



INTEROFFICE MEMO

Gary Grief, Executive Director Michael P. Farrell, Charitable Bingo Operations Director

To: J. Winston Krause, Chairman
Mark A. Franz, Commissioner
Robert Rivera, Commissioner

From: Kathy Pyka, Controller *KP*

Date: July 18, 2019

Re: FY 2020 Operating Budget

The FY 2020 Operating Budget was provided under separate distribution on July 15, 2019.

The Operating Budget for FY 2020 is \$257,593,563 and reflects 315.8 Full Time Equivalent Positions (FTE's). The budget was developed in accordance with appropriation amounts outlined in House Bill 1 adjusted for Rider and Article IX funding provisions.

The initial draft of the budget was developed by the Office of the Controller and delivered to division management for their direct input. The final draft was developed after receiving feedback from the divisions and reviewed by executive management.

Attached to this memorandum is a briefing document of the Agency Budget.

Please feel free to contact me at 512-344-5410 if you need additional information or have any questions.

Attachment: FY 2020 Operating Budget Briefing document

Texas Lottery Commission FY 2020 Operating Budget

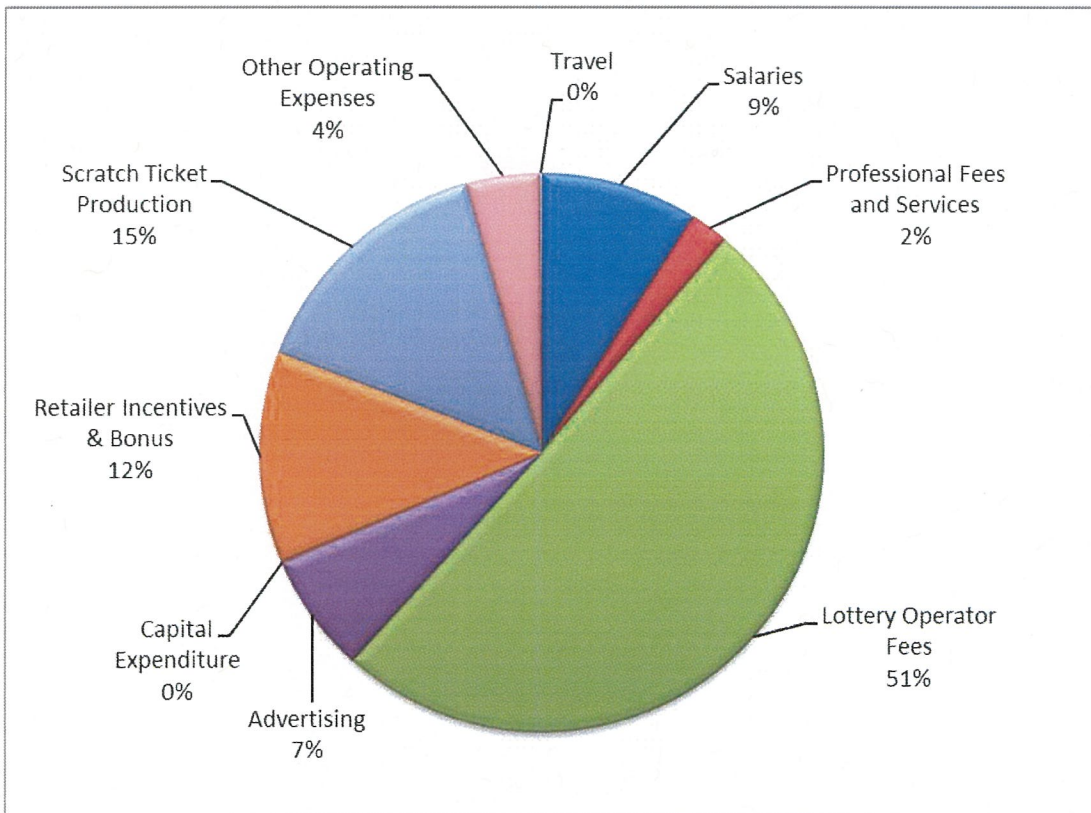
Budget

FY 2020 Operating Budget	Budget	FTEs
Lottery Dedicated Account	\$ 255,143,392	277.80
General Revenue	2,450,170	38.00
Total	\$ 257,593,563	315.80

FY 2019 Operating Budget	Budget	FTEs
Lottery Dedicated Account	\$ 235,684,815	280.00
Bingo Administration Account	16,970,659	41.00
Total	\$ 252,655,475	321.00

FY 2020 Increase (Decrease) From FY 2019	Budget	FTEs
Lottery Dedicated Account	\$ 19,458,577	(2.20)
General Revenue/ Bingo Administration Account	(14,520,489)	(3.00)
Total	\$ 4,938,088	(5.20)

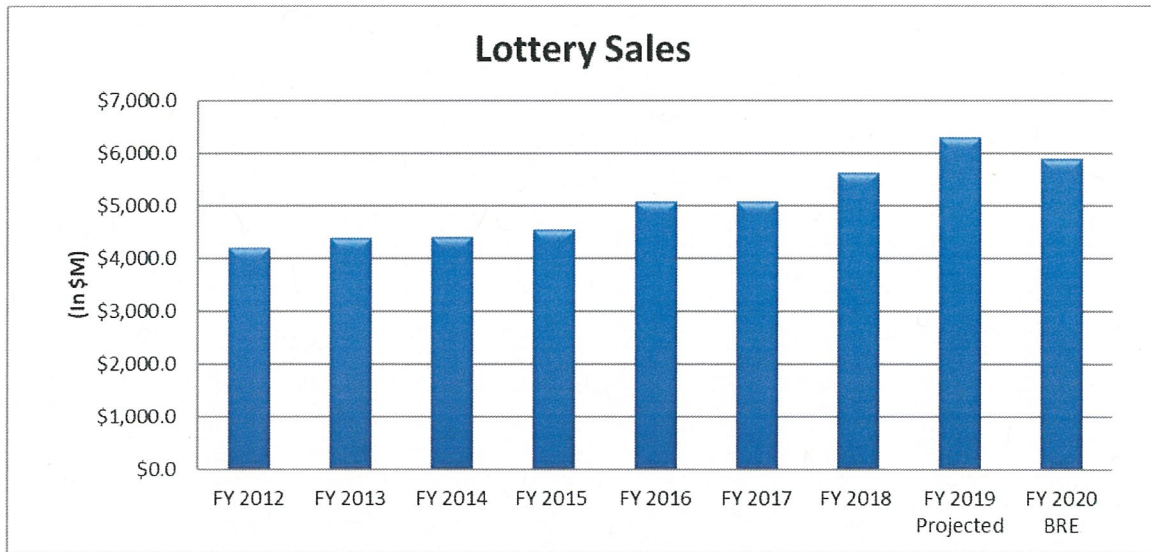
Summary by Object of Expense



- 78% of the Lottery Dedicated Budget is contractual outsourced services.

Lottery Sales Projection

- The budget was developed using the Comptroller's Biennial Revenue Estimate (BRE) of \$5.89B for FY 2020



Appropriation Authority

Lottery Dedicated Account

- Original Appropriation. \$255,313,942.
- Rider 9: Retailer Incentive. Estimated appropriation of 0.5% of sales. Appropriation of \$29.4M included in the budget.
- Rider 10: Lottery Operator Contract. Estimated appropriation of 2.2099% of sales based on Comptroller's Biennial Revenue Estimate (BRE) of \$5.89B.
- Rider 11: Appropriation for Increased Fees. Estimated appropriation of 1.49% of the amount by which sales exceed \$5.89B. Should BRE sales target of \$5.89B be exceeded, budget increase authority is available.
- Article IX, Section 17.03 Payroll Contribution-Health Insurance. Required transfer of 1% of Salaries and Wages, or \$203K, to the Employees Retirement System for group health insurance.
- Article IX, Section 17.06 Payroll Contribution-Retirement. Required transfer of 0.5% of Salaries and Wages, or \$101K, to the Employees Retirement System for retirement program.
- Article IX, Section 8.02 Third Party Reimbursement. \$481K in funding for contracts reimbursed by Lottery Operator vendor.

General Revenue

- Original Appropriation. \$2,544,560.
- Rider 8, Local Bingo Prize Fees. Estimated appropriation of \$14,480,500 for allocation of bingo prize fees to cities and counties was not included in budget as result of the passage of HB 914. Effective January 1, 2020 the agency will no longer be responsible for collecting and allocating the bingo prize fee to cities and counties. A minimal payment will be made from the prize fees collected September 1, 2019 – December 31, 2019. At the time the amount is finalized the budget will be amended.
- Rider 14: Bingo Third Party Reimbursement. Budget does not reflect appropriation for third party reimbursements at this time. As funds become available the budget will be amended.
- Article IX, Section 17.03 Payroll Contribution-Health Insurance. Required transfer of 1% of Salaries and Wages, or \$22K, to the Employees Retirement System for group health insurance.
- Article IX, Section 17.06 Payroll Contribution-Retirement. Required transfer of 0.5% of Salaries and Wages, or \$11K, to the Employees Retirement System for retirement program.

General Restrictions

- Rider 2: Capital Budget Authority. Budget reflects \$111,926 in capital budget for Lottery Drawing Equipment.
- FTE Cap: Budget reflects 315.8 FTE's representing 7.7 FTE's under cap restriction of 323.5 FTE's.

Budget Highlights

- Lottery Operator Fees are reflected at \$130.0M, or 51% of the Commission budget.
- The Advertising budget is reflected at \$17.7M or 7% of budget. As a result of budget reductions during the 86th Legislative Session, the advertising budget was reduced from \$24.6M in FY 2019 to \$17.7M. This was a 28% or \$6.9M budget reduction.
- 12% of the budget, or \$31.4M, is dedicated to the Retailer Incentive and Bonus Programs. Retailer Bonuses, while eliminated in FY 2019 due to a Governor's veto in the 85th Legislative Session, was reinstated in FY 2020 with a budget of \$2.0M.
- Salaries are \$23.3M, or 9% of Budget.
- Scratch Ticket Production, including Printing and Licensing Fees, is budgeted at \$38.0M or 15% of the Budget.
- The balance of the budget, or \$17.1M, or 7% relates to Other Operating, Professional Fees, Travel and Capital Outlay.
- FTE's are budgeted at 315.8 FTE's, including a FTE reduction of 2.2 positions in the Lottery Dedicated Account and 3.0 positions in the General Revenue Account.

Unbudgeted Appropriation

- \$347,131 in Lottery Account appropriation is unbudgeted.
- \$61,861 of General Revenue appropriation is unbudgeted.

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Agency Summary

	Budgeted Amount	Bingo	
		Administration	Lottery
1001 Salaries & Wages	\$ 22,462,258	\$ 2,168,576	\$ 20,293,681
1003 Longevity Pay	435,140	38,960	396,180
1004 Merit Pool	381,858	36,866	344,993
2001 Professional Fees and Services	5,659,628	92,039	5,567,589
2002 Lottery Operator Fees	130,000,873	-	130,000,873
2003 Advertising	17,738,283	-	17,738,283
2004 Retailer Bonuses	31,432,958	-	31,432,958
2005 Printing and Reproduction	36,870,612	-	36,870,612
2009 Other Operating Expenses	12,044,707	65,215	11,979,492
3000 Travel	337,819	41,014	296,805
3001 Out of State Travel	117,500	7,500	110,000
4000 Grants	-	-	-
5000 Capital Expenditures	111,926	-	111,926
Total Budget	\$ 257,593,563	\$ 2,450,170	\$ 255,143,392
FTE's	315.80	38.00	277.80
1002 Payroll Related Costs	\$ 7,509,133	\$ 724,955	\$ 6,784,178
Method of Finance:			
Original Appropriation	257,858,502	2,544,560	255,313,942
Governor's Veto Proclamation Reductions	-	-	-
Rider 8, Local Bingo Prize Fees	-	-	-
Rider 10, Lottery Operator Contract	-	-	-
Rider 11, Appropriation of Increased Revenue	-	-	-
Rider 14, Bingo Third Party Reimbursements	-	-	-
Article IX, Section 14.01, Appropriation Transfer	-	-	-
Article IX, Section 17.03 Payroll Cont-Health Ins 1.0%	(224,623)	(21,686)	(202,937)
Article IX, Section 17.06 Payroll Cont-Retirement 0.5%	(112,311)	(10,843)	(101,468)
Article IX, Section 8.02 Reimbursements and Payments	480,987	-	480,987
Total, Method of Finance	\$ 258,002,555	\$ 2,512,031	\$ 255,490,524
Variance, Unbudgeted Appropriation	\$ 408,993	\$ 61,861	\$ 347,131

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Executive
 Summary 100

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 398,484	\$ -	\$ 398,484
1003 Longevity Pay	7,420	-	7,420
1004 Merit Pool	30,326	-	30,326
2001 Professional Fees and Services	5,000	-	5,000
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	74,843	-	74,843
3000 Travel	22,100	-	22,100
3001 Out of State Travel	110,000	-	110,000
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	648,173	-	648,173
FTE's	3.00	-	3.00
1002 Payroll Related Costs	\$ 133,213	\$ -	\$ 133,213

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Governmental Affairs
 Summary 110

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 433,539	\$ -	433,539
1003 Longevity Pay	7,240	-	7,240
1004 Merit Pool	4,714	-	4,714
2001 Professional Fees and Services	-	-	-
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	8,155	-	8,155
3000 Travel	2,000	-	2,000
3001 Out of State Travel	-	-	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	\$ 455,647	\$ -	455,647
FTE's	4.00	-	4.00
1002 Payroll Related Costs	\$ 144,932	\$ -	144,932

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Media Relations
 Summary 120

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 386,998	\$ -	\$ 386,998
1003 Longevity Pay	2,600	-	2,600
1004 Merit Pool	4,879	-	4,879
2001 Professional Fees and Services	-	-	-
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	42,718	-	42,718
3000 Travel	5,000	-	5,000
3001 Out of State Travel	-	-	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	\$ 442,195	\$ -	\$ 442,195

FTE's 5.00 - 5.00

1002 Payroll Related Costs \$ 129,373 \$ - \$ 129,373

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Enforcement
 Summary 130

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 1,249,964	\$ -	\$ 1,249,964
1003 Longevity Pay	27,060	-	27,060
1004 Merit Pool	19,007	-	19,007
2001 Professional Fees and Services	42,749	-	42,749
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	26,152	-	26,152
3000 Travel	70,000	-	70,000
3001 Out of State Travel	-	-	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	\$ 1,434,932	\$ -	\$ 1,434,932
FTE's	16.00	-	16.00
1002 Payroll Related Costs	\$ 417,863	\$ -	\$ 417,863

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Office of the Controller
 Summary 200

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 1,810,376	\$ -	\$ 1,810,376
1003 Longevity Pay	34,760	-	34,760
1004 Merit Pool	26,887	-	26,887
2001 Professional Fees and Services	76,000	-	76,000
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	80,495	-	80,495
3000 Travel	2,500	-	2,500
3001 Out of State Travel	-	-	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	\$ 2,031,018	\$ -	\$ 2,031,018
FTE's	22.00	-	22.00
1002 Payroll Related Costs	\$ 605,209	\$ -	\$ 605,209

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Human Resources
 Summary 300

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 642,672	\$ -	\$ 642,672
1003 Longevity Pay	13,580	-	13,580
1004 Merit Pool	8,439	-	8,439
2001 Professional Fees and Services	9,950	-	9,950
2002 Lottery Operator Fees	-	-	-
2003 Advertising	2,000	-	2,000
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	23,468	-	23,468
3000 Travel	1,000	-	1,000
3001 Out of State Travel	-	-	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	\$ 701,109	\$ -	\$ 701,109
FTE's	7.00	-	7.00
1002 Payroll Related Costs	\$ 214,845	\$ -	\$ 214,845

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Internal Audit
 Summary 400

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ -	\$ -	\$ -
1003 Longevity Pay	-	-	-
1004 Merit Pool	-	-	-
2001 Professional Fees and Services	300,000	-	300,000
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	-	-	-
3000 Travel	-	-	-
3001 Out of State Travel	-	-	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	300,000	-	300,000
FTE's	\$ -	\$ -	\$ -
1002 Payroll Related Costs	\$ -	\$ -	\$ -

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Legal Services
 Summary 500

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 1,312,878	\$ -	1,312,878
1003 Longevity Pay	23,300	-	23,300
1004 Merit Pool	18,642	-	18,642
2001 Professional Fees and Services	65,000	-	65,000
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	63,646	-	63,646
3000 Travel	2,500	-	2,500
3001 Out of State Travel	-	-	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	\$ 1,485,966	\$ -	1,485,966
FTE's	13.50	-	13.50
1002 Payroll Related Costs	\$ 438,895	\$ -	438,895

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Lottery Operations
 Summary 600

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 8,291,501	\$ -	\$ 8,291,501
1003 Longevity Pay	\$ 187,600	-	187,600
1004 Merit Pool	\$ 137,921	-	137,921
2001 Professional Fees and Services	\$ 3,472,532	-	3,472,532
2002 Lottery Operator Fees	\$ 130,000,873	-	130,000,873
2003 Advertising	\$ 17,736,283	-	17,736,283
2004 Retailer Bonuses	\$ 31,432,958	-	31,432,958
2005 Printing and Reproduction	\$ 36,620,612	-	36,620,612
2009 Other Operating Expenses	\$ 4,933,150	-	4,933,150
3000 Travel	\$ 173,205	-	173,205
3001 Out of State Travel	\$ -	-	-
4000 Grants	\$ -	-	-
5000 Capital Expenditures	\$ 111,926	-	111,926
Total Budget	\$ 233,098,561	\$ -	\$ 233,098,561
FTE's	\$ 137.00	\$ -	\$ 137.00
1002 Payroll Related Costs	\$ 2,771,849	\$ -	\$ 2,771,849

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Administration
 Summary 700

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 5,767,271	\$ -	\$ 5,767,271
1003 Longevity Pay	92,620	-	92,620
1004 Merit Pool	94,177	-	94,177
2001 Professional Fees and Services	1,596,359	-	1,596,359
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	250,000	-	250,000
2009 Other Operating Expenses	6,726,865	-	6,726,865
3000 Travel	18,500	-	18,500
3001 Out of State Travel	-	-	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	\$ 14,545,792	\$ -	\$ 14,545,792
FTE's	70.30	-	70.30
1002 Payroll Related Costs	\$ 1,927,999	\$ -	\$ 1,927,999

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 Division: Bingo
 Summary 800

	Budgeted Amount	General Revenue	Lottery
1001 Salaries & Wages	\$ 2,168,576	\$ 2,168,576	\$ -
1003 Longevity Pay	38,960	38,960	-
1004 Merit Pool	36,866	36,866	-
2001 Professional Fees and Services	92,039	92,039	-
2002 Lottery Operator Fees	-	-	-
2003 Advertising	-	-	-
2004 Retailer Bonuses	-	-	-
2005 Printing and Reproduction	-	-	-
2009 Other Operating Expenses	65,215	65,215	-
3000 Travel	41,014	41,014	-
3001 Out of State Travel	7,500	7,500	-
4000 Grants	-	-	-
5000 Capital Expenditures	-	-	-
Total Budget	<u>\$ 2,450,170</u>	<u>\$ 2,450,170</u>	<u>\$ -</u>
FTE's	<u>38.00</u>	<u>38.00</u>	<u>-</u>
1002 Payroll Related Costs	\$ 724,955	\$ 724,955	\$ -

Texas Lottery Commission
 FY 2020 Operating Budget, Final
 By Strategy

Goal A	FY 2020	13005	13012	13006	13008	13009	13014	13015	13007	13017	13019	13023
	Budgeted Amount	Lottery Operations	Lottery Field Oper.	Marketing & Promotion	Security	Central Adm.	Lottery Oper. Cont.	Scratch Ticket Prof. Cont.	Mass Media Advert. Cont.	Drawing & Broadcast	Retailer Bonus	Retailer Commissions
	\$	A.1.1.	A.1.2.	A.1.3.	A.1.4.	A.1.5.	A.1.6.	A.1.7.	A.1.8.	A.1.9.	A.1.10.	A.1.11.
0100 Executive	648,173			4,735	2,242	641,196						
0110 Governmental Relations	455,647			442,195		455,647						
0120 Media Relations	442,195											
0130 Enforcement	1,434,932				1,434,932							
0200 Office of the Controller	2,031,018					2,031,018						
0300 Human Resources	701,109					701,109						
0400 Internal Audit	300,000					300,000						
0500 Legal Services	1,485,966					1,202,963						
0600 Lottery Operations	389,490			389,490								
0601 Lottery Operator Contract	130,000,873						130,000,873					
0602 Retailer Bonus	2,019,665									2,019,665		
0603 Scratch Ticket Contract	38,038,264							38,038,264				
0604 Retailer Incentive	29,413,293											
0605 Drawing & Broadcast Studio	2,150,000									2,150,000		
0606 Security	710,447				710,447							
0607 Drawings & Validations	2,215,655				2,215,655							
0608 Claim Centers	3,109,888		3,109,888									
0609 Retailer Services	2,207,350											
0611 Lottery Products	1,217,120			1,217,120								
0612 Promotions & Advertising	717,626			717,626								
0613 Promotional Events & Items	3,172,607			3,172,607								
0615 Advertising	17,736,283							17,736,283				
0700 Administration	644,822					644,822						
0702 Security Contracts	889,342				889,342							
0703 Facilities	5,149,671											
0704 Graphics	448,901			448,901								
0706 Contracts/Purchasing	523,951					523,951						
0707 Information Resources	6,167,717					6,167,717						
0708 Security Study	244,000				244,000							
0709 3rd Party Reimbursement	477,387					477,387						
Total Budget	\$ 255,143,392	\$ 7,357,021	\$ 3,109,888	\$ 6,392,673	\$ 5,779,620	\$ 13,145,811	\$ 130,000,873	\$ 38,038,264	\$ 17,736,283	\$ 2,150,000	\$ 2,019,665	\$ 29,413,293
Reconciliation												
Base Appropriation	\$ 255,313,942	\$ 7,262,329	\$ 3,122,299	\$ 6,584,104	\$ 5,785,668	\$ 12,966,245	\$ 130,000,873	\$ 38,038,264	\$ 17,736,283	\$ 2,404,919	\$ 2,019,665	\$ 29,413,293
Governor's Veto Proclamation Reduction	-	-	-	-	-	-	-	-	-	-	-	-
Rider 10, Lottery Operator Contract	-	-	-	-	-	-	-	-	-	-	-	-
Rider 11, Appropriation of Increased Fees	-	-	-	-	-	-	-	-	-	-	-	-
Article IX, Section 17.03 Payroll Cont-Health Ins	(202,937)	(27,303)	(28,346)	(26,478)	(28,557)	(92,253)						
Article IX, Section 17.06 Payroll Cont-Retirement	(101,468)	(13,651)	(14,173)	(13,239)	(14,279)	(46,126)						
Article IX, Section 14.01 Appropriation Transfers-Initial	-	135,647	30,108	53,189	53,189					(218,944)		
Article IX, Section 14.01 Appropriation Transfers	-	-	-	-	-	-				-		
Article IX, Section 8.02 Third Party Reimbursements	480,987	-	-	-	3,600	477,387				-		
Total Budget	\$ 255,490,524	\$ 7,357,022	\$ 3,109,888	\$ 6,544,387	\$ 5,779,621	\$ 13,305,253	\$ 130,000,873	\$ 38,038,264	\$ 17,736,283	\$ 2,185,975	\$ 2,019,665	\$ 29,413,293
Over/Under	\$ 347,131	\$ 0	\$ 0	\$ 151,714	\$ 0	\$ 159,442	\$ -	\$ -	\$ -	\$ 35,975	\$ -	\$ -
Transfer Out Limitation	\$ 11,572,302	\$ 1,452,466	\$ 624,460	\$ 1,316,821	\$ 1,153,134	\$ 2,593,249	\$ -	\$ -	\$ 3,547,257	\$ 480,984	\$ 403,933	\$ -
Amount Remaining in Transfer Limitation	\$ 11,353,358	\$ 1,452,466	\$ 624,460	\$ 1,316,821	\$ 1,153,134	\$ 2,593,249	\$ -	\$ -	\$ 3,547,257	\$ 262,040	\$ 403,933	\$ -

	Budgeted Amount	13004 B.1.1. Bingo Licensng	13010 B.1.2. Bingo Educ. & Dev.	13003 B.1.3. Bingo Law Compl.	13020 B.1.4. Bingo Prize Fee Coll.
Goal B					
0801 Bingo Prize Fee Allocation	\$ 277,496				277,496
0802 Accounting Services	499,217	499,217			
0803 Licensing Services	1,569,869			1,569,869	
0804 Auditors	103,589		103,589		
0805 Education					
Total Budget	\$ 2,450,170	\$ 499,217	\$ 103,589	\$ 1,569,869	\$ 277,496
Reconciliation					
Base Appropriation	\$ 2,544,560	\$ 671,517	\$ 110,277	\$ 1,446,513	\$ 316,253
Rider 8, Local Bingo Prize Fees					
Article IX, Section 14.01 Appropriation Transfers-Initial		(104,835)	(5,274)	144,922	(34,813)
Article IX, Section 14.01 Appropriation Transfers					
Article IX, Section 17.03 Payroll Cont-Health Ins	(21,686)	(3,736)	(943)	(14,378)	(2,629)
Article IX, Section 17.06 Payroll Cont-Retirement	(10,843)	(1,868)	(471)	(7,189)	(1,315)
Total Budget	\$ 2,512,031	\$ 561,078	\$ 103,589	\$ 1,569,868	\$ 277,496
Over/Under	\$ 61,861	\$ 61,861	\$ 0	\$ (0)	\$ 0
Transfer Out Limitation	\$ 508,912	\$ 134,303	\$ 22,055	\$ 289,303	\$ 63,251
Amount Remaining in Transfer Limitation	\$ 363,990	\$ 29,468	\$ 16,781	\$ 289,303	\$ 28,438

Texas Lottery Commission
 FY 2020 Operating Budget
 Review of Transfer Authority

Strategy	House Bill 1 Base Appropriation	Governor's Veto Proclamation Reductions	Rider 10 Lottery Operator Contract	Rider 11 Appropriation of Increased Revenues	Article IX, Sec. 8.02/ Rider 14 Third Party Reimbursement	Article IX, Section 14.01 Appropriations Transfer	Rider 8 & Local Bingo Prize Fees	Article IX, Section 17.03 Payroll Cont-Health Ins	Article IX, Section 17.06 Payroll Retirement	Revised HB 1 Appropriation	Proposed Appropriation Transfers for FY 2020 Operating Budget	Adjusted Appropriation	FY 2020 Operating Budget	Appropriation Authority currently Unbudgeted	Appropriation Transfer Out Allowed 20.0%	Transfer Authority Remaining
A.1.1. Lottery Operations	\$ 7,262,329							(27,303)	(13,651)	7,221,375	135,647	7,357,022	7,357,021	0	1,452,466	1,452,466
A.1.2. Lottery Field Operations	3,122,289						(28,346)	(14,173)	(3,079,780)	30,108	3,109,888	3,109,888	3,109,888	0	624,460	624,460
A.1.3. Marketing and Promotion	6,664,104						(26,478)	(13,239)	6,544,387		6,544,387	6,544,387	6,544,387	151,714	1,316,821	1,316,821
A.1.4. Security	5,765,688			3,600			(28,557)	(14,279)	5,726,432		55,189	5,779,621	5,779,620	0	1,153,134	1,153,134
A.1.5. Central Administration	12,966,245			477,387			(92,253)	(46,126)	13,305,253			13,305,253	13,145,811	159,442	2,593,249	2,593,249
A.1.6. Lottery Operator Contract(s)	130,000,873								130,000,873			130,000,873	130,000,873			
A.1.7. Scratch Ticket Production Contract(s)	38,038,264								38,038,264			38,038,264	38,038,264			
A.1.8. Mass Media Advertising Contract(s)	17,736,283								17,736,283			17,736,283	17,736,283		3,547,257	3,547,257
A.1.9. Drawing & Broadcast Contract(s)	2,404,919								2,404,919	(218,944)		2,185,975	2,150,000	35,975	480,984	262,040
A.1.10. Retailer Bonus	2,019,665								2,019,665			2,019,665	2,019,665		403,933	403,933
A.1.11. Retailer Commissions	29,413,293								29,413,293			29,413,293	29,413,293			
Total, Agency Wide FUND 5025	\$ 255,315,942	\$ -	\$ -	\$ -	\$ 480,987	\$ -	\$ (202,937)	\$ (101,468)	\$ (101,468)	\$ 255,490,524	\$ -	\$ 255,490,524	\$ 255,143,392	\$ 347,131	\$ 11,572,302	\$ 11,353,358
B.1.1. Bingo Licensing	671,517						(3,736)	(1,868)	685,913		(104,835)	561,078	499,217	61,861	134,303	29,468
B.1.2. Bingo Education & Development	110,277						(943)	(471)	108,863		(5,274)	103,589	103,589	0	22,055	16,781
B.1.3. Bingo Law Compliance Field Operation:	1,446,513						(14,378)	(7,189)	1,424,946		144,922	1,569,868	1,569,869	(0)	289,303	289,303
B.1.4. Bingo Prize Fee Collection & Acct.	316,253						(2,529)	(1,315)	312,309		(34,813)	277,496	277,496	0	63,251	28,438
Total, Agency Wide FUND 5175	\$ 2,544,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,666)	\$ (10,843)	\$ (10,843)	\$ 2,512,031	\$ -	\$ 2,512,031	\$ 2,450,170	\$ 61,861	\$ 508,912	\$ 363,990

Rider 11 Appropriation of Increased Revenues-FY2

FY 2020 Sales Estimate	\$ 5,893,655,000
Rider 11 Base Sales Levy	\$ 5,893,655,000
Excess Sales over Base Sales Level	-
Additional appn of 1.46% of Excess Sales	1.46%
Rider 11 Estimated Appropriation Increase	\$ -

Rider 10 Lottery Operator Contract

FY 2020 Sales Estimate	\$ 5,893,655,000
Sales x 2.2089%	\$ 130,243,838
Strategy A.1.10 Base	\$ 130,000,873
Rider 10 Est Lottery Operator Contract Increase	\$ 242,965

Rider 9b Retailer Commissions

FY 2020 Sales Estimate	\$ 5,893,655,000
Sales x 0.05%	\$ 29,465,265
Strategy A.1.12 Base	\$ 29,413,293
Rider 9b Retailer Commission Increase	\$ 54,972

	FY 2020 over FY 2019		FY 2019		FY 2020		Budgeted		Amount		Executive		Govt. Affairs		Media Relations		Enforcement		Office of the Controller		Human Resources		Internal Audit		General Counsel		Lottery Operations		Administration		Bingo					
	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount	Budgeted	Amount						
1001 Salaries & Wages	\$ 160,984	\$ 27,301,274	\$ 446,480	\$ 22,462,258	\$ 398,484	\$ 7,420	\$ 433,539	\$ 386,988	\$ 1,245,964	\$ 1,810,376	\$ 642,672	\$ 13,580	\$ 23,300	\$ 1,312,878	\$ 8,291,501	\$ 5,767,271	\$ 2,168,576																			
1003 Longevity Pay	(11,340)		379,122		30,326		4,714		27,060		34,760																									
1004 Merit Pool	2,737		5,512,989		5,000				19,007		26,887																									
2001 Professional Fees and Services	146,639		130,000,873		5,000				42,749		76,000																									
2002 Lottery Operator Fees	18,827,580		11,173,293																																	
2003 Advertising	(6,900,165)		21,638,448																																	
2004 Retailer Bonuses	6,336,055		21,086,903																																	
2005 Printing and Reproduction	171,707		36,896,905																																	
2009 Other Operating Expenses	611,928		11,432,760																																	
3000 Travel	(673)		338,492																																	
3001 Out of State Travel	2,500		115,000																																	
4000 Grants	(14,480,500)		14,480,500																																	
5000 Capital Expenditures	70,636		41,290																																	
Total Budget	\$ 4,938,088	\$ 252,655,475	\$ 257,593,563	\$ 648,173	\$ 455,647	\$ 442,195	\$ 1,434,932	\$ 2,031,018	\$ 701,109	\$ 300,000	\$ 1,485,966	\$ 283,098,561	\$ 14,545,792	\$ 2,450,170	\$ 70,300	\$ 38,000																				
FTE's			321.00	315.80	3.00	4.00	5.00	22.00	7.00	13.50	70.30																									

% of Total Budget:

1001 Salaries & Wages	8.8%	8.7%	1.8%	1.9%	1.7%	1.7%	5.6%	8.1%	2.9%	5.8%	36.9%	25.7%	9.7%
1003 Longevity Pay	0.2%	0.2%	1.7%	1.7%	0.8%	0.8%	6.2%	8.0%	3.1%	5.4%	43.1%	21.3%	8.0%
1004 Merit Pool	0.2%	0.1%	7.9%	1.2%	1.3%	1.3%	5.0%	7.0%	2.2%	4.9%	36.1%	24.7%	9.7%
2001 Professional Fees and Services	2.2%	2.2%	0.1%	0.0%	0.0%	0.0%	0.8%	1.3%	0.2%	1.1%	61.4%	28.2%	1.6%
2002 Lottery Operator Fees	44.0%	50.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
2003 Advertising	8.8%	8.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
2004 Retailer Bonuses	9.9%	12.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
2005 Printing and Reproduction	14.5%	14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	99.3%	0.7%	0.0%
2009 Other Operating Expenses	4.5%	4.7%	0.0%	0.0%	0.0%	0.0%	0.2%	0.7%	0.2%	0.0%	41.0%	55.8%	0.5%
3000 Travel	0.1%	0.1%	6.5%	0.6%	1.5%	1.5%	20.7%	0.0%	0.3%	0.7%	51.3%	0.0%	12.1%
3001 Out of State Travel	0.0%	0.0%	93.6%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.4%
4000 Grants	5.7%	5.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5000 Capital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Total Budget	100.0%	100.0%	0.3%	0.3%	0.2%	0.2%	0.6%	0.8%	0.3%	0.1%	90.5%	5.6%	1.0%
% of Total FTE's	100.0%	100.0%	0.9%	1.3%	1.6%	5.1%	7.0%	2.2%	4.3%	43.4%	22.3%	60.522	57.068
Average Salary per FTE budgeted	\$ 69,474	\$ 71,128	\$ 132,828	\$ 108,385	\$ 77,400	\$ 78,123	\$ 82,290	\$ 91,810	\$ 97,250	\$ 14,545,792	\$ 60,522	\$ 82,038	\$ 57,068