



INTEROFFICE MEMO

Gary Grief, Executive Director

LaDonna Castañuela, Charitable Bingo Operations Director

To: Robert Rivera, Chairman
Cindy Fields, Commissioner
Mark A. Franz, Commissioner
Erik C. Saenz, Commissioner
Jamey Steen, Commissioner

From: Kelly Stuckey, Controller

KS

Date: July 29, 2022

Re: FY 2024-25 Legislative Appropriations Request

The FY 2024-25 Legislative Appropriations Request (LAR) is attached for your review and approval. The Commission's FY 2024-25 LAR includes a baseline request of \$565,211,351 and one exceptional item request totaling \$17,410,868. This brings the Commission's total LAR for FY 2024-25 at \$582,622,219, an 8.1% decrease under FY 2022-23 baseline appropriations levels.

FY 2024-25 Budget Guidelines

The Commission's FY 2024-25 LAR was developed in accordance with guidelines from the leadership offices which stated that, as a starting point for budget deliberations, each agency's baseline request may not exceed the sum of amounts expended in fiscal year 2022 and budgeted in fiscal year 2023.

FY 2024-25 Baseline Request and Exceptional Item Requests

In compliance with the guidelines set forth by leadership, the Commission's baseline request for FY 2024-25 is \$565,211,351 with 321.5 Full Time Equivalent positions (FTE's).

Funding requests for purposes which exceed the baseline spending level may not be submitted in the agency's LAR baseline request but may be submitted as exceptional items.

The Commission's LAR includes one exceptional item:

Item 1 – Scratch Ticket Production and Services Contract(s) for \$17.4 million

- Item 1 – Scratch Ticket Production and Services Contract(s)

The LAR reflects a \$17.4 million exceptional item request in FY 2025 for authority to increase the scratch ticket production and services contracts strategy utilizing available administrative funds generated from the sale of lottery tickets and that remain within the allowable statutory percentage to administer the lottery.

The funding structure to produce scratch tickets is a fixed budget that does not provide a mechanism to support potential changes in product cost or product demand. Scratch ticket sales have realized continual year-over-year increases since Fiscal Year 2011 and scratch ticket games continue to be a growing product category in Texas. In Fiscal Year 2021, scratch ticket sales represented over 80 percent of total lottery sales.

There are only three companies in the world, Scientific Games, Pollard Banknote and IGT Printing, capable of printing lottery scratch tickets. The current contracts with the three scratch ticket print vendors all expire on August 31, 2024. The environment for procuring scratch ticket printing services has dramatically changed since the last contract was procured in FY 2012. The pandemic has made a significant impact on labor and material costs for these companies, and while the material shortages may ease over time, it is expected the labor costs will not.

The agency has recently completed the RFP process for these services and significant increased costs of approximately 40% for these critical business services were realized. An underfunded scratch ticket print budget will have a negative impact on revenue generation for the beneficiaries of the Texas Lottery; Foundation School Fund and Fund for Veterans' Assistance.

If funding is granted by the legislature for this Exceptional Item Request, there would be no cost to the Appropriations Bill as the GR-D Fund 5025 (Lottery Dedicated Account) is not subject to the Comptroller of Public Account's certification for the General Appropriations Act (GAA). Funding of this exceptional item would also remain within the allowable statutory percentage to administer the lottery under Government Code, Chapter 466 and Rider 3.

	Lottery Dedicated		
	Account	General Revenue	Total
FY 2022-23 Baseline Appropriation*	\$ 628,917,052	\$ 4,839,181	\$ 633,756,233
FY 2024-25 Baseline Request	\$ 560,372,170	\$ 4,839,181	\$ 565,211,351
FY 2024-25 Exceptional Request	\$ 17,410,868	\$ -	\$ 17,410,868
FY 2024-25 Total Request	\$ 577,783,038	\$ 4,839,181	\$ 582,622,219
\$ Decrease under FY 2022-23 Baseline Appropriation	\$ (51,134,014)	\$ -	\$ (51,134,014)
% Decrease under FY 2022-23 Baseline Appropriation	-8.1%	0.0%	-8.1%

* Lottery Dedicated Account is adjusted by the Unexpended Balances - Construction Required for TX Capital Complex Building authorized in FY22

Rider Requests

The Rider Revisions reflected on page 3.B. of the LAR incorporate revisions to the Commission's current Rider structure in the 2022-23 GAA. No new riders are requested.

The Commission's LAR is due to leadership offices on August 19, 2022. In addition to filing hard copies of the document, agencies are required to file operating budgets electronically with the LBB, through the Automated Budget and Evaluation System of Texas (ABEST) as well as submit searchable PDF versions of the LAR to the Governor's Office. Upon completion of the budget document, the agency is required to provide the LBB and Governor's Office certification of the integrity of the dual submissions, and assurance that the electronic and hard copy is one in the same. The signature certificate is reflected on page 1.C. of the LAR.

Please feel free to contact me at 512-344-5426 if you need additional information or have any questions.

Attachment – Analysis of FY 2022-23 baseline appropriation to FY 2024-25 baseline request

cc: Gary Grief
LaDonna Castañuela

Texas Lottery Commission
LAR for Fiscal Years 2024-25
Comparison of Baseline Request

Objects of Expense:		FY 2022 Expended	FY 2023 Budgeted	FY 2022-23 Total	FY 2024 Baseline Request	FY 2025 Baseline Request	FY 2024-25 Total	Change
1001	Salaries and Wages	\$ 23,023,483	\$ 23,664,384	\$ 46,687,867	\$ 23,664,384	\$ 23,664,384	\$ 47,328,768	\$ 640,901
1002	Other Personnel Costs	433,320	428,000	861,320	428,000	428,000	856,000	(5,320)
2001	Professional Fees and Services	6,261,804	5,452,045	11,713,849	5,694,101	5,471,601	11,165,702	(548,147)
2002	Fuels and Lubricants	4,000	4,400	8,400	4,400	4,400	8,800	400
2003	Consumable Supplies	170,740	104,440	275,180	104,440	104,440	208,880	(66,300)
2004	Utilities	369,074	341,749	710,823	341,749	341,749	683,498	(27,325)
2005	Travel	428,432	430,936	859,368	430,936	430,936	861,872	2,504
2006	Rent - Building	6,755,731	2,880,558	9,636,289	2,900,194	2,900,745	5,800,939	(3,835,350)
2007	Rent - Machine and Other	1,141,562	1,000,977	2,142,539	792,124	792,124	1,584,248	(558,291)
2009	Other Operating Expense	269,707,419	291,412,923	561,120,342	249,582,944	246,829,700	496,412,644	(64,707,698)
5000	Capital Expenditures	324,007	218,400	542,407	300,000	-	300,000	(242,407)
	Exclusion - UB Capital Complex Construction	(802,151)		(802,151)				802,151
TOTAL, OBJECT OF EXPENSE		\$ 307,817,421	\$ 325,938,812	\$ 633,756,233	\$ 284,243,272	\$ 280,968,079	\$ 565,211,351	\$ (68,544,882)

Strategy		FY 2022 Expended	FY 2023 Budgeted	FY 2022-23 Total	FY 2024 Baseline Request	FY 2025 Baseline Request	FY 2024-25 Total	Change
A.1.1.	Lottery Operations	\$ 8,924,897	\$ 4,076,872	\$ 13,001,769	\$ 4,108,272	\$ 4,147,161	\$ 8,255,433	(4,746,336)
A.1.2.	Lottery Field Operations	3,230,313	3,280,732	6,511,045	3,332,177	3,333,052	6,665,229	154,184
A.1.3.	Product Development	6,675,478	6,639,239	13,314,717	6,728,064	6,769,439	13,497,503	182,786
A.1.4.	Security	6,309,265	5,347,465	11,656,730	5,741,211	5,182,097	10,923,308	(733,422)
A.1.5.	Central Administration	14,122,312	14,609,682	28,731,994	14,588,140	14,590,992	29,179,132	447,138
A.1.6.	Lottery Operator Contract(s)	162,728,967	159,266,481	321,995,448	128,796,885	125,996,815	254,793,700	(67,201,748)
A.1.7.	Scratch Ticket Prod & Services Contract(s)	64,135,000	76,795,566	140,930,566	72,589,133	72,589,132	145,178,265	4,247,699
A.1.8.	Promote Lottery Games Contract(s)	10,210,000	10,000,000	20,210,000	10,000,000	10,000,000	20,000,000	(210,000)
A.1.9.	Drawing & Studio Broadcast Contract(s)	2,239,000	2,254,800	4,493,800	2,254,800	2,254,800	4,509,600	15,800
A.1.10.	Retailer Bonus	2,100,000	2,080,000	4,180,000	2,010,000	2,010,000	4,020,000	(160,000)
A.1.11.	Retailer Commissions	25,524,750	39,168,384	64,693,134	31,675,000	31,675,000	63,350,000	(1,343,134)
	Exclusion - UB Capital Complex Construction	(802,151)		(802,151)				802,151
	Total, Goal A	\$ 305,397,831	\$ 323,519,221	\$ 628,917,052	\$ 281,823,682	\$ 278,548,488	\$ 560,372,170	\$ (68,544,882)
B.1.1.	Bingo Licensing	\$ 657,772	\$ 657,772	\$ 1,315,544	\$ 657,772	\$ 657,772	\$ 1,315,544	\$ -
B.1.2.	Bingo Education & Development	97,974	97,974	195,948	97,974	97,974	195,948	-
B.1.3.	Bingo Law Compliance Field Operations	1,387,000	1,387,001	2,774,001	1,387,000	1,387,001	2,774,001	-
B.1.4.	Bingo Prize Fee Collection & Accounting	276,844	276,844	553,688	276,844	276,844	553,688	-
	Total, Goal B	\$ 2,419,590	\$ 2,419,591	\$ 4,839,181	\$ 2,419,590	\$ 2,419,591	\$ 4,839,181	\$ -
TOTAL, Texas Lottery Commission		\$ 307,817,421	\$ 325,938,812	\$ 633,756,233	\$ 284,243,272	\$ 280,968,079	\$ 565,211,351	\$ (68,544,882)

Methods of Financing:		FY 2022 Expended	FY 2023 Budgeted	FY 2022-23 Total	FY 2024 Baseline Request	FY 2025 Baseline Request	FY 2024-25 Total	Change
0001	General Revenue	\$ 2,419,590	\$ 2,419,591	\$ 4,839,181	\$ 2,419,590	\$ 2,419,591	\$ 4,839,181	\$ -
5025	Lottery Dedicated Account	305,397,831	323,519,221	628,917,052	281,823,682	278,548,488	560,372,170	(68,544,882)
TOTAL, METHOD OF FINANCE		\$ 307,817,421	\$ 325,938,812	\$ 633,756,233	\$ 284,243,272	\$ 280,968,079	\$ 565,211,351	\$ (68,544,882)

Full Time Equivalent Positions	321.50	321.50	321.50	321.50	321.50	321.50	321.50	0.00
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LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS 2024 AND 2025

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

by

Texas Lottery Commission

August 19, 2022

Legislative Appropriations Request for Fiscal Years 2024 and 2025

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

by

Texas Lottery Commission

Commission Members

**Robert G. Rivera, Chairman
Cindy Fields
Mark A. Franz
Erik C. Saenz
Jamey Steen**

Dates of Term

**November 23, 2021 – February 1, 2027
January 30, 2020 – February 1, 2023
May 7, 2019 – February 1, 2025
August 13, 2019 – February 1, 2023
July 21, 2020 – February 1, 2025**

Hometown

**Dallas, Texas
El Paso, Texas
Austin, Texas
Houston, Texas
Houston, Texas**

Submitted: August 19, 2022

**Submitted by: _____
Gary Grief, Executive Director**

**Approved by: _____
Robert G. Rivera, Chairman**

**Legislative Appropriations Request
for Fiscal Years 2024 and 2025
Texas Lottery Commission**

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Administrator's Statement

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Automated Budget and Evaluation System of Texas (ABEST)

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Names, Terms of Office, Hometowns of Commission Members

Robert G. Rivera, Chairman	November 23, 2021 – February 1, 2027	Dallas, TX
Cindy Fields	January 30, 2020 – February 1, 2023	El Paso, TX
Mark A. Franz	May 7, 2019 – February 1, 2025	Austin, TX
Erik C. Saenz	August 13, 2019 – February 1, 2023	Houston, TX
Jamey Steen	July 21, 2020 – February 1, 2025	Houston, TX

Texas Lottery Sales and Revenue

The Texas Lottery continues to generate record amounts of revenue through the responsible sale of lottery products. Through FY 2021 the Texas Lottery has generated over \$33.6 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 Texas Lottery has contributed more than \$27.6 billion to the Foundation School Fund for that purpose.

In FY 2021, the Texas Lottery Commission transferred \$1.97 billion to the Foundation School Fund and the Fund for Veterans' Assistance received \$23.4 million, the highest contribution to date to these beneficiaries. Including unclaimed prize money, total revenue transferred to the state was \$1.998 billion, resulting in a new record for total revenue. This also marked the 18th consecutive year the Texas Lottery has reached the \$1 billion mark in total transfers since 2004. The Commission's revenue transfer in FY 2021 was based on overall lottery sales of \$8.107 billion, breaking the sales record set in fiscal year 2020.

See Exhibit A. "FY 1992 through FY 2021 Sales, Prize Expense and Transfers"

The new lottery sales record established in FY 2021 was an increase of over \$1.06 billion over FY 2020 sales levels. This record can be attributed to the continued strong growth in its scratch ticket product category in FY 2021.

See Exhibit B. "FY 1992 through FY 2021 Scratch Sales"

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 Texas Lottery has contributed more than \$166.1 million to the Fund for Veterans' Assistance, with a record amount of revenue transferred during FY 2021.

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

During FY 2021, the Texas Lottery Commission transferred \$73.4 million in unclaimed prizes to the state. This brings the total to \$1.38 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 \$573.9 million, \$431.3 million and \$192.9 million respectively in unclaimed prizes. Beginning with the 2014 – 2015 biennium, unclaimed prizes previously transferred to General Revenue Fund are transferred to the Foundation School Fund.

The Commission also assists in collecting debts owed to the state of Texas. Before the Commission pays a claimant his or her prize, Commission staff checks to ensure

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that the winner does not owe outstanding debts to the state. This effort has garnered more than \$6.24 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 Texas Lottery 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 percent of gross ticket revenues. Of this 12 percent, the State Lottery Act mandates that no less than five percent be allocated to retailers as commissions, with the remaining seven percent of ticket sales allowed to be expended on administration of the Texas Lottery. The Commission returns any “unspent administrative funds” to the Foundation School Fund.

A major part of the Texas Lottery’s budget, 78%, 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 percent of gross sales through fiscal year 2020. Effective September 1, 2020 the compensation rate to the lottery operator was reduced to 2.0773 percent of gross sales and then further adjusted in fiscal year 2023 to 2.0331 percent of gross sales with a final adjustment to 1.9889 percent of gross sales in fiscal year 2025. This contract expires August 31, 2026. This is by far the largest contract managed by the agency with a value of approximately \$1.19 billion over the past ten year.

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 is to be 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 Commission. The license fees for charities to conduct bingo and bingo worker registration fees were eliminated in the 85th legislative session.

During the 86th legislative session House Bill 914 was enacted which resulted in significant changes to the process for the distribution and allocation of bingo prize fees to local jurisdictions. Prize fee payments to local governments are now made directly by the licensed organizations conducting charitable bingo as opposed to these allocations being made by the commission.

Calendar year 2020 was challenging for the bingo industry, the COVID pandemic resulted in the closure of bingo halls which impacted licensed charities’ net proceeds for the year. Attendance continues to be down in 2021, however, there are signs of positive financial recovery for licensed charities.

Cumulative gross receipts from 1982 through calendar year 2021 from the conduct of charitable bingo total \$24.9 billion. For the same period, bingo prizes awarded have been in excess of \$18.5 billion. The total amount of reported charitable distributions from the conduct of bingo exceeds \$1.3 billion.

In addition, for calendar year 2021, net proceeds reported by licensed organization total \$45.4 million or 21.19% of adjusted gross receipts of \$214.2 million.

Administrator's Statement

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See Exhibit C. "Calendar Year Bingo Adjusted Gross Receipts and Net Proceeds"

Exceptional Item

The Commission is requesting one exceptional item: 1) Scratch Ticket Production and Services Contracts for \$17.4 million.

Scratch Ticket Production and Services Contracts

This exceptional item request is for authority to utilize available administrative funds generated from the sale of lottery tickets and that remain within the allowable statutory percentage to administer the lottery. The funding structure to produce scratch tickets is a fixed budget that does not provide a mechanism to support potential changes in product cost or product demand. Scratch ticket sales have realized continual year-over-year increases since Fiscal Year 2011 and scratch ticket games continue to be a growing product category in Texas. In Fiscal Year 2021, scratch ticket sales represented over 80 percent of total lottery sales.

There are only three companies in the world, Scientific Games, Pollard Banknote and IGT Printing, capable of printing lottery scratch tickets. The current contracts with the three scratch ticket print vendors all expire on August 31, 2024. The environment for procuring scratch ticket printing services has dramatically changed since the last contract was procured in FY 2012. The pandemic has made a significant impact on labor and material costs for these companies, and while the material shortages may ease over time, it is expected the labor costs will not.

The agency has recently completed the RFP process for these services and significant increased costs of approximately 40% for these critical business services were realized. An underfunded scratch ticket print budget will have a negative impact on revenue generation for the beneficiaries of the Texas Lottery; the Foundation School Fund and Fund for Veterans' Assistance.

Funding for this exceptional item would be from the sale of lottery tickets (General Revenue-Dedicated Lottery Account) which is part of the funds that do not count toward 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.

Agency Statutory Authority to Conduct Background Checks

The Commission'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 Commission under Chapters 411, 466 and 467 of the Texas Government Code and the Bingo Enabling Act, Occupations Code, Chapter 2001.

Exhibit A
Texas Lottery Commission
FY 1992 through FY 2021 Sales, Prize Expense and Transfers

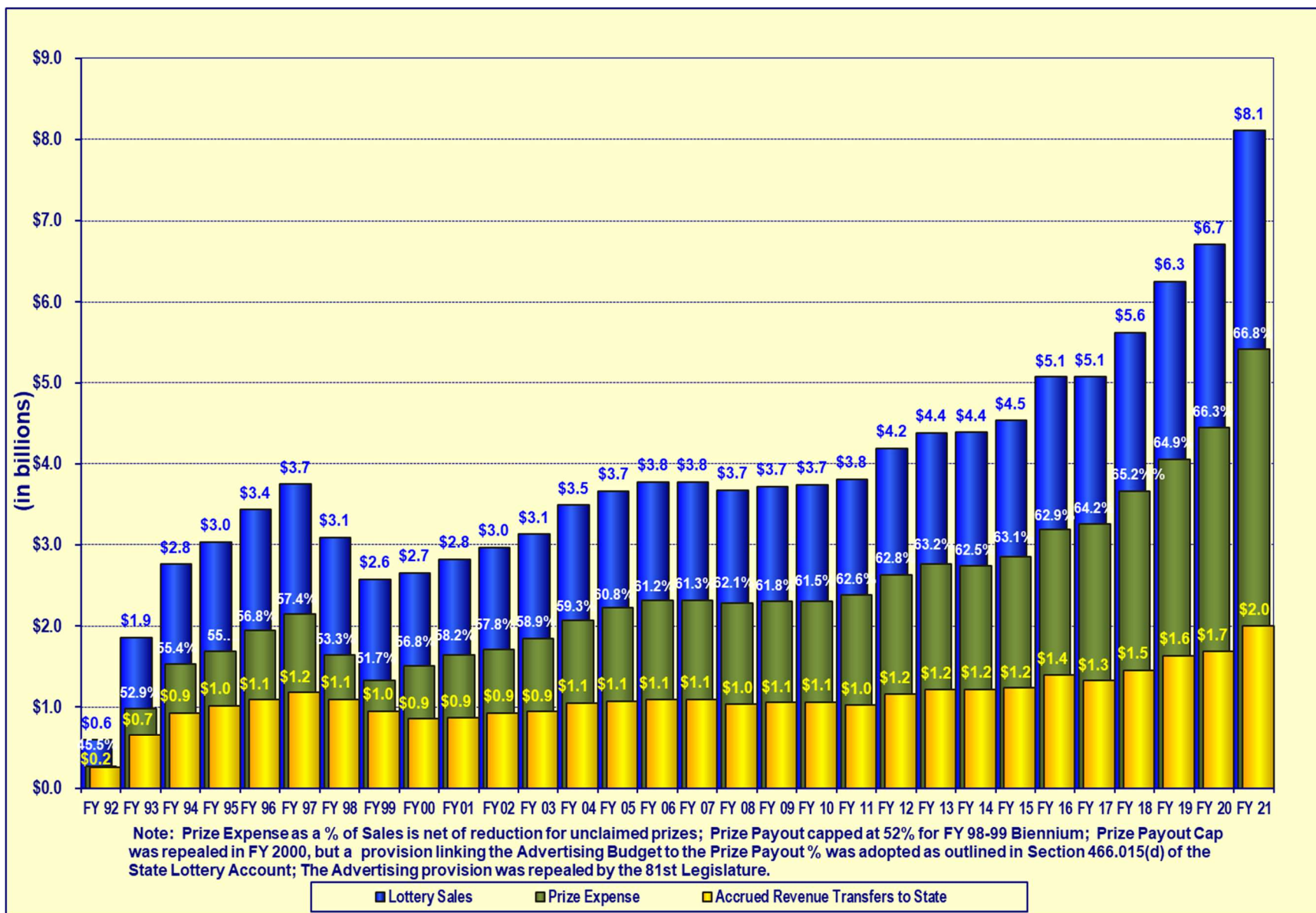


Exhibit B
Texas Lottery Commission
FY 1992 through FY 2021 Scratch Sales

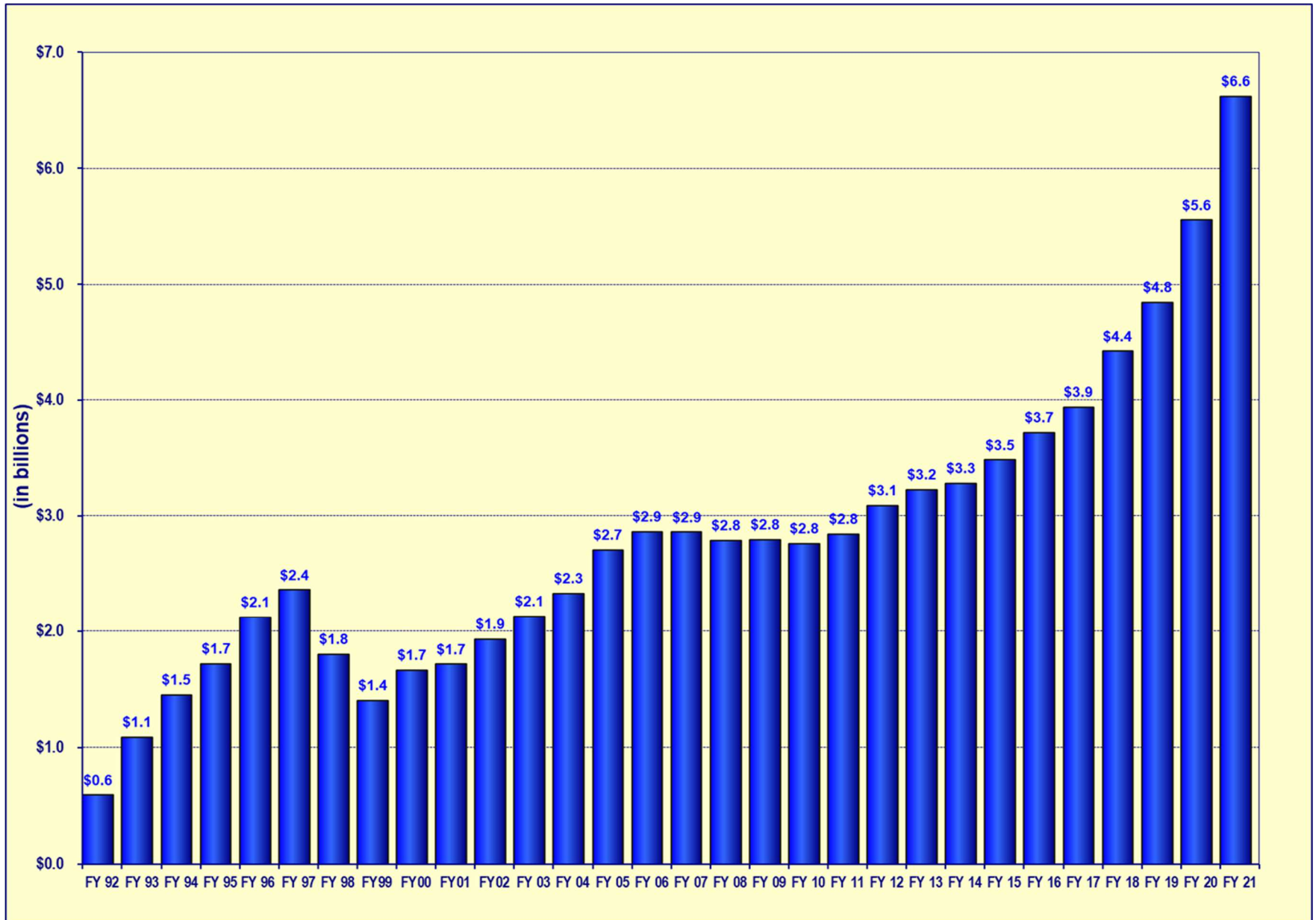


Exhibit C
Texas Lottery Commission
Calendar Year Bingo Adjusted Gross Receipts and Net Proceeds

Calendar Year Bingo Adjusted Gross Receipts and Net Proceeds

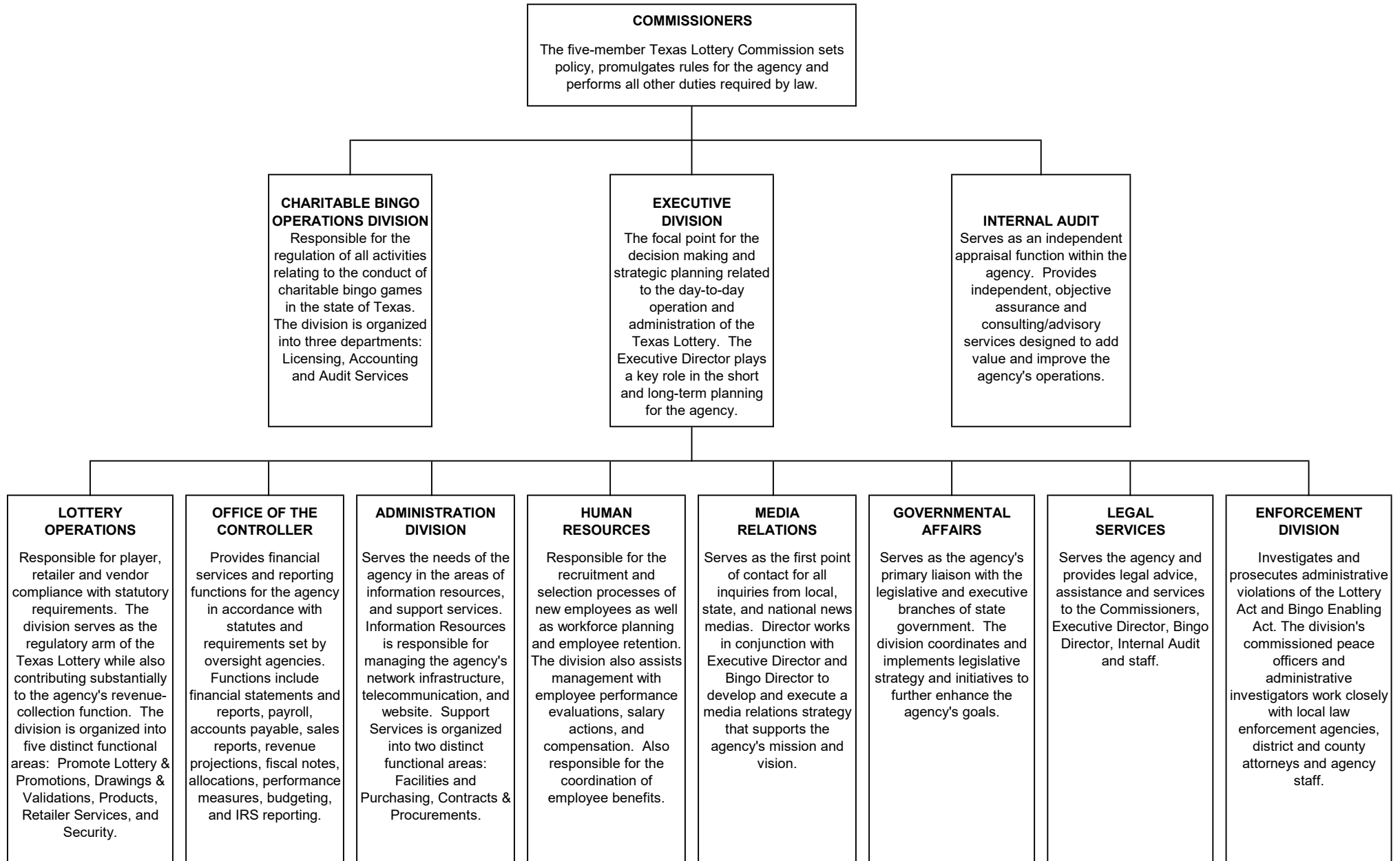
Calendar Year	2017	2018	2019	2020	2021
Adjusted Gross Receipts (AGR)*	\$ 186,045,186	\$ 190,346,255	\$ 192,761,599	\$ 152,489,556	\$ 214,212,327
Net Proceeds (NP)*	33,874,655	32,946,377	30,460,676	21,892,063	45,385,782
NP as a percentage of AGR	18.21%	17.31%	15.80%	14.36%	21.19%

* Adjusted Gross Receipts - gross receipts minus prizes paid.

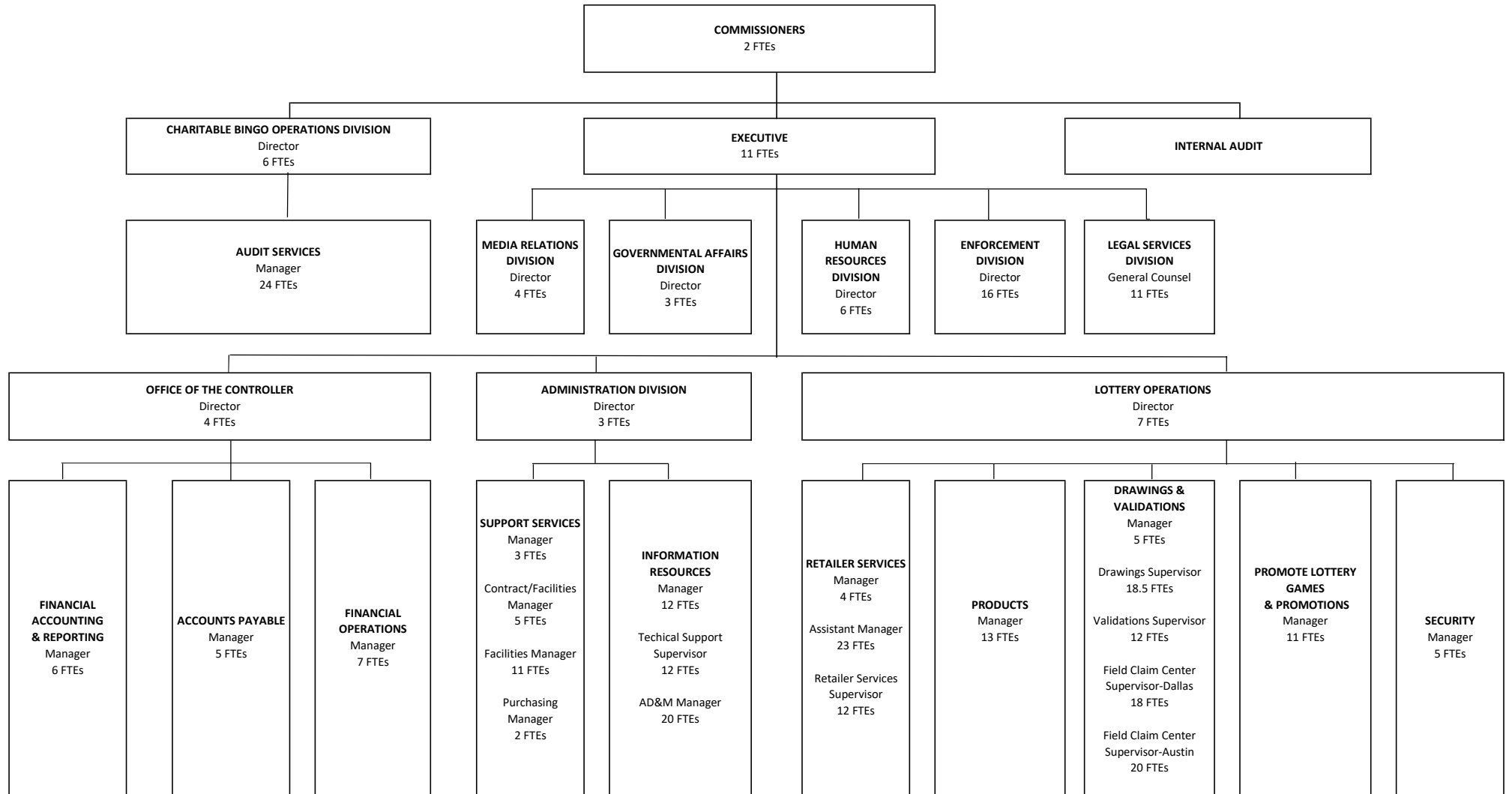
Net Proceeds - adjusted gross receipts plus other income minus reasonable and necessary expenses.

TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE

Descriptions



TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE
AGENCY FTEs 321.5





CERTIFICATE

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 Governor's Office Budget Division (Governor's Office) 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 Governor's Office will be notified in writing in accordance with Article IX, Section 7.01 (2022-23 GAA).

Gary Grief
Executive Director

Robert G. Rivera
Chairman

Date

Date

Kelly Stuckey
Controller

Date

Budget Overview - Biennial Amounts
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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Appropriation Years: 2024-25											
	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2022-23	2024-25	2024-25
Goal: 1. Run Self-supporting, Revenue-producing, and Secure Lottery											
1.1.1. Lottery Operations			13,001,769	8,255,433					13,001,769	8,255,433	
1.1.2. Lottery Field Operations			6,511,045	6,665,229					6,511,045	6,665,229	
1.1.3. Product Development			13,314,717	13,497,503					13,314,717	13,497,503	
1.1.4. Security			11,656,730	10,923,308					11,656,730	10,923,308	
1.1.5. Central Administration			28,731,994	29,179,132					28,731,994	29,179,132	
1.1.6. Lottery Operator Contract(S)			321,995,448	254,793,700					321,995,448	254,793,700	
1.1.7. Scratch Ticket Product. Contract(S)			140,930,566	145,178,265					140,930,566	145,178,265	17,410,868
1.1.8. Promote Lottery Games Contract(S)			20,210,000	20,000,000					20,210,000	20,000,000	
1.1.9. Drawing & Broadcast Contract(S)			4,493,800	4,509,600					4,493,800	4,509,600	
1.1.10. Retailer Bonus			4,180,000	4,020,000					4,180,000	4,020,000	
1.1.11. Retailer Commissions			64,693,134	63,350,000					64,693,134	63,350,000	
Total, Goal			629,719,203	560,372,170					629,719,203	560,372,170	17,410,868
Goal: 2. Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully											
2.1.1. Bingo Licensing	1,315,544	1,315,544							1,315,544	1,315,544	
2.1.2. Bingo Education And Development	195,948	195,948							195,948	195,948	
2.1.3. Bingo Law Compliance Field Oper	2,774,001	2,774,001							2,774,001	2,774,001	
2.1.4. Bingo Prize Fee Collection & Acct	553,688	553,688							553,688	553,688	
Total, Goal	4,839,181	4,839,181							4,839,181	4,839,181	
Total, Agency	4,839,181	4,839,181	629,719,203	560,372,170					634,558,384	565,211,351	17,410,868
Total FTEs									321.5	321.5	0.0

362 Texas Lottery Commission

Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
1 Run Self-supporting, Revenue-producing, and Secure Lottery					
1 <i>Generate Revenue through Ticket Sales</i>					
1 LOTTERY OPERATIONS	9,473,258	8,924,897	4,076,872	4,108,272	4,147,161
2 LOTTERY FIELD OPERATIONS	3,003,613	3,230,313	3,280,732	3,332,177	3,333,052
3 PRODUCT DEVELOPMENT	5,571,544	6,675,478	6,639,239	6,728,064	6,769,439
4 SECURITY	4,924,622	6,309,265	5,347,465	5,741,211	5,182,097
5 CENTRAL ADMINISTRATION	12,586,670	14,122,312	14,609,682	14,588,140	14,590,992
6 LOTTERY OPERATOR CONTRACT(S)	139,021,853	162,728,967	159,266,481	128,796,885	125,996,815
7 SCRATCH TICKET PRODUCT. CONTRACT(S)	72,337,636	64,135,000	76,795,566	72,589,133	72,589,132
8 PROMOTE LOTTERY GAMES CONTRACT(S)	17,703,287	10,210,000	10,000,000	10,000,000	10,000,000
9 DRAWING & BROADCAST CONTRACT(S)	2,134,500	2,239,000	2,254,800	2,254,800	2,254,800
10 RETAILER BONUS	2,010,000	2,100,000	2,080,000	2,010,000	2,010,000
11 RETAILER COMMISSIONS	26,250,000	25,524,750	39,168,384	31,675,000	31,675,000

2.A. Summary of Base Request by Strategy

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Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission					
Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
TOTAL, GOAL 1	\$295,016,983	\$306,199,982	\$323,519,221	\$281,823,682	\$278,548,488
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully					
1 Curtail Violations of Bingo Laws/Rules					
1 BINGO LICENSING	439,937	657,772	657,772	657,772	657,772
2 BINGO EDUCATION AND DEVELOPMENT	71,335	97,974	97,974	97,974	97,974
3 BINGO LAW COMPLIANCE FIELD OPER	1,028,377	1,387,000	1,387,001	1,387,000	1,387,001
4 BINGO PRIZE FEE COLLECTION & ACCT	156,104	276,844	276,844	276,844	276,844
TOTAL, GOAL 2	\$1,695,753	\$2,419,590	\$2,419,591	\$2,419,590	\$2,419,591
TOTAL, AGENCY STRATEGY REQUEST	\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079

362 Texas Lottery Commission

Goal / Objective / STRATEGY	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	1,695,753	2,419,590	2,419,591	2,419,590	2,419,591
SUBTOTAL	\$1,695,753	\$2,419,590	\$2,419,591	\$2,419,590	\$2,419,591
General Revenue Dedicated Funds:					
5025 Lottery Acct	295,016,983	306,199,982	323,519,221	281,823,682	278,548,488
SUBTOTAL	\$295,016,983	\$306,199,982	\$323,519,221	\$281,823,682	\$278,548,488
TOTAL, METHOD OF FINANCING	\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079

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

2.B. Summary of Base Request by Method of Finance
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

7/28/2022 9:33:27PM

Agency code: 362		Agency name: Texas Lottery Commission				
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE</u>						
<u>1</u>	General Revenue Fund					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2020-21 GAA)	\$2,549,315	\$0	\$0	\$0	\$0
	Regular Appropriations from MOF Table (2022-23 GAA)	\$0	\$2,419,590	\$2,419,591	\$0	\$0
	Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$0	\$0	\$2,419,590	\$2,419,591
	<i>RIDER APPROPRIATION</i>					
	Art IX, Sec 8.02, Reimbursements and Payments (2020-21 GAA)	\$287	\$0	\$0	\$0	\$0
	<i>LAPSED APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2020-21 GAA)	\$(853,849)	\$0	\$0	\$0	\$0
TOTAL,	General Revenue Fund	\$1,695,753	\$2,419,590	\$2,419,591	\$2,419,590	\$2,419,591

2.B. Summary of Base Request by Method of Finance

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88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362		Agency name: Texas Lottery Commission				
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
TOTAL, ALL	GENERAL REVENUE					
		\$1,695,753	\$2,419,590	\$2,419,591	\$2,419,590	\$2,419,591

GENERAL REVENUE FUND - DEDICATED**5025** GR Dedicated - Lottery Account No. 5025*REGULAR APPROPRIATIONS*

Regular Appropriations from MOF Table (2020-21 GAA)

\$251,488,529	\$0	\$0	\$0	\$0
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Regular Appropriations from MOF Table (2022-23 GAA)

\$0	\$263,886,628	\$256,419,808	\$0	\$0
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Regular Appropriations from MOF Table (2024-25 GAA)

\$0	\$0	\$0	\$281,823,682	\$278,548,488
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RIDER APPROPRIATION

Rider 10, Lottery Operator Contract (2020-21 GAA)

\$44,055,137	\$0	\$0	\$0	\$0
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Rider 11, Appropriation of Increased Revenue (2020-21 GAA)

\$27,893,120	\$0	\$0	\$0	\$0
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2.B. Summary of Base Request by Method of Finance

7/28/2022 9:33:27PM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362	Agency name: Texas Lottery Commission				
METHOD OF FINANCING	Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art IX, Sec 8.02, Reimbursements and Payments (2020-21 GAA)	\$457,350	\$0	\$0	\$0	\$0
Art IX, Sec 8.02, Reimbursements and Payments (2022-23 GAA)	\$0	\$530,987	\$477,387	\$0	\$0
Rider 8, Retailer Commissions (2022-23 GAA)	\$0	\$7,493,084	\$7,493,084	\$0	\$0
Rider 9, Lottery Operator Contract (2022-23 GAA)	\$0	\$31,130,766	\$30,468,376	\$0	\$0
Rider 10, Appropriations of Increased Revenue (2022-23 GAA)	\$0	\$22,330,283	\$22,330,283	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2020-21 GAA)	\$(5,848,040)	\$0	\$0	\$0	\$0
Rider 9, Retailer Commission (2020-21 GAA)					

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

Agency code:	362	Agency name:	Texas Lottery Commission			
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>						
		\$(3,682,075)	\$0	\$0	\$0	\$0
Rider 10, Lottery Operator Contract (2020-21 GAA)						
		\$(29,389,084)	\$0	\$0	\$0	\$0
Rider 8, Retailer Commissions (2022-23 GAA)						
		\$0	\$(13,643,634)	\$0	\$0	\$0
UNEXPENDED BALANCES AUTHORITY						
Rider 11, Appropriation of Increased Revenue (2020-21 GAA)						
		\$10,665,049	\$0	\$0	\$0	\$0
Art IX, Sec 14.03 (i), Capital Budget						
		\$179,148	\$0	\$0	\$0	\$0
Rider 16, Unexpended Balances of Capital Budget for Construction of Building & Facilities						
- Construction for TX Capital Complex Building						
		\$(802,151)	\$802,151	\$0	\$0	\$0
Rider 10, Appropriation of Increased Revenue (2022-23 GAA)						
		\$0	\$(6,330,283)	\$6,330,283	\$0	\$0

2.B. Summary of Base Request by Method of Finance

7/28/2022 9:33:27PM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362		Agency name: Texas Lottery Commission				
METHOD OF FINANCING		Exp 2021	Est 2022	Bud 2023	Req 2024	Req 2025
<u>GENERAL REVENUE FUND - DEDICATED</u>						
TOTAL,	GR Dedicated - Lottery Account No. 5025					
		\$295,016,983	\$306,199,982	\$323,519,221	\$281,823,682	\$278,548,488
TOTAL, ALL	GENERAL REVENUE FUND - DEDICATED					
		\$295,016,983	\$306,199,982	\$323,519,221	\$281,823,682	\$278,548,488
TOTAL,	GR & GR-DEDICATED FUNDS					
		\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079
GRAND TOTAL		\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079
FULL-TIME-EQUIVALENT POSITIONS						
REGULAR APPROPRIATIONS						
Regular Appropriations from MOF Table (2020-21 GAA)		323.5	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2022-23 GAA)		0.0	321.5	321.5	0.0	0.0
Regular Appropriations from MOF Table (2024-25 GAA)		0.0	0.0	0.0	321.5	321.5
UNAUTHORIZED NUMBER OVER (BELOW) CAP						
Unauthorized Amount over cap/ (amount below cap)		(37.0)	0.0	0.0	0.0	0.0
TOTAL, ADJUSTED FTES		286.5	321.5	321.5	321.5	321.5

2.B. Summary of Base Request by Method of Finance

7/28/2022 9:33:27PM

88th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **362**

Agency name: **Texas Lottery Commission**

METHOD OF FINANCING

Exp 2021

Est 2022

Bud 2023

Req 2024

Req 2025

**NUMBER OF 100% FEDERALLY FUNDED
FTEs**

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

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88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)**362 Texas Lottery Commission**

OBJECT OF EXPENSE	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
1001 SALARIES AND WAGES	\$20,919,407	\$23,023,483	\$23,664,384	\$23,664,384	\$23,664,384
1002 OTHER PERSONNEL COSTS	\$865,357	\$433,320	\$428,000	\$428,000	\$428,000
2001 PROFESSIONAL FEES AND SERVICES	\$5,215,032	\$6,261,804	\$5,452,045	\$5,694,101	\$5,471,601
2002 FUELS AND LUBRICANTS	\$4,253	\$4,000	\$4,400	\$4,400	\$4,400
2003 CONSUMABLE SUPPLIES	\$112,621	\$170,740	\$104,440	\$104,440	\$104,440
2004 UTILITIES	\$359,196	\$369,074	\$341,749	\$341,749	\$341,749
2005 TRAVEL	\$102,324	\$428,432	\$430,936	\$430,936	\$430,936
2006 RENT - BUILDING	\$5,956,085	\$6,755,731	\$2,880,558	\$2,900,194	\$2,900,745
2007 RENT - MACHINE AND OTHER	\$918,397	\$1,141,562	\$1,000,977	\$792,124	\$792,124
2009 OTHER OPERATING EXPENSE	\$260,650,572	\$269,707,419	\$291,412,923	\$249,582,944	\$246,829,700
5000 CAPITAL EXPENDITURES	\$1,609,492	\$324,007	\$218,400	\$300,000	\$0
OOE Total (Excluding Riders)	\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079
OOE Total (Riders)					
Grand Total	\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079

2.D. Summary of Base Request Objective Outcomes
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

7/28/2022 9:33:28PM

362 Texas Lottery Commission					
<i>Goal/ Objective / Outcome</i>	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
1 Run Self-supporting, Revenue-producing, and Secure Lottery					
1 Generate Revenue through Ticket Sales					
KEY 1 Percent of Retailers Satisfied with Lottery Commission					
	81.85%	86.00%	84.00%	84.00%	84.00%
2 Per Capita Net Lottery Sales					
	268.73	255.44	251.30	199.94	196.71
3 % of Net Lottery Sales Spent on Agency Administration					
	3.64%	3.91%	4.13%	4.46%	4.40%
4 Percentage of Bad Debt to Lottery Sales					
	0.00%	0.02%	0.02%	0.02%	0.02%
5 Ratio of Promotion Expense to Net Lottery Sales					
	0.22%	0.13%	0.13%	0.16%	0.16%
KEY 6 State Revenue Received Per Dollar Expended on Promotion					
	112.46	196.14	195.95	157.88	158.21
7 Percent of Licensees with No Recent Violations					
	99.57%	98.00%	98.00%	98.00%	98.00%

2.D. Summary of Base Request Objective Outcomes
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

7/28/2022 9:33:28PM

362 Texas Lottery Commission					
Goal/ Objective / Outcome	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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					
	95.57%	95.00%	95.00%	95.00%	95.00%
2 Percentage of Bingo Audits Referred for Disciplinary Action					
	37.63%	65.00%	65.00%	65.00%	65.00%
KEY 3 Percent of Complaints Referred for Disciplinary Action					
	1.47%	1.00%	1.00%	1.00%	1.00%
4 Percent of Documented Complaints Completed within Six Months					
	98.53%	98.00%	98.00%	98.00%	98.00%
KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)					
	30.78	30.00	30.00	30.00	30.00
KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req					
	96.89%	95.00%	95.00%	95.00%	95.00%
7 Percentage of Organizations Receiving an Audit					
	9.86%	10.00%	10.00%	10.00%	10.00%
8 Percentage of Organizations Receiving an Inspection					
	5.26%	10.50%	15.00%	15.00%	15.00%

2.E. Summary of Exceptional Items Request
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/28/2022
TIME : 9:33:28PM

Agency code: 362

Agency name: Texas Lottery Commission

Priority	Item	2024			2025			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Scratch Ticket Print	\$0	\$0		\$17,410,868	\$17,410,868		\$17,410,868	\$17,410,868
Total, Exceptional Items Request		\$0	\$0		\$17,410,868	\$17,410,868		\$17,410,868	\$17,410,868

Method of Financing

General Revenue

General Revenue - Dedicated

Federal Funds

Other Funds

0	0	17,410,868	17,410,868	17,410,868	17,410,868
\$0	\$0	\$17,410,868	\$17,410,868	\$17,410,868	\$17,410,868

Full Time Equivalent Positions

Number of 100% Federally Funded FTEs

2.F. Summary of Total Request by Strategy
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 7/28/2022
TIME : 9:33:28PM

Agency code: 362 Agency name: Texas Lottery Commission

Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
1 Run Self-supporting, Revenue-producing, and Secure Lottery						
1 <i>Generate Revenue through Ticket Sales</i>						
1 LOTTERY OPERATIONS	\$4,108,272	\$4,147,161	\$0	\$0	\$4,108,272	\$4,147,161
2 LOTTERY FIELD OPERATIONS	3,332,177	3,333,052	0	0	3,332,177	3,333,052
3 PRODUCT DEVELOPMENT	6,728,064	6,769,439	0	0	6,728,064	6,769,439
4 SECURITY	5,741,211	5,182,097	0	0	5,741,211	5,182,097
5 CENTRAL ADMINISTRATION	14,588,140	14,590,992	0	0	14,588,140	14,590,992
6 LOTTERY OPERATOR CONTRACT(S)	128,796,885	125,996,815	0	0	128,796,885	125,996,815
7 SCRATCH TICKET PRODUCT. CONTRACT(S)	72,589,133	72,589,132	0	17,410,868	72,589,133	90,000,000
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)	2,254,800	2,254,800	0	0	2,254,800	2,254,800
10 RETAILER BONUS	2,010,000	2,010,000	0	0	2,010,000	2,010,000
11 RETAILER COMMISSIONS	31,675,000	31,675,000	0	0	31,675,000	31,675,000
TOTAL, GOAL 1	\$281,823,682	\$278,548,488	\$0	\$17,410,868	\$281,823,682	\$295,959,356

2.F. Summary of Total Request by Strategy
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 7/28/2022
TIME : 9:33:28PM

Agency code: 362	Agency name: Texas Lottery Commission					
Goal/Objective/STRATEGY	Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Law						
1 Curtail Violations of Bingo Laws/Rules						
1 BINGO LICENSING	\$657,772	\$657,772	\$0	\$0	\$657,772	\$657,772
2 BINGO EDUCATION AND DEVELOPMENT	97,974	97,974	0	0	97,974	97,974
3 BINGO LAW COMPLIANCE FIELD OPER	1,387,000	1,387,001	0	0	1,387,000	1,387,001
4 BINGO PRIZE FEE COLLECTION & ACCT	276,844	276,844	0	0	276,844	276,844
TOTAL, GOAL 2	\$2,419,590	\$2,419,591	\$0	\$0	\$2,419,590	\$2,419,591
TOTAL, AGENCY STRATEGY REQUEST	\$284,243,272	\$280,968,079	\$0	\$17,410,868	\$284,243,272	\$298,378,947
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$284,243,272	\$280,968,079	\$0	\$17,410,868	\$284,243,272	\$298,378,947

2.F. Summary of Total Request by Strategy
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 7/28/2022
TIME : 9:33:28PM

Agency code: 362		Agency name: Texas Lottery Commission					
Goal/Objective/STRATEGY		Base 2024	Base 2025	Exceptional 2024	Exceptional 2025	Total Request 2024	Total Request 2025
General Revenue Funds:							
1	General Revenue Fund	\$2,419,590	\$2,419,591	\$0	\$0	\$2,419,590	\$2,419,591
		\$2,419,590	\$2,419,591	\$0	\$0	\$2,419,590	\$2,419,591
General Revenue Dedicated Funds:							
5025	Lottery Acct	281,823,682	278,548,488	0	17,410,868	281,823,682	295,959,356
		\$281,823,682	\$278,548,488	\$0	\$17,410,868	\$281,823,682	\$295,959,356
TOTAL, METHOD OF FINANCING		\$284,243,272	\$280,968,079	\$0	\$17,410,868	\$284,243,272	\$298,378,947
FULL TIME EQUIVALENT POSITIONS		321.5	321.5	0.0	0.0	321.5	321.5

2.G. Summary of Total Request Objective Outcomes
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 7/28/2022

Time: 9:33:29PM

Agency code: **362**

Agency name: **Texas Lottery Commission**

Goal/ Objective / Outcome

		BL 2024	BL 2025	Excp 2024	Excp 2025	Total Request 2024	Total Request 2025
1	Run Self-supporting, Revenue-producing, and Secure Lottery						
1	Generate Revenue through Ticket Sales						
KEY	1 Percent of Retailers Satisfied with Lottery Commission						
		84.00%	84.00%			84.00%	84.00%
	2 Per Capita Net Lottery Sales						
		199.94	196.71			199.94	196.71
	3 % of Net Lottery Sales Spent on Agency Administration						
		4.46%	4.40%			4.46%	4.40%
	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						
		0.16%	0.16%			0.16%	0.16%
KEY	6 State Revenue Received Per Dollar Expended on Promotion						
		157.88	158.21			157.88	158.21
	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						

2.G. Summary of Total Request Objective Outcomes
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 7/28/2022
Time: 9:33:29PM

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome

	BL 2024	BL 2025	Excp 2024	Excp 2025	Total Request 2024	Total Request 2025
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						
	65.00%	65.00%			65.00%	65.00%
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						
	98.00%	98.00%			98.00%	98.00%
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						
	95.00%	95.00%			95.00%	95.00%
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%

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Number of Retailer Business Locations Licensed	20,464.00	20,721.00	21,061.00	21,406.00	21,757.00
2	Number of Denials or Revocations of Licenses	81.00	83.00	88.00	88.00	88.00
3	Dollars Collected via the Debt Set-off Program (Thousands)	2,497,798.72	2,459,941.00	1,950,000.00	1,950,000.00	1,950,000.00
4	# New Licenses Issued to Individual Retailers	1,997.00	2,020.00	2,037.00	2,037.00	2,037.00
5	# Licenses Renewed to Individual Retailers	8,272.00	8,921.00	8,227.00	10,163.00	8,416.00
Efficiency Measures:						
1	Average Cost Per License Application Completed	112.87	105.00	108.00	111.00	111.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,590,563	\$2,788,905	\$2,897,884	\$2,897,884	\$2,897,884
1002	OTHER PERSONNEL COSTS	\$124,598	\$61,760	\$61,060	\$61,060	\$61,060
2001	PROFESSIONAL FEES AND SERVICES	\$297,927	\$290,725	\$37,500	\$0	\$37,500
2002	FUELS AND LUBRICANTS	\$4,253	\$4,000	\$4,400	\$4,400	\$4,400
2003	CONSUMABLE SUPPLIES	\$104,153	\$151,500	\$86,500	\$86,500	\$86,500
2004	UTILITIES	\$128,585	\$115,336	\$29,594	\$29,594	\$29,594
2005	TRAVEL	\$1,408	\$9,100	\$10,000	\$10,000	\$10,000
2006	RENT - BUILDING	\$4,364,667	\$4,584,912	\$616,133	\$635,769	\$636,320
2007	RENT - MACHINE AND OTHER	\$170	\$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
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
2009	OTHER OPERATING EXPENSE	\$390,164	\$726,289	\$333,801	\$383,065	\$383,903
5000	CAPITAL EXPENDITURES	\$1,466,770	\$192,370	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$9,473,258	\$8,924,897	\$4,076,872	\$4,108,272	\$4,147,161
Method of Financing:						
5025	Lottery Acct	\$9,473,258	\$8,924,897	\$4,076,872	\$4,108,272	\$4,147,161
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$9,473,258	\$8,924,897	\$4,076,872	\$4,108,272	\$4,147,161
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$4,108,272	\$4,147,161
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$9,473,258	\$8,924,897	\$4,076,872	\$4,108,272	\$4,147,161
FULL TIME EQUIVALENT POSITIONS:		45.0	50.0	50.0	50.0	50.0
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
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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, Texas Occupational Code Chapter 2001, 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
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$13,001,769	\$8,255,433	\$(4,746,336)	\$108,279	FY22 Salary Expenses reflects reduction due to vacancy savings
			\$(4,855,515)	Net Savings in lease, utilities, consumables, professional services and temporary services following move to 1801 Congress
			\$900	Increase in travel due to business operations returning to normal levels post COVID pandemic
			<u>\$(4,746,336)</u>	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
STRATEGY: 2 Lottery Field Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Prize Payments Processed by the Texas Lottery (Thousands)	79,727.00	80,326.00	72,000.00	72,000.00	72,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,752,753	\$2,929,346	\$3,026,198	\$3,026,198	\$3,026,198
1002	OTHER PERSONNEL COSTS	\$118,021	\$77,380	\$76,440	\$76,440	\$76,440
2003	CONSUMABLE SUPPLIES	\$514	\$1,500	\$1,500	\$1,500	\$1,500
2005	TRAVEL	\$56,605	\$83,895	\$92,950	\$92,950	\$92,950
2009	OTHER OPERATING EXPENSE	\$65,388	\$138,192	\$83,644	\$135,089	\$135,964
5000	CAPITAL EXPENDITURES	\$10,332	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$3,003,613	\$3,230,313	\$3,280,732	\$3,332,177	\$3,333,052
Method of Financing:						
5025	Lottery Acct	\$3,003,613	\$3,230,313	\$3,280,732	\$3,332,177	\$3,333,052
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$3,003,613	\$3,230,313	\$3,280,732	\$3,332,177	\$3,333,052

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 2 Lottery Field Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$3,332,177	\$3,333,052
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$3,003,613	\$3,230,313	\$3,280,732	\$3,332,177	\$3,333,052
FULL TIME EQUIVALENT POSITIONS:		52.5	56.0	56.0	56.0	56.0

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).

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$6,511,045	\$6,665,229	\$154,184	\$95,912	FY22 Salary Expenses reflects reduction due to vacancy savings
			\$9,055	Increase in travel due to business operations returning to normal levels post COVID pandemic
			\$49,217	Various operating expense increases
			\$154,184	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
STRATEGY: 3 Product Development

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Newsletters Distributed to Retailers	226,966.00	230,532.00	233,748.00	237,024.00	240,372.00
2	Number of Retailer Visits	352,989.00	385,884.00	391,199.00	396,752.00	402,427.00
Efficiency Measures:						
KEY 1	Average Cost Per Survey Issued	0.09	0.11	0.11	0.11	0.11
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,674,530	\$2,809,701	\$2,903,353	\$2,903,353	\$2,903,353
1002	OTHER PERSONNEL COSTS	\$68,863	\$53,040	\$55,880	\$55,880	\$55,880
2001	PROFESSIONAL FEES AND SERVICES	\$2,579	\$17,750	\$17,950	\$17,950	\$17,950
2003	CONSUMABLE SUPPLIES	\$385	\$2,920	\$2,670	\$2,670	\$2,670
2004	UTILITIES	\$0	\$280	\$280	\$280	\$280
2005	TRAVEL	\$2,640	\$69,635	\$66,500	\$66,500	\$66,500
2006	RENT - BUILDING	\$1,586,388	\$2,161,819	\$2,255,425	\$2,255,425	\$2,255,425
2007	RENT - MACHINE AND OTHER	\$0	\$172,085	\$1,175	\$1,175	\$1,175
2009	OTHER OPERATING EXPENSE	\$1,236,159	\$1,388,248	\$1,336,006	\$1,424,831	\$1,466,206
TOTAL, OBJECT OF EXPENSE		\$5,571,544	\$6,675,478	\$6,639,239	\$6,728,064	\$6,769,439

Method of Financing:

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 3 Product Development

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
5025	Lottery Acct	\$5,571,544	\$6,675,478	\$6,639,239	\$6,728,064	\$6,769,439
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$5,571,544	\$6,675,478	\$6,639,239	\$6,728,064	\$6,769,439
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$6,728,064	\$6,769,439
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$5,571,544	\$6,675,478	\$6,639,239	\$6,728,064	\$6,769,439
FULL TIME EQUIVALENT POSITIONS:		33.0	35.5	35.0	35.0	35.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include lottery product development, as well as, promotional and sales functions 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 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).

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$13,314,717	\$13,497,503	\$182,786	\$96,492	FY22 Salary Expenses reflects reduction due to vacancy savings
			\$93,606	Contractual increases for Product contracts
			\$(7,312)	Various operating expense savings
			<u>\$182,786</u>	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
STRATEGY: 4 Security

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Lottery Investigations Initiated	2,103.00	1,750.00	1,750.00	1,750.00	1,750.00
2	Number of Lottery Investigations Completed	1,658.00	1,500.00	1,500.00	1,500.00	1,500.00
3	Number of Lottery Background Investigations Completed	353.00	375.00	375.00	375.00	375.00
Efficiency Measures:						
1	Average Time to Complete Investigations (Days)	26.67	45.00	45.00	45.00	45.00
2	Average Cost Per Complete Investigation	387.56	475.00	500.00	500.00	500.00
3	Average Time to Complete Lottery Background Investigations (Days)	16.13	30.00	30.00	30.00	30.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,624,820	\$3,048,971	\$3,067,401	\$3,067,401	\$3,067,401
1002	OTHER PERSONNEL COSTS	\$138,094	\$48,360	\$48,020	\$48,020	\$48,020
2001	PROFESSIONAL FEES AND SERVICES	\$1,169,221	\$1,624,672	\$1,326,097	\$1,586,097	\$1,326,097
2003	CONSUMABLE SUPPLIES	\$6,612	\$6,570	\$6,570	\$6,570	\$6,570
2005	TRAVEL	\$34,081	\$79,136	\$72,136	\$72,136	\$72,136
2007	RENT - MACHINE AND OTHER	\$375,104	\$389,750	\$231,692	\$231,692	\$231,692
2009	OTHER OPERATING EXPENSE	\$477,472	\$980,169	\$377,149	\$429,295	\$430,181
5000	CAPITAL EXPENDITURES	\$99,218	\$131,637	\$218,400	\$300,000	\$0

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 4 Security

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, OBJECT OF EXPENSE		\$4,924,622	\$6,309,265	\$5,347,465	\$5,741,211	\$5,182,097
Method of Financing:						
5025	Lottery Acct	\$4,924,622	\$6,309,265	\$5,347,465	\$5,741,211	\$5,182,097
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$4,924,622	\$6,309,265	\$5,347,465	\$5,741,211	\$5,182,097
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$5,741,211	\$5,182,097
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$4,924,622	\$6,309,265	\$5,347,465	\$5,741,211	\$5,182,097
FULL TIME EQUIVALENT POSITIONS:		36.3	44.0	44.5	44.5	44.5

STRATEGY DESCRIPTION AND JUSTIFICATION:

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).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 4 Security

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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
STRATEGY: 4 Security

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$11,656,730	\$10,923,308	\$(733,422)	\$18,090	FY22 Salary Expenses reflects reduction due to vacancy savings
			\$(744,512)	Net savings in professional services, operating expenses and capital following move to 1801 Congress
			\$(7,000)	Savings in travel
			<u>\$(733,422)</u>	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
STRATEGY: 5 Central Administration

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
1001	SALARIES AND WAGES	\$8,778,326	\$9,557,773	\$9,867,948	\$9,867,948	\$9,867,948
1002	OTHER PERSONNEL COSTS	\$366,410	\$153,420	\$149,820	\$149,820	\$149,820
2001	PROFESSIONAL FEES AND SERVICES	\$1,524,264	\$1,998,651	\$1,725,192	\$1,744,748	\$1,744,748
2003	CONSUMABLE SUPPLIES	\$773	\$6,950	\$5,900	\$5,900	\$5,900
2004	UTILITIES	\$230,155	\$253,002	\$311,419	\$311,419	\$311,419
2005	TRAVEL	\$7,590	\$144,416	\$147,600	\$147,600	\$147,600
2006	RENT - BUILDING	\$5,030	\$9,000	\$9,000	\$9,000	\$9,000
2007	RENT - MACHINE AND OTHER	\$526,607	\$563,211	\$751,834	\$542,981	\$542,981
2009	OTHER OPERATING EXPENSE	\$1,114,343	\$1,435,889	\$1,640,969	\$1,808,724	\$1,811,576
5000	CAPITAL EXPENDITURES	\$33,172	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$12,586,670	\$14,122,312	\$14,609,682	\$14,588,140	\$14,590,992
Method of Financing:						
5025	Lottery Acct	\$12,586,670	\$14,122,312	\$14,609,682	\$14,588,140	\$14,590,992
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$12,586,670	\$14,122,312	\$14,609,682	\$14,588,140	\$14,590,992

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 5 Central Administration

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$14,588,140	\$14,590,992
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$12,586,670	\$14,122,312	\$14,609,682	\$14,588,140	\$14,590,992
FULL TIME EQUIVALENT POSITIONS:		95.1	104.0	105.0	105.0	105.0

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
STRATEGY: 5 Central Administration

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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

STRATEGY: 5 Central Administration

Service Categories:
Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$28,731,994	\$29,179,132	\$447,138	\$306,575	FY22 Salary Expenses reflects reduction due to vacancy savings
			\$(234,347)	Net savings in IT contract staffing following move to 1801 Congress
			\$(229,083)	Timing of PC lease renewal caused higher costs in FY23
			\$244,271	Increased IT costs related to communication services, TEXAN costs and computer software increases
			\$3,184	Increase in travel due to business operations returning to normal levels post COVID pandemic
			\$356,538	Remaining increases attributed to various operator expenses
			\$447,138	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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$139,021,853	\$162,728,967	\$159,266,481	\$128,796,885	\$125,996,815
TOTAL, OBJECT OF EXPENSE		\$139,021,853	\$162,728,967	\$159,266,481	\$128,796,885	\$125,996,815
Method of Financing:						
5025	Lottery Acct	\$139,021,853	\$162,728,967	\$159,266,481	\$128,796,885	\$125,996,815
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$139,021,853	\$162,728,967	\$159,266,481	\$128,796,885	\$125,996,815
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$128,796,885	\$125,996,815
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$139,021,853	\$162,728,967	\$159,266,481	\$128,796,885	\$125,996,815

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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$321,995,448	\$254,793,700	\$(67,201,748)	\$(67,201,748)	Appropriation based on estimated lottery sales. FY22 - FY23 projected sales are higher than projected sales for FY24 and FY25. Reduced contract rates also a component.
			<u>\$(67,201,748)</u>	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
STRATEGY: 7 Scratch Ticket Production and Services Contract(s).

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$72,337,636	\$64,135,000	\$76,795,566	\$72,589,133	\$72,589,132
TOTAL, OBJECT OF EXPENSE		\$72,337,636	\$64,135,000	\$76,795,566	\$72,589,133	\$72,589,132
Method of Financing:						
5025	Lottery Acct	\$72,337,636	\$64,135,000	\$76,795,566	\$72,589,133	\$72,589,132
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$72,337,636	\$64,135,000	\$76,795,566	\$72,589,133	\$72,589,132
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$72,589,133	\$72,589,132
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$72,337,636	\$64,135,000	\$76,795,566	\$72,589,133	\$72,589,132

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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$140,930,566	\$145,178,265	\$4,247,699	\$4,247,699	Increase attributed to scratch ticket printing required to support increased product demand and associated increase in scratch ticket product sales and revenue realized over past several years.
			<u>\$4,247,699</u>	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
STRATEGY: 8 Promote Lottery Games Contract(s)

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Billboard Expenditures from Promote Lottery Games (Millions)	7.71	6.64	6.62	6.62	6.62
KEY 2	Other Promotion Expenditures from Promote Lottery Games (Millions)	9.99	3.57	3.38	3.38	3.38
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$17,703,287	\$10,210,000	\$10,000,000	\$10,000,000	\$10,000,000
TOTAL, OBJECT OF EXPENSE		\$17,703,287	\$10,210,000	\$10,000,000	\$10,000,000	\$10,000,000
Method of Financing:						
5025	Lottery Acct	\$17,703,287	\$10,210,000	\$10,000,000	\$10,000,000	\$10,000,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$17,703,287	\$10,210,000	\$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)		\$17,703,287	\$10,210,000	\$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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for the planning, production, buying and placement of radio, digital, social, experiential, print, and billboard promotion of lottery games, as well as related promotional services, 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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$20,210,000	\$20,000,000	\$(210,000)	\$(210,000)	One time expenditure related to Point of Sale materials to promote lottery
			<u>\$(210,000)</u>	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
STRATEGY: 9 Drawing and Broadcast Services Contract(s)

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	\$2,134,500	\$2,239,000	\$2,254,800	\$2,254,800	\$2,254,800
TOTAL, OBJECT OF EXPENSE		\$2,134,500	\$2,239,000	\$2,254,800	\$2,254,800	\$2,254,800
Method of Financing:						
5025	Lottery Acct	\$2,134,500	\$2,239,000	\$2,254,800	\$2,254,800	\$2,254,800
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$2,134,500	\$2,239,000	\$2,254,800	\$2,254,800	\$2,254,800
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$2,254,800	\$2,254,800
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,134,500	\$2,239,000	\$2,254,800	\$2,254,800	\$2,254,800
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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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 drawing production services, webcast services (live and archived drawings) and satellite transmission services for the broadcast of Texas Lottery and multi-state draw games. 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):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$4,493,800	\$4,509,600	\$15,800	\$15,800	Result of new vendor contract rate
			\$15,800	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
STRATEGY: 10 Retailer Bonus

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$2,010,000	\$2,100,000	\$2,080,000	\$2,010,000	\$2,010,000
TOTAL, OBJECT OF EXPENSE		\$2,010,000	\$2,100,000	\$2,080,000	\$2,010,000	\$2,010,000
Method of Financing:						
5025	Lottery Acct	\$2,010,000	\$2,100,000	\$2,080,000	\$2,010,000	\$2,010,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$2,010,000	\$2,100,000	\$2,080,000	\$2,010,000	\$2,010,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$2,010,000	\$2,010,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,010,000	\$2,100,000	\$2,080,000	\$2,010,000	\$2,010,000

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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$4,180,000	\$4,020,000	\$(160,000)	\$(160,000)	Reduction due to baseline strategy
			\$(160,000)	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
STRATEGY: 11 Retailer Commissions. Estimated and Nontransferable.

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$26,250,000	\$25,524,750	\$39,168,384	\$31,675,000	\$31,675,000
TOTAL, OBJECT OF EXPENSE		\$26,250,000	\$25,524,750	\$39,168,384	\$31,675,000	\$31,675,000
Method of Financing:						
5025	Lottery Acct	\$26,250,000	\$25,524,750	\$39,168,384	\$31,675,000	\$31,675,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$26,250,000	\$25,524,750	\$39,168,384	\$31,675,000	\$31,675,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$31,675,000	\$31,675,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$26,250,000	\$25,524,750	\$39,168,384	\$31,675,000	\$31,675,000

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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$64,693,134	\$63,350,000	\$(1,343,134)	\$(1,343,134)	Appropriation based on estimated lottery sales. FY22 - FY23 projected sales are higher than projected sales for FY24 and FY25.
			\$(1,343,134)	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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
KEY 1	Number of Licenses Issued	13,756.00	11,000.00	11,000.00	11,000.00	11,000.00
2	Number of Applications Processed	6,253.00	6,600.00	6,600.00	6,600.00	6,600.00
3	Number of Worker Registry Applications Approved	2,952.00	3,200.00	3,200.00	3,200.00	3,200.00
Efficiency Measures:						
1	Average Bingo License (New) Processing Time (Days)	66.02	75.00	75.00	75.00	75.00
2	Average Bingo License (Renewal) Processing Time (Days)	25.34	25.00	25.00	25.00	25.00
3	Average Cost Per Application Processed	13.28	25.00	25.00	25.00	25.00
4	Average Bingo Worker Registry Application Processing Time (Days)	9.65	9.00	9.00	9.00	9.00
Explanatory/Input Measures:						
1	Number of Annual License Holders	1,378.00	1,383.00	1,383.00	1,383.00	1,383.00
2	Number of Annual Workers Registrants	9,761.00	9,900.00	9,900.00	9,900.00	9,900.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$323,958	\$376,814	\$397,077	\$397,077	\$397,077
1002	OTHER PERSONNEL COSTS	\$11,437	\$11,040	\$10,420	\$10,420	\$10,420
2001	PROFESSIONAL FEES AND SERVICES	\$82,327	\$86,792	\$86,292	\$86,292	\$86,292
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
STRATEGY: 1 Determine Eligibility and Process Applications

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
2004	UTILITIES	\$456	\$456	\$456	\$456	\$456
2005	TRAVEL	\$0	\$250	\$6,250	\$6,250	\$6,250
2007	RENT - MACHINE AND OTHER	\$16,516	\$16,516	\$16,276	\$16,276	\$16,276
2009	OTHER OPERATING EXPENSE	\$5,243	\$165,404	\$140,501	\$140,501	\$140,501
TOTAL, OBJECT OF EXPENSE		\$439,937	\$657,772	\$657,772	\$657,772	\$657,772
Method of Financing:						
1	General Revenue Fund	\$439,937	\$657,772	\$657,772	\$657,772	\$657,772
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$439,937	\$657,772	\$657,772	\$657,772	\$657,772
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$657,772	\$657,772
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$439,937	\$657,772	\$657,772	\$657,772	\$657,772
FULL TIME EQUIVALENT POSITIONS:		4.8	6.0	6.0	6.0	6.0
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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$1,315,544	\$1,315,544	\$0		
			\$0	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
STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Number of Individuals Receiving Education	699.00	725.00	725.00	725.00	725.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$62,195	\$83,530	\$86,307	\$86,307	\$86,307
1002	OTHER PERSONNEL COSTS	\$4,071	\$0	\$180	\$180	\$180
2001	PROFESSIONAL FEES AND SERVICES	\$4,214	\$4,214	\$4,214	\$4,214	\$4,214
2005	TRAVEL	\$0	\$2,000	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$855	\$8,230	\$7,273	\$7,273	\$7,273
TOTAL, OBJECT OF EXPENSE		\$71,335	\$97,974	\$97,974	\$97,974	\$97,974
Method of Financing:						
1	General Revenue Fund	\$71,335	\$97,974	\$97,974	\$97,974	\$97,974
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$71,335	\$97,974	\$97,974	\$97,974	\$97,974
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$97,974	\$97,974
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$71,335	\$97,974	\$97,974	\$97,974	\$97,974
FULL TIME EQUIVALENT POSITIONS:		1.6	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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$195,948	\$195,948	\$0		
			\$0	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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
	1 Number of Inspections Conducted	71.00	125.00	125.00	125.00	125.00
	2 Number of Bingo Audits and Reviews Completed	186.00	150.00	150.00	150.00	150.00
KEY	3 Number of Bingo Complaints Investigations Completed	68.00	120.00	120.00	120.00	120.00
	4 \$ Amt of Adjustments to Charitable Distributions by Audit & Inspection	20,500.00	750.00	750.00	750.00	750.00
	5 Number of Bingo Background Investigations Completed	111.00	100.00	100.00	100.00	100.00
Efficiency Measures:						
	1 Average Time for Bingo Complaint Investigation Completion (Days)	38.57	61.00	55.00	50.00	50.00
	2 Average Cost Per Bingo Complaint Investigation Completed	348.04	355.00	355.00	355.00	355.00
	3 Average Time to Conduct Compliance Audit and Review (Hours)	52.53	75.00	75.00	75.00	75.00
	4 Average Time to Complete Bingo Background Investigations (Days)	19.79	30.00	30.00	30.00	30.00
	5 Average Cost per Bingo Audit and Review Completed	1,571.52	2,300.00	2,300.00	2,300.00	2,300.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$961,995	\$1,166,872	\$1,154,817	\$1,154,817	\$1,154,817

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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
1002	OTHER PERSONNEL COSTS	\$30,243	\$23,680	\$20,960	\$20,960	\$20,960
2003	CONSUMABLE SUPPLIES	\$184	\$500	\$500	\$500	\$500
2005	TRAVEL	\$0	\$40,000	\$35,500	\$35,500	\$35,500
2009	OTHER OPERATING EXPENSE	\$35,955	\$155,948	\$175,224	\$175,223	\$175,224
TOTAL, OBJECT OF EXPENSE		\$1,028,377	\$1,387,000	\$1,387,001	\$1,387,000	\$1,387,001
Method of Financing:						
1	General Revenue Fund	\$1,028,377	\$1,387,000	\$1,387,001	\$1,387,000	\$1,387,001
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,028,377	\$1,387,000	\$1,387,001	\$1,387,000	\$1,387,001
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,387,000	\$1,387,001
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,028,377	\$1,387,000	\$1,387,001	\$1,387,000	\$1,387,001
FULL TIME EQUIVALENT POSITIONS:		15.3	20.0	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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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.

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 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2022 + Bud 2023)</u>	<u>Baseline Request (BL 2024 + BL 2025)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$2,774,001	\$2,774,001	\$0		
			\$0	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
STRATEGY: 4 Bingo Prize Fee Collections and Accounting

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
Output Measures:						
1	Percentage of Licensees Who Fail to Pay	5.43 %	8.50 %	8.00 %	8.00 %	8.00 %
2	Number of Bingo Reports Processed	4,531.00	4,900.00	4,900.00	4,900.00	4,900.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$150,267	\$261,571	\$263,399	\$263,399	\$263,399
1002	OTHER PERSONNEL COSTS	\$3,620	\$4,640	\$5,220	\$5,220	\$5,220
2003	CONSUMABLE SUPPLIES	\$0	\$300	\$300	\$300	\$300
2009	OTHER OPERATING EXPENSE	\$2,217	\$10,333	\$7,925	\$7,925	\$7,925
TOTAL, OBJECT OF EXPENSE		\$156,104	\$276,844	\$276,844	\$276,844	\$276,844
Method of Financing:						
1	General Revenue Fund	\$156,104	\$276,844	\$276,844	\$276,844	\$276,844
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$156,104	\$276,844	\$276,844	\$276,844	\$276,844
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$276,844	\$276,844
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$156,104	\$276,844	\$276,844	\$276,844	\$276,844
FULL TIME EQUIVALENT POSITIONS:		2.9	4.0	4.0	4.0	4.0

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: 4 Bingo Prize Fee Collections and Accounting

Service: 17

Income: A.2

Age: B.3

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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.

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

CODE	DESCRIPTION	Exp 2021	Est 2022	Bud 2023	BL 2024	BL 2025
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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):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2022 + Bud 2023)	Baseline Request (BL 2024 + BL 2025)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$553,688	\$553,688	\$0		
			\$0	Total of Explanation of Biennial Change

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079
METHODS OF FINANCE (INCLUDING RIDERS):				\$284,243,272	\$280,968,079
METHODS OF FINANCE (EXCLUDING RIDERS):	\$296,712,736	\$308,619,572	\$325,938,812	\$284,243,272	\$280,968,079
FULL TIME EQUIVALENT POSITIONS:	286.5	321.5	321.5	321.5	321.5

3.B. Rider Revisions and Additions Request

Agency Code: 362	Agency Name: Texas Lottery Commission	Prepared By: Kelly Stuckey	Date: 08/01/2022	Request Level: Base																																													
Current Rider Number	Page # 2022-23 GAA	Proposed Rider Language																																															
2.	VII-9	<p>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 §1232.103.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 10%; text-align: center;"><u>2022</u></th> <th style="width: 10%; text-align: center;"><u>2024</u></th> <th style="width: 10%; text-align: center;"><u>2023</u></th> <th style="width: 10%; text-align: center;"><u>2025</u></th> </tr> </thead> <tbody> <tr> <td>a. Acquisition of Capital Equipment and Items</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) Capitalized Lottery Drawing Equipment</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">300,000</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">0</td> </tr> <tr> <td>b. Data Center Consolidation</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) Data Center Services</td> <td style="text-align: right;"><u>\$ 476,597</u></td> <td style="text-align: right;"><u>215,120</u></td> <td style="text-align: right;"><u>\$ 477,289</u></td> <td style="text-align: right;"><u>215,120</u></td> </tr> <tr> <td style="padding-left: 40px;">Total, Capital Budget</td> <td style="text-align: right;"><u>\$ 476,597</u></td> <td style="text-align: right;"><u>515,120</u></td> <td style="text-align: right;"><u>\$ 477,289</u></td> <td style="text-align: right;"><u>215,120</u></td> </tr> <tr> <td>Method of Financing (Capital Budget):</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">GR Dedicated - Lottery Account No. 5025</td> <td style="text-align: right;">\$ 476,597</td> <td style="text-align: right;"><u>515,120</u></td> <td style="text-align: right;">\$ 477,289</td> <td style="text-align: right;"><u>215,120</u></td> </tr> <tr> <td style="padding-left: 40px;">Total, Method of Financing</td> <td style="text-align: right;"><u>\$ 476,597</u></td> <td style="text-align: right;"><u>515,120</u></td> <td style="text-align: right;"><u>\$ 477,289</u></td> <td style="text-align: right;"><u>215,120</u></td> </tr> </tbody> </table> <p><i>This rider revision is requested to reflect the FY 2024-25 Capital Budget Request submitted as a baseline request. Data Center Services amounts are agency projected for FY24-25 based on historical expenditures. An explanation of the capital budget item requested is included in the Capital Budget Supporting Schedules.</i></p>				<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2025</u>	a. Acquisition of Capital Equipment and Items					(1) Capitalized Lottery Drawing Equipment	\$	300,000	\$	0	b. Data Center Consolidation					(1) Data Center Services	<u>\$ 476,597</u>	<u>215,120</u>	<u>\$ 477,289</u>	<u>215,120</u>	Total, Capital Budget	<u>\$ 476,597</u>	<u>515,120</u>	<u>\$ 477,289</u>	<u>215,120</u>	Method of Financing (Capital Budget):					GR Dedicated - Lottery Account No. 5025	\$ 476,597	<u>515,120</u>	\$ 477,289	<u>215,120</u>	Total, Method of Financing	<u>\$ 476,597</u>	<u>515,120</u>	<u>\$ 477,289</u>	<u>215,120</u>
	<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2025</u>																																													
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3.	VII-10	<p>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.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>																																															

3.B. Rider Revisions and Additions Request (continued)

4.	VII-10	<p>Appropriation: Payment of Prizes. In addition to the amounts appropriated above for the administration of the lottery and retailer commissions, there is hereby 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.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
5.	VII-10	<p>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.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
6.	VII-10	<p>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 §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 <u>xxx</u> in fiscal year 2022 <u>2024</u> and \$2,419,594 <u>xxx</u> in fiscal year 2023 <u>2025</u> and "other direct and indirect costs" for Goal B, Enforce Bingo Laws, are estimated to be \$737,985 <u>xxx</u> for fiscal year 2022 <u>2024</u> and \$742,679 <u>xxx</u> for fiscal year 2023 <u>2025</u>.</p> <p>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.</p> <p><i>This rider revision is requested to reflect updated estimates of other direct and indirect costs for the FY 2022-23 biennium. The amounts are to be provided by the Legislative Budget Board.</i></p>
7.	VII-10	<p>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. 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.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>

3.B. Rider Revisions and Additions Request (continued)

8.	VII-10	<p>Retailer Commissions.</p> <ul style="list-style-type: none"> 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, 2022 <u>2024</u>, are appropriated to the agency for the same purposes for the fiscal year beginning September 1, 2022 <u>2024</u>. 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. <p><i>This rider revision is requested to reflect updated fiscal years.</i></p>
9.	VII-11	<p>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 2022 <u>2024</u> is an amount equal to 2.0773 <u>2.0331</u> percent of gross sales in fiscal year 2022 <u>2024</u>; and the estimated amount appropriated in fiscal year 2023 <u>2025</u> is an amount equal to 2.0334 <u>1.9889</u> percent of gross sales in fiscal year 2023 <u>2025</u>.</p> <p><i>This rider revision is requested to reflect updated fiscal years and revised contract rate for FY 2024-25.</i></p>

3.B. Rider Revisions and Additions Request (continued)

10.	VII-11	<p>Appropriation of Increased Revenues. In addition to the amounts appropriated above, there is hereby 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 \$6,335,000,000 in fiscal year 2022 <u>2024</u> and the amount by which gross sales exceed \$6,335,000,000 in fiscal year 2023 <u>2025</u> 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, 2022 <u>2024</u>, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2022 <u>2024</u>.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> (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. <p><i>This rider revision is requested to reflect updated fiscal years.</i></p>
11.	VII-11	<p>Scratch Ticket Game Closure. The commission shall provide a semi-annual report on April 1 and 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.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
12.	VII-11	<p>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.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
13.	VII-11	<p>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 2022 <u>2024</u> and \$60,000 in fiscal year 2023 <u>2025</u> in General Revenue collected from third party reimbursements by the Bingo division in accordance with Texas Occupations Code §§2001.205(b), 2001.209(b), and 2001.560(d).</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>

3.B. Rider Revisions and Additions Request (continued)

14.	VII-11	<p>Limitations on Transfers. Notwithstanding Article IX, §14.01, Appropriation Transfers of this Act, 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.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
15.	VII-11	<p>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.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
16.	VII-11	<p>Unexpended Balances of Capital Budget for Construction of Buildings and Facilities – Construction Required for TX Capital Complex Building. Any unobligated and unexpended balances of funds remaining as of August 31, 2021 that were appropriated to the Texas Lottery Commission for fiscal year 2021 for capital budget items related to Construction Required for the TX Capital Complex Building under the provisions of Article VII 9, Rider 2 of House Bill 1, Eighty-sixth Legislature, Regular Session, (estimated to be \$0) are appropriated for fiscal year 2022 beginning September 1, 2021 for the same purpose.</p> <p><i>The Commission is requesting the deletion of this rider as the agency completed its move to its new headquarters during FY 2022.</i></p>

4.A. Exceptional Item Request Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/28/2022
TIME: 9:33:56PM

Agency code: 362 Agency name: Texas Lottery Commission

CODE	DESCRIPTION	Excp 2024	Excp 2025
<p style="text-align: center;"> Item Name: Scratch Ticket Production and Services Contracts Item Priority: 1 IT Component: No Anticipated Out-year Costs: Yes Involve Contracts > \$50,000: Yes Includes Funding for the Following Strategy or Strategies: 01-01-07 Scratch Ticket Production and Services Contract(s). </p>			
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	0	17,410,868
TOTAL, OBJECT OF EXPENSE		\$0	\$17,410,868
METHOD OF FINANCING:			
5025	Lottery Acct	0	17,410,868
TOTAL, METHOD OF FINANCING		\$0	\$17,410,868

DESCRIPTION / JUSTIFICATION:

This exceptional item request is for authority to utilize available administrative funds generated from the sale of lottery tickets and that remain within the allowable statutory percentage to administer the lottery. The funding structure to produce scratch tickets is a fixed budget that does not provide a mechanism to support potential changes in product cost or product demand. Scratch ticket sales have realized continual year-over-year increases since Fiscal Year 2011 and scratch ticket games continue to be a growing product category in Texas. In Fiscal Year 2021, scratch ticket sales represented over 80 percent of total lottery sales.

There are only three companies in the world, Scientific Games, Pollard Banknote and IGT Printing, capable of printing lottery scratch tickets. The current contracts with the three scratch ticket print vendors all expire on August 31, 2024. The environment for procuring scratch ticket printing services has dramatically changed since the last contract was procured in FY 2012. The pandemic has made a significant impact on labor and material costs for these companies, and while the material shortages may ease over time, it is expected the labor costs will not.

The agency has recently completed the RFP process for these services and significant increased costs of approximately 40% for these critical business services were realized. An underfunded scratch ticket print budget will have a negative impact on revenue generation for the beneficiaries of the Texas Lottery; Foundation School Fund and Fund for Veterans' Assistance.

Funding for this exceptional item would be from the sale of lottery tickets (General Revenue-Dedicated Lottery Account) which is part of the funds that do not count toward 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.

Agency code: 362 Agency name: Texas Lottery Commission

CODE	DESCRIPTION	Excp 2024	Excp 2025
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EXTERNAL/INTERNAL FACTORS:

The Commission has relied on Rider 10, Appropriation of Increased Revenues and Article IX, Section 14.01 Appropriation Transfers as the source of funding when scratch ticket printing needs have exceeded the fixed appropriation in Strategy A.1.7. Under these models, the agency has been required to rely on the assumption that sales will be generated in excess of the amounts in Rider 10 and there will be funding available for transfer within the Article IX 20% transfer limitation to budget for Scratch Ticket printing. Forecasted expenditures for FY 2025 with the new RFP pricing are estimated to be \$90 million, that is a \$17.4 million shortfall against the FY24 estimated appropriation. An underfunded scratch ticket print budget creates a risk to revenue generation for the Foundation School Fund and Fund for Veterans' Assistance.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

The Scratch Ticket Production and Services Contracts are ongoing and required for the agency to continue to sell scratch tickets and generate revenue for the Foundation School Fund and Fund for Veterans' Assistance .

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2026	2027	2028
\$17,410,868	\$17,410,868	\$17,410,868

APPROXIMATE PERCENTAGE OF EXCEPTIONAL ITEM : 100.00%

CONTRACT DESCRIPTION :

Activities of these contracts involve scratch ticket development and manufacturing services through a scratch ticket vendor(s).

Agency code:	362	Agency name:	Texas Lottery Commission
Code	Description	Excp 2024	Excp 2025

Item Name:	Scratch Ticket Production and Services Contracts		
Allocation to Strategy:	1-1-7	Scratch Ticket Production and Services Contract(s).	
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	0	17,410,868
TOTAL, OBJECT OF EXPENSE		\$0	\$17,410,868
METHOD OF FINANCING:			
5025	Lottery Acct	0	17,410,868
TOTAL, METHOD OF FINANCING		\$0	\$17,410,868

4.C. Exceptional Items Strategy Request
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/28/2022
TIME: 9:33:56PM

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: 7 Scratch Ticket Production and Services Contract(s).

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2024	Excp 2025
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OBJECTS OF EXPENSE:

2009 OTHER OPERATING EXPENSE

0

17,410,868

Total, Objects of Expense

\$0

\$17,410,868

METHOD OF FINANCING:

5025 Lottery Acct

0

17,410,868

Total, Method of Finance

\$0

\$17,410,868

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Scratch Ticket Production and Services Contracts

5.A. Capital Budget Project Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **7/28/2022**
TIME : **9:33:56PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2022

Bud 2023

BL 2024

BL 2025

5002 Construction of Buildings and Facilities

*3/3 Construction Required for TX Capital Complex
Building*

OBJECTS OF EXPENSE

Capital

General	2009	OTHER OPERATING EXPENSE		\$516,879	\$0	\$0	\$0
General	5000	CAPITAL EXPENDITURES		\$269,867	\$0	\$0	\$0
Capital Subtotal OOE, Project 3				\$786,746	\$0	\$0	\$0
Subtotal OOE, Project 3				\$786,746	\$0	\$0	\$0
TYPE OF FINANCING							
<u>Capital</u>							
General	CA	5025	Lottery Acct	\$786,746	\$0	\$0	\$0
Capital Subtotal TOF, Project 3				\$786,746	\$0	\$0	\$0
Subtotal TOF, Project 3				\$786,746	\$0	\$0	\$0
Capital Subtotal, Category 5002				\$786,746	\$0	\$0	\$0
Informational Subtotal, Category 5002							
Total, Category 5002				\$786,746	\$0	\$0	\$0

5007 Acquisition of Capital Equipment and Items

*1/1 CAPITALIZED LOTTERY DRAWING
EQUIPMENT*

OBJECTS OF EXPENSE

Capital

General	5000	CAPITAL EXPENDITURES		\$54,140	\$218,400	\$300,000	\$0
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5.A. Capital Budget Project Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **7/28/2022**
TIME : **9:33:56PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2022

Bud 2023

BL 2024

BL 2025

Capital Subtotal OOE, Project 1

\$54,140

\$218,400

\$300,000

\$0

Subtotal OOE, Project 1

\$54,140

\$218,400

\$300,000

\$0

TYPE OF FINANCING

Capital

General CA 5025 Lottery Acct

\$54,140

\$218,400

\$300,000

\$0

Capital Subtotal TOF, Project 1

\$54,140

\$218,400

\$300,000

\$0

Subtotal TOF, Project 1

\$54,140

\$218,400

\$300,000

\$0

Capital Subtotal, Category 5007

\$54,140

\$218,400

\$300,000

\$0

Informational Subtotal, Category 5007

Total, Category 5007

\$54,140

\$218,400

\$300,000

\$0

7000 Data Center/Shared Technology Services

2/2 Data Center Services

OBJECTS OF EXPENSE

Capital

General 2001 PROFESSIONAL FEES AND SERVICES

\$181,840

\$195,563

\$215,120

\$215,120

Capital Subtotal OOE, Project 2

\$181,840

\$195,563

\$215,120

\$215,120

Subtotal OOE, Project 2

\$181,840

\$195,563

\$215,120

\$215,120

TYPE OF FINANCING

Capital

General CA 5025 Lottery Acct

\$181,840

\$195,563

\$215,120

\$215,120

5.A. Capital Budget Project Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/28/2022
TIME : 9:33:56PM

Agency code: **362**

Agency name: **Texas Lottery Commission**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2022

Bud 2023

BL 2024

BL 2025

Capital Subtotal TOF, Project 2

\$181,840

\$195,563

\$215,120

\$215,120

Subtotal TOF, Project 2

\$181,840

\$195,563

\$215,120

\$215,120

Capital Subtotal, Category 7000

\$181,840

\$195,563

\$215,120

\$215,120

Informational Subtotal, Category 7000

Total, Category 7000

\$181,840

\$195,563

\$215,120

\$215,120

AGENCY TOTAL -CAPITAL

\$1,022,726

\$413,963

\$515,120

\$215,120

AGENCY TOTAL -INFORMATIONAL

AGENCY TOTAL

\$1,022,726

\$413,963

\$515,120

\$215,120

METHOD OF FINANCING:

Capital

General 5025 Lottery Acct

\$1,022,726

\$413,963

\$515,120

\$215,120

Total, Method of Financing-Capital

\$1,022,726

\$413,963

\$515,120

\$215,120

Total, Method of Financing

\$1,022,726

\$413,963

\$515,120

\$215,120

TYPE OF FINANCING:

Capital

General CA CURRENT APPROPRIATIONS

\$1,022,726

\$413,963

\$515,120

\$215,120

Total, Type of Financing-Capital

\$1,022,726

\$413,963

\$515,120

\$215,120

Total, Type of Financing

\$1,022,726

\$413,963

\$515,120

\$215,120

5.B. Capital Budget Project Information
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/28/2022
TIME: 9:33:57PM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5007	Category Name:	ACQUISITN CAP EQUIP ITEMS
Project number:	1	Project Name:	CAPITALIZED LOTTERY DRAWING EQUIP.

PROJECT DESCRIPTION

General Information

In order to meet the goals of the agency, carry out the agency mission and to ensure the integrity and security of all games, the agency is required to purchase lottery drawing related equipment on a routine basis. In addition future opportunities such as new games and add-on features to current games may require the procurement of equipment. Postponing new games and features could affect the opportunity to provide incremental revenue to the state. Postponing replacement equipment could have a detrimental affect on the integrity and security of games should equipment fail.

PLCS Tracking Key	N/A
Number of Units / Average Unit Cost	Varies
Estimated Completion Date	0

Additional Capital Expenditure Amounts Required	2026	2027
	0	0

Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	3-7 years	
Estimated/Actual Project Cost	\$300,000	
Length of Financing/ Lease Period	N/A	

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>				Total over project life
2024	2025	2026	2027	
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
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Explanation: Lottery drawing-equipment is used in the critical function of conducting lottery and ensuring the security and integrity of games.

Project Location: Texas Lottery Commission Headquarters, Austin, Texas

Beneficiaries: Agency staff and the general public.

Frequency of Use and External Factors Affecting Use:

The draw machines may be used twice a week or up to multiple times a day to conduct draw games.

5.B. Capital Budget Project Information
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/28/2022
TIME: 9:33:57PM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	7000	Category Name:	Data Center/Shared Technology Svcs
Project number:	2	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	N/A
Number of Units / Average Unit Cost	Varies
Estimated Completion Date	0

Additional Capital Expenditure Amounts Required	2026	2027
	215,120	215,120

Type of Financing	CA	CURRENT APPROPRIATIONS
Projected Useful Life	2 Years	
Estimated/Actual Project Cost	\$430,240	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2024	2025	2026	2027	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
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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 Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
5002 Construction of Buildings and Facilities					
3/3	Facilities Capital - New HQ				
<u>GENERAL BUDGET</u>					
Capital	1-1-1 LOTTERY OPERATIONS	484,838	0	\$0	\$0
	1-1-4 SECURITY	301,908	0	0	0
	TOTAL, PROJECT	\$786,746	\$0	\$0	\$0
5007 Acquisition of Capital Equipment and Items					
1/1	CAPITALIZED LOTTERY DRAWING EQUIP.				
<u>GENERAL BUDGET</u>					
Capital	1-1-4 SECURITY	54,140	218,400	300,000	0
	TOTAL, PROJECT	\$54,140	\$218,400	\$300,000	\$0
7000 Data Center/Shared Technology Services					
2/2	Data Center Services				
<u>GENERAL BUDGET</u>					
Capital	1-1-5 CENTRAL ADMINISTRATION	181,840	195,563	215,120	215,120
	TOTAL, PROJECT	\$181,840	\$195,563	\$215,120	\$215,120
	TOTAL CAPITAL, ALL PROJECTS	\$1,022,726	\$413,963	\$515,120	\$215,120
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$1,022,726	\$413,963	\$515,120	\$215,120

362 Texas Lottery Commission

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
5002 Construction of Buildings and Facilities					
3 Facilities Capital - New HQ					
OOE					
Capital					
1-1-1 LOTTERY OPERATIONS					
<u>General Budget</u>					
2009	OTHER OPERATING EXPENSE	292,468	0	0	0
5000	CAPITAL EXPENDITURES	192,370	0	0	0
1-1-4 SECURITY					
<u>General Budget</u>					
2009	OTHER OPERATING EXPENSE	224,411	0	0	0
5000	CAPITAL EXPENDITURES	77,497	0	0	0
TOTAL, OOE's		\$786,746	\$0	0	0
MOF					
GR DEDICATED					
Capital					
1-1-1 LOTTERY OPERATIONS					
<u>General Budget</u>					
5025	Lottery Acct	484,838	0	0	0
1-1-4 SECURITY					
<u>General Budget</u>					
5025	Lottery Acct	301,908	0	0	0
TOTAL, GR DEDICATED		\$786,746	\$0	0	0

362 Texas Lottery Commission

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
3 Facilities Capital - New HQ					
TOTAL, MOFs		\$786,746	\$0	\$0	\$0

5007 Acquisition of Capital Equipment and Items

1 CAPITALIZED LOTTERY DRAWING EQUIP.

OOE

Capital

1-1-4 SECURITY

General Budget

5000	CAPITAL EXPENDITURES	54,140	218,400	300,000	0
TOTAL, OOE's		\$54,140	\$218,400	300,000	0

MOF

GR DEDICATED

Capital

1-1-4 SECURITY

General Budget

5025	Lottery Acct	54,140	218,400	300,000	0
TOTAL, GR DEDICATED		\$54,140	\$218,400	300,000	0
TOTAL, MOFs		\$54,140	\$218,400	300,000	0

7000 Data Center/Shared Technology Services

362 Texas Lottery Commission

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2022	Bud 2023	BL 2024	BL 2025
2 Data Center Services					
OOE					
Capital					
1-1-5 CENTRAL ADMINISTRATION					
<u>General Budget</u>					
2001	PROFESSIONAL FEES AND SERVICES	181,840	195,563	215,120	215,120
TOTAL, OOE's		\$181,840	\$195,563	215,120	215,120
MOF					
GR DEDICATED					
Capital					
1-1-5 CENTRAL ADMINISTRATION					
<u>General Budget</u>					
5025	Lottery Acct	181,840	195,563	215,120	215,120
TOTAL, GR DEDICATED		\$181,840	\$195,563	215,120	215,120
TOTAL, MOF's		\$181,840	\$195,563	215,120	215,120

362 Texas Lottery Commission

		Est 2022	Bud 2023	BL 2024	BL 2025
CAPITAL					
General Budget					
GR DEDICATED					
TOTAL, GENERAL BUDGET		\$1,022,726	\$413,963	515,120	215,120
		1,022,726	413,963	515,120	215,120
TOTAL, ALL PROJECTS		\$1,022,726	\$413,963	515,120	215,120

6.A. Historically Underutilized Business Supporting Schedule
88th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 7/28/2022
Time: 9:33:58PM

Agency Code: 362 Agency: Texas Lottery Commission

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year - HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2020			Total Expenditures		HUB Expenditures FY 2021			Total Expenditures	
			% Actual	Diff	Actual \$	FY 2020	% Goal	% Actual	Diff	Actual \$	FY 2021	
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	14.8 %	0.0%	-14.8%	\$0	\$95,722	12.8 %	0.2%	-12.6%	\$185	\$99,550	
23.7%	Professional Services	23.7 %	14.4%	-9.3%	\$181,838	\$1,266,183	23.7 %	25.9%	2.2%	\$298,161	\$1,152,256	
26.0%	Other Services	24.2 %	14.2%	-10.0%	\$27,782,444	\$195,748,258	24.3 %	13.8%	-10.5%	\$29,727,410	\$215,176,981	
21.1%	Commodities	21.1 %	60.2%	39.1%	\$1,539,860	\$2,559,945	21.1 %	60.4%	39.3%	\$1,440,472	\$2,384,638	
	Total Expenditures		14.8%		\$29,504,142	\$199,670,108		14.4%		\$31,466,228	\$218,813,425	

B. Assessment of Attainment of HUB Procurement Goals

Attainment:

The agency attained or exceeded one of four, or 25% of the applicable agency HUB procurement goals in fiscal year 2020.

The agency attained or exceeded two of four, or 50% of the applicable agency HUB procurement goals in fiscal year 2021.

Applicability:

The Heavy Construction and Building Construction categories were not applicable to agency operations in either Fiscal Year 2020 or 2021, 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:

Agency Code: 362 Agency: Texas Lottery Commission

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 vendors about TLC procurement processes and to provide networking opportunities. In FY 2021, outreach events continued to be hampered as a result of the COVID-19 Pandemic. A very limited number of outreach events were conducted. During 2022, 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 TLC sponsored one mentor-protégé relationship during FY 2021. The Mentor-Protégé Program is an ongoing initiative, and the TLC will continue its efforts to form additional relationships during FY 2022.

HUB Program Staffing:

The TLC's Minority/HUB Program functions 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 Web site.
Continued to maintain a minority lottery retailer percentage of more than 40%.

6.E. Estimated Revenue Collections Supporting Schedule
88th 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 2021	Exp 2022	Est 2023	Est 2024	Est 2025
<u>1</u> General Revenue Fund					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3152 Bingo Operators/Lessors	529,797	653,376	591,587	591,587	591,587
3153 Bingo Equipment	64,300	76,150	70,225	70,225	70,225
3170 Bingo Prize Fees	16,000,372	16,201,483	16,201,481	16,201,481	16,201,481
3719 Fees/Copies or Filing of Records	287	232	260	260	260
3754 Other Surplus/Salvage Property	1,143	0	0	0	0
3770 Administrative Penalties	19,800	21,771	20,786	20,786	20,786
3795 Other Misc Government Revenue	1,166	3,211	2,188	2,188	2,188
3839 Sale of Motor Vehicle/Boat/Aircraft	0	17,581	0	0	0
Subtotal: Actual/Estimated Revenue	16,616,865	16,973,804	16,886,527	16,886,527	16,886,527
Total Available	\$16,616,865	\$16,973,804	\$16,886,527	\$16,886,527	\$16,886,527
DEDUCTIONS:					
Expended/Budgeted	(1,695,753)	(2,419,590)	(2,419,591)	(2,419,590)	(2,419,591)
Transfer-Employee Benefits	(427,295)	(541,505)	(541,505)	(541,505)	(541,505)
Benefit Replacement Pay	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)
Total, Deductions	\$(2,124,075)	\$(2,962,122)	\$(2,962,123)	\$(2,962,122)	\$(2,962,123)
Ending Fund/Account Balance	\$14,492,790	\$14,011,682	\$13,924,404	\$13,924,405	\$13,924,404

REVENUE ASSUMPTIONS:

Revenues are projected to remain relatively flat.

CONTACT PERSON:

Kelly Stuckey

6.E. Estimated Revenue Collections Supporting Schedule
88th 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 2021	Exp 2022	Est 2023	Est 2024	Est 2025
<u>5025</u> Lottery Acct					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3176 Lottery License Application Fees	302,898	336,038	319,468	319,468	319,468
3177 Lottery Ticket Sales	8,107,203,394	7,833,000,000	7,833,000,000	6,335,000,000	6,335,000,000
3178 Lottery Security Proceeds	51,850	57,300	54,575	54,575	54,575
3719 Fees/Copies or Filing of Records	1,500	600	1,050	1,050	1,050
3727 Fees - Administrative Services	317,428	307,397	312,413	312,413	312,413
3802 Reimbursements-Third Party	457,350	530,987	477,387	477,387	477,387
Subtotal: Actual/Estimated Revenue	8,108,334,420	7,834,232,322	7,834,164,893	6,336,164,893	6,336,164,893
Total Available	\$8,108,334,420	\$7,834,232,322	\$7,834,164,893	\$6,336,164,893	\$6,336,164,893
DEDUCTIONS:					
Expended/Budgeted	(241,792,761)	(258,267,064)	(256,897,195)	(281,823,682)	(278,548,488)
Transfer - Employee Benefits	(5,267,755)	(5,639,027)	(5,639,027)	(5,639,027)	(5,639,027)
Benefit Replacement Pay	(23,813)	(20,732)	(20,732)	(20,732)	(20,732)
Unemployment Benefits	(1,767)	0	0	0	0
Rider 10, Lottery Operator Contract (2020-21 GAA)	(14,666,053)	0	0	0	0
Rider 11, Appn of Increased Revenues UB (2020-21 GAA)	(10,665,049)	0	0	0	0
Rider 11, Appn of Increased Revenues (2020-21 GAA)	(27,893,120)	0	0	0	0
Rider 8, Retailer Commission (2022-23 GAA)	0	0	(7,493,084)	0	0
Rider 9, Lottery Operator Contract (2022-23 GAA)	0	(31,130,766)	(30,468,376)	0	0
Rider 10, Appn of Increased Revenues (2022-23 GAA)	0	(16,000,000)	(22,330,283)	0	0
Rider 10, Appn of Increased Revenues - UB (2022-23 GAA)	0	0	(6,330,283)	0	0
Rider 16, UB of Capital Budget for Construction (2022-23 GAA)	0	(802,152)	0	0	0
Lottery Winnings/Install Payments	(5,418,271,340)	(5,234,793,900)	(5,234,793,900)	(4,233,680,500)	(4,233,680,500)
Retailer Commissions	(405,847,848)	(391,650,000)	(391,650,000)	(316,750,000)	(316,750,000)
Transfers to Foundation School Fund	(1,974,473,848)	(1,978,323,508)	(1,935,084,207)	(1,554,392,071)	(1,557,667,264)
Transfers to Department of State Health Services	(439,443)	(439,443)	(439,443)	(439,443)	(439,443)
Transfers to Texas Veterans Commission	(23,400,245)	(23,825,355)	(24,000,000)	(24,000,000)	(24,000,000)
Total, Deductions	\$(8,122,743,042)	\$(7,940,891,947)	\$(7,915,146,530)	\$(6,416,745,455)	\$(6,416,745,454)

6.E. Estimated Revenue Collections Supporting Schedule
88th 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 2021	Exp 2022	Est 2023	Est 2024	Est 2025
Ending Fund/Account Balance	\$(14,408,622)	\$(106,659,625)	\$(80,981,637)	\$(80,580,562)	\$(80,580,561)

REVENUE ASSUMPTIONS:

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:

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