2,260,725**	**$2,260,725**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$2,260,725**	**$2,260,725**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$2,255,918**	**$2,260,725**	**$2,260,725**	**$2,260,725**	**$2,260,725**

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 9 Drawing and Broadcast Services Contract(s) — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

Activities relating to this strategy include contracting for the conduct of the broadcast and production of all Texas draw game drawings. Drawing and broadcast services vendors provide broadcast television production, webcast services (live and archived drawings) and satellite transmission services for the broadcast of Texas Lottery. The broadcast drawings for all Texas draw games are held in a secure drawings studio located at the Texas Lottery's headquarters. The drawings are held in accordance with the State Lottery Act and applicable administrative rules and procedures.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; and 2) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery.

Internal factors impacting this strategy include: 1) New Lottery draw games and new variations of established games; 2) The potential automation of Lottery game drawings; 3) The ability of the agency to monitor and enforce the requirements of the contract; and 4) The ability of the staff to react quickly and responsively to changes in the external factors.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$4,521,450	$4,521,450	$0		
			$0	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 10 Retailer Bonus — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	$2,080,000	$2,010,000	$2,010,000	$2,512,500	$2,512,500
TOTAL, OBJECT OF EXPENSE		**$2,080,000**	**$2,010,000**	**$2,010,000**	**$2,512,500**	**$2,512,500**
Method of Financing:						
5025	Lottery Acct	$2,080,000	$2,010,000	$2,010,000	$2,512,500	$2,512,500
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$2,080,000**	**$2,010,000**	**$2,010,000**	**$2,512,500**	**$2,512,500**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$2,512,500**	**$2,512,500**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$2,080,000**	**$2,010,000**	**$2,010,000**	**$2,512,500**	**$2,512,500**

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include maximizing revenue to the State of Texas by providing lottery sales agents with incentive bonuses in accordance with Commission statutes, rules and procedures.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 10 Retailer Bonus — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of retailers that qualify for a bonus; 2) the value of the bonuses; and 3) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery.

Internal factors impacting this strategy include: 1) The efficient alignment of agency resources.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$4,020,000	$5,025,000	$1,005,000	$1,005,000	Projected increases from upcoming multi-jurisdictional draw game changes.
			$1,005,000	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 11 Retailer Commissions. Estimated and Nontransferable. — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	$27,972,600	$30,962,626	$39,165,000	$38,605,000	$38,605,000
TOTAL, OBJECT OF EXPENSE		**$27,972,600**	**$30,962,626**	**$39,165,000**	**$38,605,000**	**$38,605,000**
Method of Financing:						
5025	Lottery Acct	$27,972,600	$30,962,626	$39,165,000	$38,605,000	$38,605,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		**$27,972,600**	**$30,962,626**	**$39,165,000**	**$38,605,000**	**$38,605,000**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$38,605,000**	**$38,605,000**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$27,972,600**	**$30,962,626**	**$39,165,000**	**$38,605,000**	**$38,605,000**

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities of this strategy relate to the implementation of a retailer sales performance incentive program.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales — Service Categories:

STRATEGY: 11 Retailer Commissions. Estimated and Nontransferable. — Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of retailers that qualify for an incentive; 2) the value of the incentives; and 3) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery.

Internal factors impacting this strategy include: 1) The efficient alignment of agency resources.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$70,127,626	$77,210,000	$7,082,374	$7,082,374	Appropriation based on estimated lottery sales. FY24 incentives impacted by system upgrades which reduced the number of programs. FY25-27 returning to a normal program schedule.
			$7,082,374	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 1 Determine Eligibility and Process Applications — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
KEY 1	Number of Licenses Issued	9,207.00	13,000.00	13,000.00	13,000.00	13,000.00
2	Number of Applications Processed	6,389.00	6,600.00	6,600.00	6,600.00	6,600.00
3	Number of Worker Registry Applications Approved	2,733.00	2,600.00	2,600.00	2,600.00	2,600.00
Efficiency Measures:						
1	Average Bingo License (New) Processing Time (Days)	92.23	75.00	75.00	75.00	75.00
2	Average Bingo License (Renewal) Processing Time (Days)	29.84	25.00	25.00	25.00	25.00
3	Average Cost Per Application Processed	23.84	25.00	35.00	35.00	35.00
4	Average Bingo Worker Registry Application Processing Time (Days)	8.31	9.00	9.00	9.00	9.00
Explanatory/Input Measures:						
1	Number of Annual License Holders	1,357.00	1,383.00	1,300.00	1,300.00	1,300.00
2	Number of Annual Workers Registrants	8,922.00	8,900.00	8,800.00	8,800.00	8,800.00
Objects of Expense:						
1001	SALARIES AND WAGES	$348,474	$401,248	$441,728	$441,728	$441,728
1002	OTHER PERSONNEL COSTS	$8,862	$8,120	$8,660	$8,660	$8,660
2001	PROFESSIONAL FEES AND SERVICES	$87,674	$86,335	$100,627	$100,627	$100,627
2003	CONSUMABLE SUPPLIES	$0	$500	$500	$500	$500

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 1 Determine Eligibility and Process Applications — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
2004	UTILITIES	$456	$456	$1,082	$1,082	$1,082
2005	TRAVEL	$0	$6,250	$6,250	$6,250	$6,250
2007	RENT - MACHINE AND OTHER	$29,637	$16,276	$16,099	$16,099	$16,099
2009	OTHER OPERATING EXPENSE	$8,603	$167,088	$105,700	$105,700	$105,700
5000	CAPITAL EXPENDITURES	$0	$5,196	$0	$0	$0
TOTAL, OBJECT OF EXPENSE		**$483,706**	**$691,469**	**$680,646**	**$680,646**	**$680,646**
Method of Financing:						
1	General Revenue Fund	$483,706	$691,469	$680,646	$680,646	$680,646
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$483,706**	**$691,469**	**$680,646**	**$680,646**	**$680,646**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$680,646**	**$680,646**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$483,706**	**$691,469**	**$680,646**	**$680,646**	**$680,646**
FULL TIME EQUIVALENT POSITIONS:		**4.8**	**5.0**	**5.0**	**5.0**	**5.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

362 Texas Lottery Commission

GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully			
OBJECTIVE:	1	Curtail Violations of Bingo Laws/Rules	Service Categories:		
STRATEGY:	1	Determine Eligibility and Process Applications	Service: 17	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

Activities relating to this strategy include reviewing license applications and worker registrations to determine the eligibility of applicants by providing current and prospective licensees and workers streamlined applications, clear instructions, and the option to complete multiple applications electronically.

This strategy promotes communication and cooperation between licensees and registered workers and the Charitable Bingo Operations Division (CBOD) so that qualified applicants, licensees and registered workers are well versed on the Act and Charitable Bingo Administrative Rules (Rules) requirements. Communications with bingo licensees, registered workers and applicants will continue to improve with the efficient utilization of planned technologies.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of licensed individuals and organizations; 2) The number of applications submitted by individuals and organizations; 3) The number of individuals seeking to be placed on the Registry of Approved Bingo Workers; 4) The ability and willingness of applicants, licensees and registered workers to cooperate with the licensing and registry process; 5) The willingness of applicants and licensees to utilize the website for information. 6) Changes to the Act; and 7) The impact of judicial decisions and legislative enactment as they relate to or impact the regulation and administration of charitable bingo.

Internal factors impacting this strategy include: 1) The CBOD's operating system; 2) The ability to disseminate information to applicants, licensees and registered workers; 3) The capability for applicants to apply on-line; and 4) available staff resources.

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 1 Determine Eligibility and Process Applications — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$1,372,115	$1,361,292	$(10,823)	$41,020	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$14,918	Increase to web hosting, criminal history check contracts and telecommunication expenses
			$(66,761)	Net savings in lease costs, one-time equipment purchase and various operating expenses.
			$(10,823)	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
1	Number of Individuals Receiving Education	704.00	725.00	660.00	660.00	660.00
Objects of Expense:						
1001	SALARIES AND WAGES	$58,804	$94,095	$106,762	$106,762	$106,762
1002	OTHER PERSONNEL COSTS	$12,617	$0	$0	$0	$0
2001	PROFESSIONAL FEES AND SERVICES	$4,214	$4,214	$4,825	$4,825	$4,825
2009	OTHER OPERATING EXPENSE	$1,606	$5,093	$3,341	$3,341	$3,341
TOTAL, OBJECT OF EXPENSE		**$77,241**	**$103,402**	**$114,928**	**$114,928**	**$114,928**
Method of Financing:						
1	General Revenue Fund	$77,241	$103,402	$114,928	$114,928	$114,928
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$77,241**	**$103,402**	**$114,928**	**$114,928**	**$114,928**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$114,928**	**$114,928**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$77,241**	**$103,402**	**$114,928**	**$114,928**	**$114,928**
FULL TIME EQUIVALENT POSITIONS:		**1.2**	**2.0**	**2.0**	**2.0**	**2.0**

362 Texas Lottery Commission

GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully			
OBJECTIVE:	1	Curtail Violations of Bingo Laws/Rules	Service Categories:		
STRATEGY:	2	Provide Education and Training for Bingo Regulatory Requirements	Service: 17	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include providing education and training to all licensed organizations, individuals and bingo workers that conduct charitable bingo activities, lease bingo premises, manufacture or distribute bingo equipment, or are listed on the Registry of Approved Bingo Workers by educating applicants, licensees and workers on the requirements of the Bingo Enabling Act and the Charitable Bingo Administrative Rules.

The Charitable Bingo Operations Division (CBOD) educates applicants and licensees on requirements of the Bingo Enabling Act (Act) and Charitable Bingo Administrative Rules (Rules). CBOD uses instructor-led seminars and on-line version of the Operator Training Program. The online version is available seven days a week to any party with access to a computer. Operator training provides easy to understand details on licensing requirements, record keeping requirements, up to date information on changes in the Act or Rules, conducting bingo, administering, operating bingo and promoting bingo.

CBOD publishes informational newsletters, such as the Bingo Bulletin, and maintains the Charitable Bingo website containing relevant information relating to regulatory requirements. These activities contribute to the education and development of licensees.

The education and development of licensees will continue to expand and improve with the implementation of this strategy.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

External factors impacting this strategy include: 1) The number of licensed individuals and organizations; 2) The willingness of applicants and licensees to utilize the wide variety of training programs offered; 3) The impact of judicial decisions and legislative enactments as they relate to or impact the regulation and administration of charitable bingo; and 4) Changes to the Act or Rules.

Internal factors impacting this strategy include: 1) The CBOD's operating system; 2) the effectiveness of the Operator Training Program and other educational efforts; and 3) available staff resources.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$218,330	$229,856	$11,526	$12,667	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$611	Increase in web hosting contract.
			$(1,752)	Decreases in various operating expenses.
			$11,526	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 3 Bingo Law Compliance Field Operations — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
	1 Number of Inspections Conducted	263.00	210.00	210.00	210.00	210.00
	2 Number of Bingo Audits and Reviews Completed	138.00	130.00	130.00	130.00	130.00
KEY	3 Number of Bingo Complaints Investigations Completed	139.00	120.00	120.00	120.00	120.00
	4 $ Amt of Adjustments to Charitable Distributions by Audit & Inspection	70.00	750.00	750.00	750.00	750.00
	5 Number of Bingo Background Investigations Completed	116.00	140.00	120.00	120.00	120.00
Efficiency Measures:						
	1 Average Time for Bingo Complaint Investigation Completion (Days)	50.22	50.00	50.00	50.00	50.00
	2 Average Cost Per Bingo Complaint Investigation Completed	327.73	355.00	370.00	370.00	370.00
	3 Average Time to Conduct Compliance Audit and Review (Hours)	68.52	75.00	75.00	75.00	75.00
	4 Average Time to Complete Bingo Background Investigations (Days)	24.12	30.00	30.00	30.00	30.00
	5 Average Cost per Bingo Audit and Review Completed	1,998.20	2,300.00	2,300.00	2,300.00	2,300.00
Objects of Expense:						
1001	SALARIES AND WAGES	$888,232	$1,176,418	$1,305,623	$1,353,478	$1,353,478

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GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 3 Bingo Law Compliance Field Operations — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
1002	OTHER PERSONNEL COSTS	$33,037	$24,120	$25,720	$25,720	$25,720
2003	CONSUMABLE SUPPLIES	$0	$500	$500	$500	$500
2004	UTILITIES	$0	$0	$626	$626	$626
2005	TRAVEL	$19,998	$35,500	$35,500	$35,500	$35,500
2009	OTHER OPERATING EXPENSE	$41,781	$167,568	$134,890	$90,155	$90,155
TOTAL, OBJECT OF EXPENSE		**$983,048**	**$1,404,106**	**$1,502,859**	**$1,505,979**	**$1,505,979**
Method of Financing:						
1	General Revenue Fund	$983,048	$1,404,106	$1,502,859	$1,505,979	$1,505,979
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$983,048**	**$1,404,106**	**$1,502,859**	**$1,505,979**	**$1,505,979**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$1,505,979**	**$1,505,979**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$983,048**	**$1,404,106**	**$1,502,859**	**$1,505,979**	**$1,505,979**
FULL TIME EQUIVALENT POSITIONS:		**14.2**	**19.0**	**19.0**	**19.0**	**19.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 3 Bingo Law Compliance Field Operations — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

Activities relating to this strategy include regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). Utilizing a system of enforcement including conducting inspections, reviews, audits, and complaint investigations, the Charitable Bingo Operations Division (CBOD) supervises bingo conducted in this state so that the games are fairly conducted and the proceeds derived from bingo are used for charitable purposes.

The Audit Services Department is responsible for evaluating compliance with bingo laws and can recommend administrative disciplinary action as appropriate. Administrative actions will occur as violations are detected and appropriate Commission Orders are issued for acts of non-compliance.

The Audit Services Department is also responsible for performing testing on bingo products for use in the state of Texas.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of licensed individuals and organizations; 2) The willingness of licensees to cooperate with the audit process; 3) The level of licensee compliance with the Bingo Enabling Act and Administrative Rules, 4) The impact of judicial decisions and legislative enactments as they relate to or impact the regulation and administration of charitable bingo; and 5) Changes to the Act or Rules.

Internal factors impacting this strategy include: 1) The CBOD's operating system; 2) The effectiveness of the auditor training program, and 3) available staff resources.

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GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 3 Bingo Law Compliance Field Operations — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$2,906,965	$3,011,958	$104,993	$226,515	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$(122,148)	Decreases in various operating expenses.
			$626	Increase in telecommunication expenses
			$104,993	**Total of Explanation of Biennial Change**

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 4 Bingo Prize Fee Collections and Accounting — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
Output Measures:						
1	Percentage of Licensees Who Fail to Pay	10.50 %	8.00 %	8.00 %	8.00 %	8.00 %
2	Number of Bingo Reports Processed	5,174.00	4,900.00	4,900.00	4,900.00	4,900.00
Objects of Expense:						
1001	SALARIES AND WAGES	$231,336	$248,061	$265,646	$265,646	$265,646
1002	OTHER PERSONNEL COSTS	$4,080	$4,480	$5,040	$5,040	$5,040
2001	PROFESSIONAL FEES AND SERVICES	$0	$20,613	$0	$0	$0
2003	CONSUMABLE SUPPLIES	$0	$300	$300	$300	$300
2009	OTHER OPERATING EXPENSE	$5,411	$34,724	$27,206	$27,206	$27,206
TOTAL, OBJECT OF EXPENSE		**$240,827**	**$308,178**	**$298,192**	**$298,192**	**$298,192**
Method of Financing:						
1	General Revenue Fund	$240,827	$308,178	$298,192	$298,192	$298,192
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$240,827**	**$308,178**	**$298,192**	**$298,192**	**$298,192**

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 4 Bingo Prize Fee Collections and Accounting — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$298,192**	**$298,192**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$240,827**	**$308,178**	**$298,192**	**$298,192**	**$298,192**
FULL TIME EQUIVALENT POSITIONS:		**4.0**	**4.0**	**4.0**	**4.0**	**4.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include assisting licensees with the filing of quarterly reports, reviewing filed reports for completeness, managing their financial data and analyzing the data reported by licensed bingo conductors that fail to report positive net proceeds on their quarterly reports to help them review their charitable bingo operations.

To assist with the efficient and timely filing of quarterly reports, current licensees are provided with the capability to complete and submit reports electronically. This is another CBOD initiative to encourage voluntary compliance with bingo licensing requirements.

Compliance with reporting requirements of the Act and Charitable Bingo Administrative Rules (Rules) is determined with this strategy. When necessary, CBOD uses an automated system to notify licensees of non-compliance of regulatory matters in a timely manner.

This strategy supports the effectiveness of the CBOD in processing quarterly prize fees and quarterly reports and maximizing interest to the state.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules — Service Categories:

STRATEGY: 4 Bingo Prize Fee Collections and Accounting — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of licensed organizations; 2) The number of licensees timely filing and remitting the applicable prize fee due; 3) The number of licensees utilizing electronic filing; 4) The impact of judicial decisions and legislative enactments as they relate to or impact the regulation and administration of charitable bingo; and 5) The ability of licensees to correctly report their bingo activities.

Internal factors impacting this strategy include: 1) The CBOD's operating system; 2) the effectiveness of the delinquent taxpayer contact program, and 3) available staff resources.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$606,370	$596,384	$(9,986)	$18,145	FY24 salary expenses reflect reduction due to vacancy savings. FY26-27 includes increases for biennialized salary adjustments in the base limits.
			$(20,613)	Savings from one-time temporary staffing contract.
			$(7,518)	Decreases in various operating expense savings.
			$(9,986)	**Total of Explanation of Biennial Change**

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**
METHODS OF FINANCE (INCLUDING RIDERS):				**$336,379,993**	**$336,701,681**
METHODS OF FINANCE (EXCLUDING RIDERS):	**$311,568,010**	**$325,648,492**	**$346,219,731**	**$336,379,993**	**$336,701,681**
FULL TIME EQUIVALENT POSITIONS:	**288.8**	**321.5**	**321.5**	**321.5**	**321.5**

3.B. Rider Revisions and Additions Request

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:
362	Texas Lottery Commission	Sergio Rey	08/30/2024	Base

Current Rider Number	Page Number in 2024-25 GAA	Proposed Rider Language
2	VII-10	**2. Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for "Lease Payments to the Master Equipment Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code Section 1232.103. ~~2024~~ 2026 ~~2025~~ 2027 ~~a. Acquisition of Capital Equipment and Items~~ ~~(1) Capitalized Lottery Drawing Equipment $300,000 $0~~ ~~b.~~ a. Data Center/Shared Technology Services (1) Data Center Services ~~$215,120~~ $220,490 ~~$215,120~~ $220,490 Total, Capital Budget ~~$515,120~~ $220,490 ~~$515,120~~ $220,490 Method of Financing (Capital Budget): GR Dedicated - Lottery Account No. 5025 ~~$515,120~~ $220,490 ~~$515,120~~ $220,490 Total, Method of Financing ~~$515,120~~ $220,490 ~~$515,120~~ $220,490
3	VII-10	**3. Operate Lottery.** Pursuant to Government Code, Chapter 466, appropriations made to Goal A, Operate Lottery, shall not exceed twelve percent of the gross revenue from the sale of lottery tickets. This appropriation shall be used for the administration of the lottery and for retailer commissions. *The Commission is not requesting any revisions to this Rider.*
4	VII-10	**4. Appropriation: Payment of Prizes.** In addition to the amounts appropriated above for the administration of the lottery and retailer commissions, there is appropriated pursuant to Government Code, Chapter 466, out of the State Lottery Account in the General Revenue Fund, sufficient funds for the payment of prizes to the holders of winning tickets.

Current Rider Number	Page Number in 2024-25 GAA	Proposed Rider Language
		The Commission is not requesting any revisions to this Rider.
5	**VII-10**	**5. Limitation: Pooled Reserve Fund.** Pursuant to Government Code, Chapter 466, the Executive Director of the Texas Lottery Commission shall maintain balances in a pooled reserve fund to cover the potential loss of state revenue as a result of lottery retailer defaults. The Executive Director of the Texas Lottery Commission shall transfer all pooled reserve fund revenues and balances that exceed $5 million to the Foundation School Fund No. 193 monthly. *The Commission is not requesting any revisions to this Rider.*
6	**VII-10**	**6. Appropriations Limited to Revenue Collections.** Fees, fines, and other miscellaneous revenues as authorized and generated by the operation of charity bingo pursuant to Occupations Code, Chapter 2001 shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal B, Enforce Bingo Laws, as well as the "other direct and indirect costs" made elsewhere in this Act associated with this goal. Direct costs for the strategy items in Goal B, Enforce Bingo Laws are estimated to be ~~$2,419,590~~ xxxxx in fiscal year ~~2024~~ 2026 and ~~$2,419,591~~ xxxxx in fiscal year ~~2025~~ 2027 and "other direct and indirect costs" for Goal B, Enforce Bingo Laws, are estimated to be ~~$688,581~~ xxxxx for fiscal year ~~2024~~ 2026 and ~~$693,616~~ xxxxx for fiscal year ~~2025~~ 2027. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available. *This rider revision is requested to reflect updated estimates of other direct and indirect costs for the FY 2026-2027 biennium. The amounts are to be provided by the Legislative Budget Board.*
7	**VII-11**	**7. Petty Cash Fund Authorized.** The Texas Lottery Commission is authorized to establish a petty cash fund to be used by Commission employees for the purchase of evidence and/or information and other expenses deemed necessary for agency security and enforcement activities, including audits and expenses, incurred by auditing licensees, vendors, and other entities audited by Commission employees. The petty cash fund, not to exceed $1,500, may be maintained in cash or at a local bank and shall be subject to such rules and regulations as the executive director may recommend and the Commission may adopt. *The Commission is not requesting any revisions to this Rider.*

Current Rider Number	Page Number in 2024-25 GAA	Proposed Rider Language
8	**VII-11**	**8. Retailer Commissions.** a. Pursuant to Government Code, Chapter 466, an amount equal to 5 percent of gross sales shall be made available for the purpose of paying retailer commissions. b. The amounts included above in Strategy A.1.11, Retailer Commissions, include an estimated amount equal to one-half of one percent of gross sales each fiscal year that is in addition to the 5 percent retailer commission amount in subsection (a) above and may only be used for the purpose of paying sales performance retailer commissions. Any unobligated and unexpended balances of appropriations for the fiscal year ending August 31, ~~2024~~ 2026, are appropriated to the agency for the same purposes for the fiscal year beginning September 1, ~~2024~~ 2026. Prior to providing an additional retail commission above 5 percent of gross sales, the Texas Lottery Commission shall provide a report to the Governor and the Legislative Budget Board outlining the Texas Lottery Commission's plans to implement a retailer sales performance commission or similar sales performance incentive program and the projected benefits of the program to lottery ticket sales and state revenues. *This rider revision is requested to reflect updated fiscal years.*
9	**VII-11**	**9. Lottery Operator Contract.** The amounts included above in Strategy A.1.6, Lottery Operator Contract, are estimated appropriations out of the State Lottery Account in the General Revenue Fund and may only be used for payment of lottery operator contractual obligations. The estimated amount appropriated for fiscal year ~~2024~~ 2026 is an amount equal to ~~2.0331~~ 1.9889 percent of gross sales in fiscal year ~~2024~~ 2026; and the estimated amount appropriated in fiscal year ~~2025~~ 2027 is an amount equal to ~~1.9889~~ x.xxx percent of gross sales in fiscal year ~~2025~~ 2027. *This rider revision is requested to reflect updated fiscal years and revised contract rate for FY 2026-2027. The FY 2027 billing rate percentage rate will be determined in the new Lottery Operator Contract which is anticipated to be executed in Fiscal Year 2025.*
10	**VII-11**	**10. Appropriation of Increased Revenues.** In addition to the amounts appropriated above, there is appropriated out of the State Lottery Account in the General Revenue Fund, an amount equal to 1.49 percent of the amount by which gross sales exceed $~~7,833,000,000~~ $7,721,000,000 in fiscal year ~~2024~~ 2026 and the amount by which gross sales exceed $~~7,833,000,000~~ $7,721,000,000 in fiscal year ~~2025~~ 2027 for the purpose of fulfilling contractual obligations and other administrative costs in administration of the Lottery. Any unexpended balances remaining from this appropriation as of August 31, ~~2024~~ 2026, are appropriated for the same purposes for the fiscal year beginning September 1, ~~2024~~ 2026.

Current Rider Number	Page Number in 2024-25 GAA	Proposed Rider Language
		a. **Notification of Planned Use of Funds.** Prior to the use of the funds appropriated by this rider, the agency shall submit to the Legislative Budget Board a report, in a manner prescribed by the Legislative Budget Board, outlining the planned use of the funds. b. **Reporting Requirement on Use of Funds.** The agency shall submit to the Legislative Budget Board, by December 1 each fiscal year, a report, in a manner prescribed by the Legislative Budget Board, that includes the following information: (1) the amounts of the funds appropriated by this rider that were expended in the previous fiscal year and the purpose of the expenditures; and (2) the amount of the funds that were lapsed at the end of the previous fiscal year. *This rider revision is requested to reflect updated fiscal years.*
11	**VII-11**	**11. Scratch Ticket Game Closure.** The commission shall provide a semi-annual report on April 1and October 1 of each fiscal year, to the Legislative Budget Board detailing the number of scratch ticket games closed and the amount of time to end the sale of each game following closure. *The Commission is not requesting any revisions to this Rider.*
12	**VII-12**	**12. Sale of Lottery.** None of the funds appropriated above may be spent for the purpose of exploring, investigating, negotiating, calculating, or otherwise taking any action that would result in selling the Texas Lottery. *The Commission is not requesting any revisions to this Rider.*
13	**VII-12**	**13. Bingo Third Party Reimbursements.** Included in amounts appropriated above in Strategy B.1.3, Bingo Law Compliance Field Operations, is an estimated $60,000 in fiscal year ~~2024~~ 2026 and $60,000 in fiscal year ~~2025~~ 2027 from General Revenue collected from third party reimbursements by the Bingo division in accordance with Texas Occupations Code Sections 2001.205(b), 2001.209(b), and 2001.560(d). *This rider revision is requested to reflect updated fiscal years.*
14	**VII-12**	**14. Limitations on Transfers.** Notwithstanding Article IX, Section 14.01, Appropriation Transfers of this Act,

Current Rider Number	Page Number in 2024-25 GAA	Proposed Rider Language
		appropriations may not be transferred from Strategy A.1.7, Scratch Ticket Production Contract(s) to other strategies without prior written approval from the Legislative Budget Board. *The Commission is not requesting any revisions to this Rider.*
15	**VII-12**	**15. Notification Requirement.** The agency shall notify the Legislative Budget Board, in a manner prescribed by the board, at least 30 calendar days before any amendment or change order is executed on the Lottery Operator Contract. *The Commission is not requesting any revisions to this Rider.*
~~**16**~~	**VII-12**	~~16. **Lottery Sales by Phone**. It is the intent of the Legislature, pursuant to Government Code, Section 466.015, that the Executive Director of the Texas Lottery Commission shall not allow the order, purchase, or sale of lottery tickets by telephone including facilitating the sale of tickets via an application on a phone.~~ *The Commission requests this rider be removed and that the Legislature provide direction on whether courier service should be prohibited, regulated, or allowed without regulation. If the direction is for the Commission to prohibit or regulate courier service, the Commission recommends the Legislature provide express statutory authority to the Commission, as appropriate, in a duly enacted bill.*
16	**VII**	16. **Unexpended Balances within the Biennium.** Any unexpended and unobligated balances remaining as of August 31, 2026, out of appropriations made above in Strategies B.1.1, Bingo Licensing, B.1.2, Bingo Education and Development, B.1.3, Bingo Law Compliance Field Oper, and B.1.4, Bingo Prize Fee Collection & Acct are appropriated to the Texas Lottery Commission for the same purposes for fiscal year beginning September 1, 2026. *The Commission requests this rider to allow the agency the flexibility to fund Bingo operations within the biennium as appropriate.*

REQUEST FOR EXCEPTIONAL ITEMS

Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION			Excp 2026	Excp 2027
	Item Name:	Infrastructure Upgrades BOSS/BSP			
	Item Priority:	1			
	IT Component:	Yes			
	Anticipated Out-year Costs:	Yes			
	Involve Contracts > $50,000:	Yes			
	Includes Funding for the Following Strategy or Strategies:	01-01-05	Central Administration		
		02-01-01	Determine Eligibility and Process Applications		
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES			156,612	156,612
1002	OTHER PERSONNEL COSTS			783	783
2001	PROFESSIONAL FEES AND SERVICES			630,000	630,000
2003	CONSUMABLE SUPPLIES			300	300
2009	OTHER OPERATING EXPENSE			10,792	3,162
	TOTAL, OBJECT OF EXPENSE			**$798,487**	**$790,857**
METHOD OF FINANCING:					
1	General Revenue Fund			630,000	630,000
5025	Lottery Acct			168,487	160,857
	TOTAL, METHOD OF FINANCING			**$798,487**	**$790,857**
FULL-TIME EQUIVALENT POSITIONS (FTE):				1.00	1.00

DESCRIPTION / JUSTIFICATION:

The Bingo Operation Service System (BOSS) is the agency's charitable bingo licensing and accounting application, and the Bingo Service Portal (BSP) is the outward facing application used by license holders to track their licenses and payments, to submit applications and quarterly reports, and to make corresponding license fee and prize fee payments. Both systems have been in use since 2015. To meet the ongoing needs of the agency's Charitable Bingo Operations Division (CBOD) and to ensure continued systems and data availability, it is critical that the BOSS and BSP systems are upgraded and converted. In the Texas Lottery Commission's recent Sunset Report, the Sunset staff identified operational inefficiencies such as disjointed IT systems and poor data management and have recommended that the agency: prioritize IT updates and eliminate paper-based processes; and improve data practices, including data validation. To achieve this upgrade, the agency must procure IT services of requested full-time employee and two contract programmers to assist current dedicated IT staff with the conversion. This procurement would allow completion of all BOSS modules and BSP and would provide post-conversion programming support. Post-conversion support and ongoing maintenance would be provided by the requested full-time employee and the existing two IT programmers dedicated to supporting the CBOD.

The agency's Sunset Report further recommends evaluations and development of dashboards, data integration and customer-friendly enhancements to produce efficiencies and cost savings for the agency. The data integration will also require additional programming and revision of some of the agency's existing applications. This request

Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION	Excp 2026	Excp 2027

incorporates these recommendations.

EXTERNAL/INTERNAL FACTORS:

Survey Responses from Bingo Licensees indicated:
"The Bingo Service Portal (BSP) needs to be overhauled so that we can submit all types of license requests instead of just a few…Why can't all the forms we are required to submit be accessible for use on the BSP? It also makes individuals feel easier because it is a secure portal to submit sensitive social security information."
"Improve the BSP to enable the use of all submissions and communications on it."
"The portal is not user friendly. I have tried many times. Prefer to submit online but I am forced to [submit] by mail."
"The Portal is not user friendly at all. Old. Crashes."

PCLS TRACKING KEY:

N/A

DESCRIPTION OF IT COMPONENT INCLUDED IN EXCEPTIONAL ITEM:

The project involves the conversion of an end-of-life legacy platform to the current software development platform used at the agency. Upgrades to BOSS will also enhance reporting and analytics for the division in the regulation of Charitable Bingo as well as provide analytics for conducting Bingo audits.

For BSP, the project involves a redesign that will allow for additional online functionality for charitable bingo licensees in a more user-friendly environment. Upgrades to BSP will also reduce significant staff time spent processing many quarterly reports, license applications, and related payments that are currently filed in hard copy.

Currently, CBOD's internal system, BOSS has limited capabilities, causing staff to dedicate staff resources to manually processing significant amounts of paperwork. Existing IT staff have been working to convert BOSS but with limited IT staff dedicated to the effort, the conversion will take several years to complete. Additionally, the conversion of BSP will require some skills that the agency staff do not have at this time. This request would provide for staff augmentation of programmers with the skill set and the ability to transfer those skills to existing IT staff and the requested full-time programmer position requested.

IS THIS IT COMPONENT RELATED TO A NEW OR CURRENT PROJECT?

NEW

STATUS:

New Technology Request

OUTCOMES:

All technologies being requested will greatly improve operational efficiency and reduce the amount of labor currently required to perform tasks using manual processes and antiquated technologies.

OUTPUTS:

Increased data analytics, decreased mail expenses, additional reporting capabilities and enhanced ability to capture and report trend data. Elimination of legacy technology that is out-of-date and difficult to support will allow staff to use modern technology that is easier to support and enhance.

TYPE OF PROJECT

Customer Relationship Management (CRM)

Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION	Excp 2026	Excp 2027

ALTERNATIVE ANALYSIS

If not funded, the agency would continue to use legacy technology. Customer data received in non-electronic form will be manually entered by staff. Compliance and audit data are not interoperable and require extensive manual intervention to create reports. If partially funded, this effort could be scaled down and priority would be to update the legacy system to the current software development platform first and use any remaining funding to complete the improvements to the applications.

ESTIMATED IT COST

2024	2025	2026	2027	2028	2029	2030	Total Over Life of Project
$0	$0	$798,487	$790,857	$160,857	$160,857	$160,857	$2,071,915

SCALABILITY

2024	2025	2026	2027	2028	2029	2030	Total Over Life of Project
$0	$0	$0	$0	$0	$0	$0	$0

FTE

2024	2025	2026	2027	2028	2029	2030
0.0	0.0	1.0	1.0	1.0	1.0	1.0

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

This request would result in baseline budget growth for annual maintenance, system upgrades and staffing to ensure the system is maintained and current with the latest technologies.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2028	2029	2030
$160,857	$160,857	$160,857

APPROXIMATE PERCENTAGE OF EXCEPTIONAL ITEM : 100.00%

CONTRACT DESCRIPTION :

Contracts for this request includes the procurement of staff augmentation of two programmers through the Texas Department of Information Resources cooperative contracts.

Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION			Excp 2026	Excp 2027
	Item Name:	Recruiting and Retention of Qualified Bingo Staff			
	Item Priority:	2			
	IT Component:	No			
	Anticipated Out-year Costs:	Yes			
	Involve Contracts > $50,000:	No			
	Includes Funding for the Following Strategy or Strategies:	02-01-01	Determine Eligibility and Process Applications		
		02-01-02	Provide Education and Training for Bingo Regulatory Requirements		
		02-01-03	Bingo Law Compliance Field Operations		
		02-01-04	Bingo Prize Fee Collections and Accounting		
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES			210,319	210,319
2009	OTHER OPERATING EXPENSE			4,206	4,206
	TOTAL, OBJECT OF EXPENSE			**$214,525**	**$214,525**
METHOD OF FINANCING:					
1	General Revenue Fund			214,525	214,525
	TOTAL, METHOD OF FINANCING			**$214,525**	**$214,525**

DESCRIPTION / JUSTIFICATION:

Appropriation authority to recruit, hire and retain qualified and capable staff will enhance the Charitable Bingo Operations Division's (CBOD) ability to maximize its efficiencies and delivery of its services with trained and experienced staff. The ability to provide incentives to attract and retain a highly advanced and educated workforce across the state requires adequate resources. It is difficult for the agency to remain competitive with private sector employers and with other state and local governments.

CBOD's salaries and payroll-related costs comprise at least 80% of the annual appropriated budget. In the last 10 years, the overall CBOD appropriations have decreased 13%. The salary adjustment appropriations authorized by the 88th Legislature provided relief, but not enough to incentivize potential qualified applicants or to retain staff longer. Turnover in FY 2022 was 15.6% and in FY 2023 it was 25.8%.

In FY 2022, CBOD had an average monthly vacancy rate of 23%. In FY 2023, the average monthly vacancy decreased slightly to 21% because of increased hiring efforts; however, retirements and resignations continued to impact retention.

As of February 2024, 23% of CBOD staff is eligible to retire or will be eligible within the next 2 years and 46% have fewer than 2 years tenure, 19% have 3-10 years tenure, and 27% have more than 11 years tenure with the division. The loss of organizational experience and knowledge highlights a significant need for continued careful succession planning for key positions and leadership roles.

Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION	Excp 2026	Excp 2027

In addition to hiring qualified and capable staff, retention is equally important. Competing with private sector salaries or other state agencies with higher classifications and salaries has been challenging. The agency continues to be at a competitive disadvantage.

EXTERNAL/INTERNAL FACTORS:

The agency continues to lose critical staff to private sector and to other state agencies. While it is not possible to compete with private sector salaries, the agency should offer comparable salaries with other state agencies. Maintaining the current fund authority for Goal B into the next biennium presents additional challenges to provide incentives for one-time merits for exceptional performance, equity adjustments or salary increases without impacting salaries of potential employees or funds currently for operational direct costs.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Ongoing salary expenditures from targeted increases in FY 2026-27.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2028	2029	2030
$214,525	$214,525	$214,525

Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION	Excp 2026	Excp 2027
	Item Name: Centralized Accounting and Payroll/Personnel System		
	Item Priority: 3		
	IT Component: Yes		
	Anticipated Out-year Costs: Yes		
	Involve Contracts > $50,000: No		
	Includes Funding for the Following Strategy or Strategies: 01-01-05 Central Administration		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	843,336	843,336
1002	OTHER PERSONNEL COSTS	4,217	4,217
2003	CONSUMABLE SUPPLIES	2,400	2,400
2009	OTHER OPERATING EXPENSE	78,146	17,106
	TOTAL, OBJECT OF EXPENSE	**$928,099**	**$867,059**
METHOD OF FINANCING:			
5025	Lottery Acct	928,099	867,059
	TOTAL, METHOD OF FINANCING	**$928,099**	**$867,059**
FULL-TIME EQUIVALENT POSITIONS (FTE):		8.00	8.00

DESCRIPTION / JUSTIFICATION:

The agency is scheduled to transition to the financial modules of the Centralized Accounting and Payroll/Personnel System (CAPPS) during the 2026-2027 biennium. The expected start date of the project is September 1, 2025, with a go-live date of September 1, 2026. The requested funding would support staffing and operational needs associated with this project. The positions will initially provide backfill support to the Purchasing, Accounting, Budget, and IT subject matter experts during the deployment efforts. These positions will be critical to continue current operations while simultaneously testing and implementing the new CAPPS modules. Other positions needed will serve as subject matter experts for training, project management and Level-One support during the conversion process and post-implementation. IT expertise and support will be crucial to the success of this deployment as CAPPS will interface with multiple agency specific systems supporting lottery operations.

Funding for this exceptional item would be from the General Revenue-Dedicated Lottery Account which is part of the fund that does not count towards certification by the Comptroller of Public Accounts. Funding would also remain within the allowable statutory percentage to administer the lottery under Government Code, Chapter 466, and Rider 3.

EXTERNAL/INTERNAL FACTORS:

The agency does not have the adequate staffing to support to the CAPPS Financials deployment effort without augmenting staff with additional resources. The agency supports various stand-alone systems which must interface with CAPPS and provide the real-time data needed for daily operations. It is these interfaces which impeded the completion of the first CAPPS Financials deployment in 2021. Some stand-alone systems are either currently or expected to undergo upgrades within the same time period.

Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION	Excp 2026	Excp 2027

PCLS TRACKING KEY:
N/A

DESCRIPTION OF IT COMPONENT INCLUDED IN EXCEPTIONAL ITEM:

The agency is scheduled to transition to the financial modules of the Centralized Accounting and Payroll/Personnel System (CAPPS) during the 2026-2027 biennium. The expected start date of the project is September 1, 2025, with a go-live date of September 1, 2026. The requested funding would support staffing and operational needs associated with this project. The positions will initially provide backfill support to the Purchasing, Accounting, Budget, and IT subject matter experts during the deployment efforts. These positions will be critical to continue current operations while simultaneously testing and implementing the new CAPPS modules. Other positions needed will serve as subject matter experts for training, project management and Level-One support during the conversion process and post-implementation. IT expertise and support will be crucial to the success of this deployment as CAPPS will be interface with multiple agency specific systems supporting lottery operations.

IS THIS IT COMPONENT RELATED TO A NEW OR CURRENT PROJECT?
NEW

STATUS:
Project for the state accounting system's financial modules will begin September 2025. The agency has already implemented CAPPS Human Resources modules in FY 2020.

OUTCOMES:
The request will ensure the sucessful transtion, implementation and integration of the Centralized Accounting and Payroll/Personnel System (CAPPS) with USAS and the agency's stand-alone systems.

OUTPUTS:

Integration of the financial modules of the Centralized Accounting and Payroll/Personnel System (CAPPS) during the 2026-2027 biennium.

TYPE OF PROJECT
CAPPS

ALTERNATIVE ANALYSIS

If not funded, the agency could experience delays in transitioning to CAPPS. The agency supports various stand-alone systems which must interface with CAPPS and provide the real-time data needed for daily operations. It is these interfaces which impeded the completion of the first CAPPS Financials deployment in 2021.

ESTIMATED IT COST

2024	2025	2026	2027	2028	2029	2030	Total Over Life of Project
$0	$0	$928,099	$867,059	$867,059	$867,059	$867,059	$4,396,335

Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION	Excp 2026	Excp 2027

SCALABILITY

2024	2025	2026	2027	2028	2029	2030	Total Over Life of Project
$0	$0	$0	$0	$0	$0	$0	$0

FTE

2024	2025	2026	2027	2028	2029	2030
0.0	0.0	8.0	8.0	8.0	8.0	8.0

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

The agency would need on-going costs to support 8.0 FTEs beyond the 2026-2027 biennium to ensure continued support of CAPPS modules, interfaces and reporting.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2028	2029	2030
$867,059	$867,059	$867,059

Agency code: **362** Agency name: **Texas Lottery Commission**

Code	Description	Excp 2026	Excp 2027
Item Name:	Infrastructure Upgrades BOSS/BSP		
Allocation to Strategy:	1-1-5 Central Administration		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	156,612	156,612
1002	OTHER PERSONNEL COSTS	783	783
2003	CONSUMABLE SUPPLIES	300	300
2009	OTHER OPERATING EXPENSE	10,792	3,162
TOTAL, OBJECT OF EXPENSE		**$168,487**	**$160,857**
METHOD OF FINANCING:			
5025	Lottery Acct	168,487	160,857
TOTAL, METHOD OF FINANCING		**$168,487**	**$160,857**
FULL-TIME EQUIVALENT POSITIONS (FTE):		1.0	1.0

Agency code: **362** Agency name: **Texas Lottery Commission**

Code	Description	Excp 2026	Excp 2027
Item Name:	Infrastructure Upgrades BOSS/BSP		
Allocation to Strategy:	2-1-1 Determine Eligibility and Process Applications		
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	630,000	630,000
TOTAL, OBJECT OF EXPENSE		**$630,000**	**$630,000**
METHOD OF FINANCING:			
1	General Revenue Fund	630,000	630,000
TOTAL, METHOD OF FINANCING		**$630,000**	**$630,000**

Agency code: **362** Agency name: **Texas Lottery Commission**

Code	Description	Excp 2026	Excp 2027
Item Name:	Recruiting and Retention of Qualified Bingo Staff		
Allocation to Strategy:	2-1-1 Determine Eligibility and Process Applications		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	43,750	43,750
2009	OTHER OPERATING EXPENSE	875	875
TOTAL, OBJECT OF EXPENSE		**$44,625**	**$44,625**
METHOD OF FINANCING:			
1	General Revenue Fund	44,625	44,625
TOTAL, METHOD OF FINANCING		**$44,625**	**$44,625**

Agency code: **362** Agency name: **Texas Lottery Commission**

Code	Description	Excp 2026	Excp 2027
Item Name:	Recruiting and Retention of Qualified Bingo Staff		
Allocation to Strategy:	2-1-2 Provide Education and Training for Bingo Regulatory Requirements		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	10,652	10,652
2009	OTHER OPERATING EXPENSE	213	213
TOTAL, OBJECT OF EXPENSE		**$10,865**	**$10,865**
METHOD OF FINANCING:			
1	General Revenue Fund	10,865	10,865
TOTAL, METHOD OF FINANCING		**$10,865**	**$10,865**

Agency code: **362** Agency name: **Texas Lottery Commission**

Code	Description	Excp 2026	Excp 2027
Item Name:	Recruiting and Retention of Qualified Bingo Staff		
Allocation to Strategy:	2-1-3 Bingo Law Compliance Field Operations		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	129,557	129,557
2009	OTHER OPERATING EXPENSE	2,591	2,591
TOTAL, OBJECT OF EXPENSE		**$132,148**	**$132,148**
METHOD OF FINANCING:			
1	General Revenue Fund	132,148	132,148
TOTAL, METHOD OF FINANCING		**$132,148**	**$132,148**

Agency code: **362** Agency name: **Texas Lottery Commission**

Code	Description	Excp 2026	Excp 2027
Item Name:	Recruiting and Retention of Qualified Bingo Staff		
Allocation to Strategy:	2-1-4 Bingo Prize Fee Collections and Accounting		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	26,360	26,360
2009	OTHER OPERATING EXPENSE	527	527
TOTAL, OBJECT OF EXPENSE		**$26,887**	**$26,887**
METHOD OF FINANCING:			
1	General Revenue Fund	26,887	26,887
TOTAL, METHOD OF FINANCING		**$26,887**	**$26,887**

Agency code: **362** Agency name: **Texas Lottery Commission**

Code	Description	Excp 2026	Excp 2027
Item Name:	Centralized Accounting and Payroll/Personnel System		
Allocation to Strategy:	1-1-5 Central Administration		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	843,336	843,336
1002	OTHER PERSONNEL COSTS	4,217	4,217
2003	CONSUMABLE SUPPLIES	2,400	2,400
2009	OTHER OPERATING EXPENSE	78,146	17,106
TOTAL, OBJECT OF EXPENSE		**$928,099**	**$867,059**
METHOD OF FINANCING:			
5025	Lottery Acct	928,099	867,059
TOTAL, METHOD OF FINANCING		**$928,099**	**$867,059**
FULL-TIME EQUIVALENT POSITIONS (FTE):		8.0	8.0

Agency Code: **362** Agency name: **Texas Lottery Commission**

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:

STRATEGY: 5 Central Administration Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2026	Excp 2027
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	999,948	999,948
1002	OTHER PERSONNEL COSTS	5,000	5,000
2003	CONSUMABLE SUPPLIES	2,700	2,700
2009	OTHER OPERATING EXPENSE	88,938	20,268
	Total, Objects of Expense	**$1,096,586**	**$1,027,916**
METHOD OF FINANCING:			
5025	Lottery Acct	1,096,586	1,027,916
	Total, Method of Finance	**$1,096,586**	**$1,027,916**
FULL-TIME EQUIVALENT POSITIONS (FTE):		9.0	9.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Infrastructure Upgrades BOSS/BSP

Centralized Accounting and Payroll/Personnel System

Agency Code: **362** Agency name: **Texas Lottery Commission**

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:

STRATEGY: 1 Determine Eligibility and Process Applications Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2026	Excp 2027
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	43,750	43,750
2001	PROFESSIONAL FEES AND SERVICES	630,000	630,000
2009	OTHER OPERATING EXPENSE	875	875
	Total, Objects of Expense	**$674,625**	**$674,625**
METHOD OF FINANCING:			
1	General Revenue Fund	674,625	674,625
	Total, Method of Finance	**$674,625**	**$674,625**

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Infrastructure Upgrades BOSS/BSP

Recruiting and Retention of Qualified Bingo Staff

Agency Code: **362** Agency name: **Texas Lottery Commission**

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:

STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2026	Excp 2027
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	10,652	10,652
2009	OTHER OPERATING EXPENSE	213	213
	Total, Objects of Expense	**$10,865**	**$10,865**
METHOD OF FINANCING:			
1	General Revenue Fund	10,865	10,865
	Total, Method of Finance	**$10,865**	**$10,865**

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Recruiting and Retention of Qualified Bingo Staff

Agency Code: **362** Agency name: **Texas Lottery Commission**

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:

STRATEGY: 3 Bingo Law Compliance Field Operations Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2026	Excp 2027
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	129,557	129,557
2009	OTHER OPERATING EXPENSE	2,591	2,591
	Total, Objects of Expense	**$132,148**	**$132,148**
METHOD OF FINANCING:			
1	General Revenue Fund	132,148	132,148
	Total, Method of Finance	**$132,148**	**$132,148**

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Recruiting and Retention of Qualified Bingo Staff

Agency Code: **362** Agency name: **Texas Lottery Commission**

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:

STRATEGY: 4 Bingo Prize Fee Collections and Accounting Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2026	Excp 2027
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	26,360	26,360
2009	OTHER OPERATING EXPENSE	527	527
	Total, Objects of Expense	**$26,887**	**$26,887**
METHOD OF FINANCING:			
1	General Revenue Fund	26,887	26,887
	Total, Method of Finance	**$26,887**	**$26,887**

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Recruiting and Retention of Qualified Bingo Staff

CAPITAL BUDGET

Agency code: **362** Agency name: **Texas Lottery Commission**

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2024	Bud 2025	BL 2026	BL 2027
5005 Acquisition of Information Resource Technologies				
2/2 Infrastructure Upgrades BOSS/BSP				
OBJECTS OF EXPENSE				
Capital				
General 1001 SALARIES AND WAGES	$0	$0	$0	$0
General 1002 OTHER PERSONNEL COSTS	$0	$0	$0	$0
General 2001 PROFESSIONAL FEES AND SERVICES	$0	$0	$0	$0
General 2003 CONSUMABLE SUPPLIES	$0	$0	$0	$0
General 2009 OTHER OPERATING EXPENSE	$0	$0	$0	$0
Capital Subtotal OOE, Project 2	$0	$0	$0	$0
Subtotal OOE, Project 2	**$0**	**$0**	**$0**	**$0**
TYPE OF FINANCING				
Capital				
General CA 1 General Revenue Fund	$0	$0	$0	$0
General CA 5025 Lottery Acct	$0	$0	$0	$0
Capital Subtotal TOF, Project 2	$0	$0	$0	$0
Subtotal TOF, Project 2	**$0**	**$0**	**$0**	**$0**
Capital Subtotal, Category 5005	$0	$0	$0	$0
Informational Subtotal, Category 5005				
Total, Category 5005	**$0**	**$0**	**$0**	**$0**
7000 Data Center/Shared Technology Services				
1/1 Data Center Services				

Agency code: **362** Agency name: **Texas Lottery Commission**

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2024	Bud 2025	BL 2026	BL 2027
OBJECTS OF EXPENSE				
Capital				
General 2001 PROFESSIONAL FEES AND SERVICES	$215,120	$215,120	$220,490	$220,490
Capital Subtotal OOE, Project 1	$215,120	$215,120	$220,490	$220,490
Subtotal OOE, Project 1	**$215,120**	**$215,120**	**$220,490**	**$220,490**
TYPE OF FINANCING				
Capital				
General CA 5025 Lottery Acct	$215,120	$215,120	$220,490	$220,490
Capital Subtotal TOF, Project 1	$215,120	$215,120	$220,490	$220,490
Subtotal TOF, Project 1	**$215,120**	**$215,120**	**$220,490**	**$220,490**
Capital Subtotal, Category 7000	$215,120	$215,120	$220,490	$220,490
Informational Subtotal, Category 7000				
Total, Category 7000	**$215,120**	**$215,120**	**$220,490**	**$220,490**

8000 Centralized Accounting and Payroll/Personnel System (CAPPS)

3/3 CAPPS Financials Deployment

OBJECTS OF EXPENSE				
Capital				
General 1001 SALARIES AND WAGES	$0	$0	$0	$0
General 1002 OTHER PERSONNEL COSTS	$0	$0	$0	$0
General 2003 CONSUMABLE SUPPLIES	$0	$0	$0	$0
General 2009 OTHER OPERATING EXPENSE	$0	$0	$0	$0
Capital Subtotal OOE, Project 3	$0	$0	$0	$0

Agency code: **362** Agency name: **Texas Lottery Commission**

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2024	Bud 2025	BL 2026	BL 2027
Subtotal OOE, Project 3	**$0**	**$0**	**$0**	**$0**
TYPE OF FINANCING				
Capital				
General CA 5025 Lottery Acct	$0	$0	$0	$0
Capital Subtotal TOF, Project 3	$0	$0	$0	$0
Subtotal TOF, Project 3	**$0**	**$0**	**$0**	**$0**
Capital Subtotal, Category 8000	$0	$0	$0	$0
Informational Subtotal, Category 8000				
Total, Category 8000	**$0**	**$0**	**$0**	**$0**
AGENCY TOTAL -CAPITAL	**$215,120**	**$215,120**	**$220,490**	**$220,490**
AGENCY TOTAL -INFORMATIONAL				
AGENCY TOTAL	**$215,120**	**$215,120**	**$220,490**	**$220,490**
METHOD OF FINANCING:				
Capital				
General 1 General Revenue Fund	$0	$0	$0	$0
General 5025 Lottery Acct	$215,120	$215,120	$220,490	$220,490
Total, Method of Financing-Capital	$215,120	$215,120	$220,490	$220,490
Total, Method of Financing	**$215,120**	**$215,120**	**$220,490**	**$220,490**

Agency code: **362** Agency name: **Texas Lottery Commission**

Category Code / Category Name *Project Sequence/Project Id/ Name* **OOE / TOF / MOF CODE**	**Est 2024**	**Bud 2025**	**BL 2026**	**BL 2027**
TYPE OF FINANCING:				
Capital				
General CA CURRENT APPROPRIATIONS	$215,120	$215,120	$220,490	$220,490
Total, Type of Financing-Capital	$215,120	$215,120	$220,490	$220,490
Total,Type of Financing	**$215,120**	**$215,120**	**$220,490**	**$220,490**

5.B. Capital Budget Project Information
89th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code:	**362**	Agency name:	**Texas Lottery Commission**
Category Number:	**7000**	Category Name:	**Data Center/Shared Technology Svcs**
Project number:	**1**	Project Name:	**Data Center Services**

PROJECT DESCRIPTION

General Information

The Texas Lottery Commission participates in the Department of Information Resources (DIR) Shared Services Program. The DIR Shared Services Program includes contracts that have been competitively procured by DIR. All specific services and products are purchased through the DIR Shared Services Program contracts and subject to the processes and terms therein.

PLCS Tracking Key

Number of Units / Average Unit Cost Varies

Estimated Completion Date 0

Additional Capital Expenditure Amounts Required	**2028**	**2029**
	220,490	220,490

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life $440,981

Estimated/Actual Project Cost $440,981

Length of Financing/ Lease Period N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2026	**2027**	**2028**	**2029**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: The Texas Lottery procures agency critical applications through the DCS contract including but not limited to Microsoft Office 365.

Project Location: Texas Lottery Commission Headquarters, Austin, Texas

Beneficiaries: Agency staff and the general public

Frequency of Use and External Factors Affecting Use:

Project Assets will be used daily.

Agency Code:	**362**	Agency name:	**Texas Lottery Commission**
Category Number:	**5005**	Category Name:	**ACQUISITN INFO RES TECH.**
Project number:	**2**	Project Name:	**BOSS/BSP Upgrades**

PROJECT DESCRIPTION

General Information

The Bingo Operating Service System (BOSS) is the agency's charitable bingo licensing and accounting application, and the Bingo Service Portal (BSP) is the outward facing application used by license holders to track their licenses and payments, to submit applications and quarterly reports, and to make corresponding license fee and prize fee payments. Both systems have been in use since 2015. To meet the ongoing needs of the agency's Charitable Bingo Operations Division (CBOD) and to ensure continued systems and data availability, it is critical that the BOSS and BSP systems are upgraded and converted.

PLCS Tracking Key	N/A
Number of Units / Average Unit Cost	Varies
Estimated Completion Date	8/31/2027

Additional Capital Expenditure Amounts Required	**2028**	**2029**
	160,857	160,857

Type of Financing	CA CURRENT APPROPRIATIONS
Projected Useful Life	7-10 Years
Estimated/Actual Project Cost	$1,589,344
Length of Financing/ Lease Period	n/a

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2026	**2027**	**2028**	**2029**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: Upgrades to BOSS will enhance reporting and analytics for the division. For BSP, the project involves a redesign that will allow for more online functionality for charitable bingo licensees in a more user-friendly environment. Upgrades to BSP will also reduce significant staff time spent processing many quarterly reports, license applications, and related payments that are currently filed in hard copy.

Project Location: Texas Lottery Commission Headquarters, Austin, Texas

Beneficiaries: Agency staff and the general public.

Frequency of Use and External Factors Affecting Use:

Project Assets will be used daily by licensees and agency staff.

Agency Code:	**362**	Agency name:	**Texas Lottery Commission**
Category Number:	**8000**	Category Name:	**CAPPS Statewide ERP System**
Project number:	**3**	Project Name:	**CAPPS**

PROJECT DESCRIPTION

General Information

The agency is scheduled to transition to the financial modules of the Centralized Accounting and Payroll/Personnel System (CAPPS) during the 2026-2027 biennium.

PLCS Tracking Key	N/A
Number of Units / Average Unit Cost	Varies
Estimated Completion Date	8/31/2026

Additional Capital Expenditure Amounts Required	**2028**	**2029**
	867,059	867,059

Type of Financing	CA CURRENT APPROPRIATIONS
Projected Useful Life	10 Years
Estimated/Actual Project Cost	$1,795,158
Length of Financing/ Lease Period	n/a

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2026	**2027**	**2028**	**2029**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: Pursuant to Government Code, Section 2101.036, The Comptroller of Public Accounts (CPA) has identified agencies for transition to the Centralized Accounting and Payroll/Personnel System (CAPPS). The agency does not have the adequate staffing to support to the CAPPS Financials deployment effort without augmenting staff with additional resources.

Project Location: Texas Lottery Commission Headquarters, Austin, Texas

Beneficiaries: TLC agency staff and state oversight agencies.

Frequency of Use and External Factors Affecting Use:

Project Assets will be used daily by agency staff.

Agency code: **362** Agency name: **Texas Lottery Commission**

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2024	Bud 2025	BL 2026	BL 2027
5005 Acquisition of Information Resource Technologies					
2/2	***BOSS/BSP Upgrades***				
GENERAL BUDGET					
Capital 1-1-5	CENTRAL ADMINISTRATION	0	0	$0	$0
2-1-1	BINGO LICENSING	0	0	0	0
	TOTAL, PROJECT	$0	$0	$0	$0
7000 Data Center/Shared Technology Services					
1/1	***Data Center Services***				
GENERAL BUDGET					
Capital 1-1-5	CENTRAL ADMINISTRATION	215,120	215,120	220,490	220,490
	TOTAL, PROJECT	$215,120	$215,120	$220,490	$220,490
8000 Centralized Accounting and Payroll/Personnel System (CAPPS)					
3/3	***CAPPS***				
GENERAL BUDGET					
Capital 1-1-5	CENTRAL ADMINISTRATION	0	0	0	0
	TOTAL, PROJECT	$0	$0	$0	$0
	TOTAL CAPITAL, ALL PROJECTS	**$215,120**	**$215,120**	**$220,490**	**$220,490**
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	**$215,120**	**$215,120**	**$220,490**	**$220,490**

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Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2024	Bud 2025	BL 2026	BL 2027
5005	**Acquisition of Information Resource Technologies**				
2 BOSS/BSP Upgrades					
OOE					
Capital					
1-1-5 CENTRAL ADMINISTRATION					
General Budget					
1001	SALARIES AND WAGES	0	0	0	0
1002	OTHER PERSONNEL COSTS	0	0	0	0
2003	CONSUMABLE SUPPLIES	0	0	0	0
2009	OTHER OPERATING EXPENSE	0	0	0	0
2-1-1 BINGO LICENSING					
General Budget					
2001	PROFESSIONAL FEES AND SERVICES	0	0	0	0
	TOTAL, OOEs	**$0**	**$0**	**0**	**0**
MOF					
GENERAL REVENUE FUNDS					
Capital					
2-1-1 BINGO LICENSING					
General Budget					
1	General Revenue Fund	0	0	0	0
	TOTAL, GENERAL REVENUE FUNDS	**$0**	**$0**	**0**	**0**
GR DEDICATED					
Capital					

362 Texas Lottery Commission

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2024	Bud 2025	BL 2026	BL 2027
2 BOSS/BSP Upgrades					
1-1-5 CENTRAL ADMINISTRATION					
General Budget					
5025	Lottery Acct	0	0	0	0
	TOTAL, GR DEDICATED	**$0**	**$0**	**0**	**0**
	TOTAL, MOFs	**$0**	**$0**	**0**	**0**
7000 Data Center/Shared Technology Services					
1 Data Center Services					
OOE					
Capital					
1-1-5 CENTRAL ADMINISTRATION					
General Budget					
2001	PROFESSIONAL FEES AND SERVICES	215,120	215,120	220,490	220,490
	TOTAL, OOEs	**$215,120**	**$215,120**	**220,490**	**220,490**
MOF					
GR DEDICATED					
Capital					
1-1-5 CENTRAL ADMINISTRATION					
General Budget					
5025	Lottery Acct	215,120	215,120	220,490	220,490
	TOTAL, GR DEDICATED	**$215,120**	**$215,120**	**220,490**	**220,490**
	TOTAL, MOFs	**$215,120**	**$215,120**	**220,490**	**220,490**
8000 Centralized Accounting and Payroll/Personnel System (CAPPS)					

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Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2024	Bud 2025	BL 2026	BL 2027
3 CAPPS					
OOE					
Capital					
1-1-5 CENTRAL ADMINISTRATION					
General Budget					
1001	SALARIES AND WAGES	0	0	0	0
1002	OTHER PERSONNEL COSTS	0	0	0	0
2003	CONSUMABLE SUPPLIES	0	0	0	0
2009	OTHER OPERATING EXPENSE	0	0	0	0
	TOTAL, OOEs	**$0**	**$0**	**0**	**0**
MOF					
GR DEDICATED					
Capital					
1-1-5 CENTRAL ADMINISTRATION					
General Budget					
5025	Lottery Acct	0	0	0	0
	TOTAL, GR DEDICATED	**$0**	**$0**	**0**	**0**
	TOTAL, MOFs	**$0**	**$0**	**0**	**0**

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		Est 2024	Bud 2025	BL 2026	BL 2027
CAPITAL					
General Budget					
GENERAL REVENUE FUNDS		$0	$0	0	0
GR DEDICATED		$215,120	$215,120	220,490	220,490
	TOTAL, GENERAL BUDGET	215,120	215,120	220,490	220,490
	TOTAL, ALL PROJECTS	**$215,120**	**$215,120**	**220,490**	**220,490**

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Category Code / Category Name *Project Number / Name* OOE / TOF / MOF CODE	Excp 2026	Excp 2027
5005 Acquisition of Information Resource Technologies		
2 BOSS/BSP Upgrades		
Objects of Expense		
1001 SALARIES AND WAGES	156,612	156,612
1002 OTHER PERSONNEL COSTS	783	783
2001 PROFESSIONAL FEES AND SERVICES	630,000	630,000
2003 CONSUMABLE SUPPLIES	300	300
2009 OTHER OPERATING EXPENSE	10,792	3,162
Subtotal OOE, Project 2	**798,487**	**790,857**
Type of Financing		
CA 1 General Revenue Fund	630,000	630,000
CA 5025 Lottery Acct	168,487	160,857
Subtotal TOF, Project 2	**798,487**	**790,857**
Subtotal Category 5005	**798,487**	**790,857**
8000 Centralized Accounting and Payroll/Personnel System (CAPPS)		
3 CAPPS		
Objects of Expense		
1001 SALARIES AND WAGES	843,336	843,336
1002 OTHER PERSONNEL COSTS	4,217	4,217
2003 CONSUMABLE SUPPLIES	2,400	2,400
2009 OTHER OPERATING EXPENSE	78,146	17,106
Subtotal OOE, Project 3	**928,099**	**867,059**
Type of Financing		
CA 5025 Lottery Acct	928,099	867,059
Subtotal TOF, Project 3	**928,099**	**867,059**

362 Texas Lottery Commission

Category Code / Category Name *Project Number / Name* OOE / TOF / MOF CODE	Excp 2026	Excp 2027
Subtotal Category 8000	**928,099**	**867,059**
AGENCY TOTAL	**1,726,586**	**1,657,916**
METHOD OF FINANCING:		
1 General Revenue Fund	630,000	630,000
5025 Lottery Acct	1,096,586	1,027,916
Total, Method of Financing	**1,726,586**	**1,657,916**
TYPE OF FINANCING:		
CA CURRENT APPROPRIATIONS	1,726,586	1,657,916
Total,Type of Financing	**1,726,586**	**1,657,916**

362 Texas Lottery Commission

Category Code/Name

Project Number/Name

Goal/Obj/Str			Strategy Name	Excp 2026	Excp 2027
5005 Acquisition of Information Resource Technologies					
2 BOSS/BSP Upgrades					
1	1	5	CENTRAL ADMINISTRATION	156,612	156,612
1	1	5	CENTRAL ADMINISTRATION	783	783
1	1	5	CENTRAL ADMINISTRATION	300	300
1	1	5	CENTRAL ADMINISTRATION	10,792	3,162
2	1	1	BINGO LICENSING	630,000	630,000
			TOTAL, PROJECT	798,487	790,857
8000 Centralized Accounting and Payroll/Personnel System (CAPPS)					
3 CAPPS					
1	1	5	CENTRAL ADMINISTRATION	843,336	843,336
1	1	5	CENTRAL ADMINISTRATION	4,217	4,217
1	1	5	CENTRAL ADMINISTRATION	2,400	2,400
1	1	5	CENTRAL ADMINISTRATION	78,146	17,106
			TOTAL, PROJECT	928,099	867,059
			TOTAL, ALL PROJECTS	**1,726,586**	**1,657,916**

SUPPORTING SCHEDULES

Agency Code: **362** Agency: **Texas Lottery Commission**

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year - HUB Expenditure Information

Statewide HUB Goals	Procurement Category	HUB Expenditures FY 2022 % Goal	% Actual	Diff	Actual $	Total Expenditures FY 2022	HUB Expenditures FY 2023 % Goal	% Actual	Diff	Actual $	Total Expenditures FY 2023
11.2%	Heavy Construction	0.0 %	0.0%	0.0%	$0	$0	0.0 %	0.0%	0.0%	$0	$0
21.1%	Building Construction	0.0 %	0.0%	0.0%	$0	$0	0.0 %	0.0%	0.0%	$0	$0
32.9%	Special Trade	97.9 %	97.9%	0.0%	$305,054	$311,638	57.9 %	57.9%	0.0%	$2,348	$4,058
23.7%	Professional Services	12.6 %	12.6%	0.0%	$145,305	$1,151,837	13.7 %	13.7%	0.0%	$213,624	$1,554,695
26.0%	Other Services	10.1 %	10.1%	0.0%	$22,592,223	$223,823,725	9.4 %	9.4%	0.0%	$22,175,497	$235,839,185
21.1%	Commodities	53.8 %	53.8%	0.0%	$1,205,550	$2,240,175	41.3 %	41.3%	0.0%	$609,306	$1,473,768
	Total Expenditures		**10.7%**		**$24,248,132**	**$227,527,375**		**9.6%**		**$23,000,775**	**$238,871,706**

B. Assessment of Attainment of HUB Procurement Goals

Attainment:

The agency attained or exceeded two of four, or 50% of the applicable agency HUB procurement goals in fiscal year 2022.
The agency attained or exceeded two of four, or 50% of the applicable agency HUB procurement goals in fiscal year 2023.

Applicability:

The Heavy Construction and Building Construction categories were not applicable to agency operations in either Fiscal Year 2022 or 2023, since the agency did not have any strategies or programs relating to heavy or building construction.

Factors Affecting Attainment:

Special Trade Construction continues to be challenging for the TLC. As a tenant agency, the majority of contract decisions for renovations and lease improvements are not subject to the agency's control.
Several specialized contracts account for a large percentage of the agency's spending in the Other Services category. There are very few vendors worldwide that provide lottery operations or scratch ticket manufacturing services, and there are no HUB prime vendors available for these contracts. The agency's HUB credit in "Other Services" is attained mainly through subcontracting expenditures, which may fluctuate from year to year.

C. Good-Faith Efforts to Increase HUB Participation

Outreach Efforts and Mentor-Protégé Programs:

Outreach is performed primarily by participating in business opportunity forums and other events throughout the state. The TLC HUB Coordinator may also assist in planning and coordinating statewide events in coordination with other state agencies. In addition, the agency conducts an annual HUB Forum to inform minority/HUB

Agency Code: **362** Agency: **Texas Lottery Commission**

vendors about TLC procurement processes and to provide networking opportunities. In FY 2023, a very limited number of outreach events were conducted.
During 2024, the Texas Lottery will continue to implement initiatives designed to increase the minority/HUB participation in its business operations.
Other types of outreach activities include providing information to prospective vendors via the TLC website, coordinating meetings with individual minority/HUB vendors, administering the agency's Mentor-Protégé Program, and assisting eligible business with obtaining state HUB certification.
The Mentor-Protégé Program is an ongoing initiative, and the TLC will continue its efforts to form additional relationships during FY 2024.

HUB Program Staffing:

The TLC's Minority/HUB Program fuctions as part of the agency's Administration Division. The agency's HUB Coordinator, 1.0 FTE, is responsible for advising and assisting the TLC in complying with the requirements of the State Lottery Act and the state's HUB rules.

Current and Future Good-Faith Efforts:

Included the TLC HUB Coordinator in procurements over $100,000 to assist in identifying subcontracting opportunities and evaluating subcontracting plans.
Provided potential bidders/proposers with lists of certified HUBs for subcontracting opportunities.
Held pre-bid/proposal conferences, offered one-on-one workshops, and reviewed draft HUB subcontracting plans to assist bidders/proposers with HUB subcontracting requirements.
Provided HUB participation updates to Texas Lottery Commissioners.
Made HUB information available via the TLC website.
Continued to maintain a minority lottery retailer percentage of more than 40%.

6.E. Estimated Revenue Collections Supporting Schedule
89th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **362** Agency name: **Texas Lottery Commission**

FUND/ACCOUNT		Act 2023	Exp 2024	Est 2025	Est 2026	Est 2027
1	**General Revenue Fund**					
	Beginning Balance (Unencumbered):	$0	$0	$0	$0	$0
	Estimated Revenue:					
3152	Bingo Operators/Lessors	551,259	527,323	539,290	539,290	539,290
3153	Bingo Equipment	66,000	56,700	61,350	61,350	61,350
3170	Bingo Prize Fees	15,717,426	15,842,760	15,842,760	15,842,760	15,842,760
3714	Judgments	40,572	0	0	0	0
3719	Fees/Copies or Filing of Records	139	0	70	70	70
3754	Other Surplus/Salvage Property	150	0	0	0	0
3770	Administrative Penalties	41,600	30,400	36,000	36,000	36,000
3795	Other Misc Government Revenue	1,425	1,667	1,546	1,546	1,546
3802	Reimbursements-Third Party	0	59	0	0	0
	Subtotal: Actual/Estimated Revenue	16,418,571	16,458,909	16,481,016	16,481,016	16,481,016
	Total Available	**$16,418,571**	**$16,458,909**	**$16,481,016**	**$16,481,016**	**$16,481,016**
DEDUCTIONS:						
	Expended/Budgeted	(1,784,822)	(2,419,590)	(2,419,590)	(2,419,590)	(2,419,591)
	Transfer-Employee Benefits	(455,817)	(490,370)	(490,370)	(490,370)	(490,370)
	Benefit Replacement Pay	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)
	Total, Deductions	**$(2,241,666)**	**$(2,910,987)**	**$(2,910,987)**	**$(2,910,987)**	**$(2,910,988)**
Ending Fund/Account Balance		**$14,176,905**	**$13,547,922**	**$13,570,029**	**$13,570,029**	**$13,570,028**

REVENUE ASSUMPTIONS:
Revenues are projected to remain relatively flat.

CONTACT PERSON:
Sergio Rey

6.E. Estimated Revenue Collections Supporting Schedule
89th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **362** Agency name: **Texas Lottery Commission**

FUND/ACCOUNT	Act 2023	Exp 2024	Est 2025	Est 2026	Est 2027
5025 Lottery Acct					
Beginning Balance (Unencumbered):	$0	$0	$0	$0	$0
Estimated Revenue:					
3176 Lottery License Application Fees	289,380	343,895	316,638	316,638	316,638
3177 Lottery Ticket Sales	8,725,651,173	8,354,373,117	7,833,000,000	7,721,000,000	7,721,000,000
3178 Lottery Security Proceeds	54,700	58,800	56,750	56,750	56,750
3719 Fees/Copies or Filing of Records	4,614	722	2,668	2,668	2,668
3727 Fees - Administrative Services	557,834	419,824	488,829	488,829	488,829
3802 Reimbursements-Third Party	435,174	609,775	609,775	609,775	609,775
Subtotal: Actual/Estimated Revenue	8,726,992,875	8,355,806,133	7,834,474,660	7,722,474,660	7,722,474,660
Total Available	**$8,726,992,875**	**$8,355,806,133**	**$7,834,474,660**	**$7,722,474,660**	**$7,722,474,660**
DEDUCTIONS:					
Expended/Budgeted	(249,602,181)	(313,123,842)	(336,281,575)	(333,780,248)	(334,101,936)
Transfer - Employee Benefits	(5,412,793)	(5,735,346)	(5,735,346)	(5,735,346)	(5,735,346)
Benefit Replacement Pay	(13,349)	(10,269)	(10,269)	(10,269)	(10,269)
Rider 9, Lottery Operator Contract (2022-23 GAA)	(48,574,642)	0	0	0	0
Rider 10, Appn of Increased Revenues (2022-23 GAA)	(11,606,365)	0	0	0	0
Transfer - Salary Increase (88th RLS, SB 30 §9.01)	(180,660)	0	0	0	0
Rider 9, Lottery Operator Contract (2024-25 GAA)	0	(10,017,495)	0	0	0
Rider 10, Appn of Increased Revenues - UB (2024-25 GAA)	0	0	(7,341,531)	0	0
Lottery Winnings/Install Payments	(5,818,070,096)	(5,722,745,585)	(5,222,870,151)	(5,148,191,043)	(5,148,191,043)
Retailer Commissions	(436,787,468)	(417,718,656)	(391,650,000)	(386,050,000)	(386,050,000)
Transfers to Foundation School Fund	(2,131,420,335)	(1,964,345,882)	(1,923,411,418)	(1,953,088,875)	(1,956,364,068)
Transfers to Department of State Health Services	(439,443)	(439,443)	(439,443)	(439,443)	(439,443)
Transfers to Texas Veterans Commission	(29,680,793)	(26,721,749)	(26,000,000)	(26,000,000)	(26,000,000)
Total, Deductions	**$(8,731,788,125)**	**$(8,460,858,267)**	**$(7,913,739,733)**	**$(7,853,295,224)**	**$(7,856,892,105)**
Ending Fund/Account Balance	**$(4,795,250)**	**$(105,052,134)**	**$(79,265,073)**	**$(130,820,564)**	**$(134,417,445)**

REVENUE ASSUMPTIONS:

6.E. Estimated Revenue Collections Supporting Schedule

89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **362** Agency name: **Texas Lottery Commission**

FUND/ACCOUNT	Act 2023	Exp 2024	Est 2025	Est 2026	Est 2027

The agency has seen record breaking sales during the pandemic and is projecting sales to reset in upcoming years. Sales have been conservatively projected for FY24-25. Factors include competing entertainment, inflation and general state of the economy.

CONTACT PERSON:

Sergio Rey

TEXAS LOTTERY

CHARITABLE BINGO
TEXAS LOTTERY COMMISSION

TEXAS LOTTERY COMMISSION

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