



INTEROFFICE MEMO

Gary Grief, Executive Director

LaDonna Castañuela, Charitable Bingo Operations Director

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

From: Kelly Stuckey, Controller

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Date: August 7, 2023

Re: Transfers to the State and the Agency's Budget Status

The following documents are provided for your information:

- I. Transfers to the Foundation School Fund, Texas Veterans Commission, and the allocation of unclaimed prizes for fiscal year 2023 transferred as of July 12, 2023.
- II. Agency Budget Status

Transfers to the State

In fiscal year 2023, total accrued revenue transfers to the State for the ten-month period ending June 30, 2023, amounted to \$1.73 billion. Of the total amount transferred to the State from sales, \$1.64 billion was transferred to the Foundation School Fund; \$21.64 million was transferred to the Texas Veterans Commission and the remaining \$66.68 million transferred from unclaimed prizes. The amount transferred to the Foundation School Fund from sales represents a 8.9% increase, or \$134.9 million, over the total amount transferred in fiscal year 2022. To date, cumulative accrued revenue transfers to the Foundation School Fund are \$31.4 billion and cumulative revenue transfer to the State are \$37.3 billion.

Agency Budget Status

The FY 2023 Method of Financing budget summary as of May 31, 2023 is attached for your information. The Commission's Lottery Account budget for FY 2023 is \$260.2 million. Of this amount 89.8% was expended and encumbered through the end of the third quarter. The Bingo Operations budget, funded by General Revenue, is \$2.1 million with 87.0% expended and encumbered through the end of the third quarter.

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



Texas Lottery Commission Summary Financial Information

(Audited unless otherwise noted)

	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
SALES:											
Total Sales	\$591,570,852	\$1,856,090,753	\$2,760,217,110	\$3,036,517,308	\$3,432,309,408	\$3,745,469,123	\$3,090,031,624	\$2,571,599,617	\$2,657,290,483	\$2,825,298,062	\$2,966,262,259
EXPENSE:											
Total Prize Expense	\$268,869,533	\$981,698,406	\$1,528,691,259	\$1,689,345,205	\$1,951,060,296	\$2,151,737,003	\$1,648,106,270	\$1,329,014,108	\$1,508,849,679	\$1,643,183,197	\$1,715,355,958
Prize Payout Percentage	45.5%	52.9%	55.4%	55.6%	56.8%	57.4%	53.3%	51.7%	56.8%	58.2%	57.8%
Commissions	\$29,578,543	\$92,815,046	\$138,011,596	\$151,845,090	\$171,719,838	\$187,394,765	\$154,581,140	\$128,827,796	\$133,000,980	\$141,299,672	\$148,359,044
Retailer Payments	-	\$4,282,752	\$6,107,225	\$6,942,860	\$5,429,790	\$6,019,956	\$5,596,251	\$4,482,957	\$4,390,015	\$5,048,075	\$4,172,483
Administrative Expenses	\$45,116,542	\$124,873,791	\$166,644,017	\$188,383,295	\$217,499,396	\$236,216,507	\$198,286,932	\$169,307,159	\$172,193,140	\$172,823,281	\$166,748,438
UNCLAIMED PRIZES:											
Unclaimed Prizes Transferred to State	-	-	-	\$2,647,094	\$7,284,316	\$2,982,148	-	\$9,688,000	\$35,517,171	\$38,939,061	\$69,618,383
ACCRUED TRANSFERS:											
To General Revenue Fund	\$249,978,109	\$656,844,512	\$927,684,072	\$1,015,037,492	\$1,098,323,023	\$1,008,543,523	-	-	-	-	-
To Multicategorical Teaching Hospital Account	-	-	-	-	-	-	-	-	\$35,517,171	\$4,482,829	\$40,000,000
To Tertiary Care Facility Account	-	-	-	-	-	-	-	-	-	\$34,456,232	\$29,618,383
To HHSC Graduate Medical Program	-	-	-	-	-	-	-	-	-	-	-
To Foundation School Fund	-	-	-	-	-	\$174,237,106	\$1,097,795,590	\$953,370,758	\$827,328,229	\$825,059,846	\$859,263,426
To Texas Veterans Commission	-	-	-	-	-	-	-	-	-	-	-
Total Accrued Transfers to State	\$249,978,109	\$656,844,512	\$927,684,072	\$1,015,037,492	\$1,098,323,023	\$1,182,780,629	\$1,097,795,590	\$953,370,758	\$862,845,399	\$863,998,907	\$928,881,809
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
SALES:											
Total Sales	\$3,130,692,602	\$3,487,924,570	\$3,662,462,838	\$3,774,685,562	\$3,774,178,802	\$3,671,477,953	\$3,720,113,711	\$3,738,369,487	\$3,811,270,135	\$4,190,815,913	\$4,376,286,456
EXPENSE:											
Total Prize Expense	\$1,845,198,257	\$2,068,643,667	\$2,228,000,419	\$2,310,561,488	\$2,315,304,967	\$2,281,125,261	\$2,299,752,567	\$2,300,182,561	\$2,387,243,785	\$2,632,624,266	\$2,767,359,068
Prize Payout Percentage	58.9%	59.3%	60.8%	61.2%	61.3%	62.1%	61.8%	61.5%	62.6%	62.8%	63.2%
Commissions	\$156,554,911	\$174,413,287	\$183,176,006	\$188,818,621	\$188,751,041	\$183,771,055	\$186,145,362	\$187,302,974	\$190,808,232	\$209,816,328	\$218,892,925
Retailer Payments	\$3,606,784	\$2,143,103	\$4,286,558	\$2,804,521	\$4,423,161	\$1,953,223	\$1,926,785	\$8,857,990	\$21,424,731	\$16,061,583	\$17,940,232
Administrative Expenses	\$158,329,321	\$180,818,463	\$178,795,994	\$184,901,385	\$182,731,292	\$167,594,360	\$192,447,630	\$185,283,677	\$184,320,962	\$169,440,523	\$181,966,473
UNCLAIMED PRIZES:											
Unclaimed Prizes Transferred to State	\$66,993,269	\$41,581,437	\$60,764,140	\$54,222,589	\$58,947,388	\$54,134,747	\$62,732,496	\$66,591,791	\$53,775,634	\$51,743,502	\$59,870,140
ACCRUED TRANSFERS:											
To General Revenue Fund	-	\$19,465,000	\$22,880,577	\$44,222,589	\$48,947,388	\$44,134,747	\$52,732,496	\$56,591,791	\$43,249,367	\$45,431,754	\$53,657,834
To Multicategorical Teaching Hospital Account	-	\$10,782,342	\$9,217,658	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$5,750,000	\$5,750,000
To Tertiary Care Facility Account	\$66,993,269	-	-	-	-	-	-	-	-	-	-
To HHSC Graduate Medical Program	-	\$11,334,095	\$28,665,905	-	-	-	-	-	-	-	-
To Foundation School Fund	\$882,094,795	\$1,009,447,487	\$1,009,538,729	\$1,036,110,469	\$1,034,072,617	\$980,744,256	\$999,421,562	\$989,139,753	\$961,885,417	\$1,099,034,712	\$1,148,515,795
To Texas Veterans Commission	-	-	-	-	-	-	-	\$7,353,334	\$8,648,112	\$5,306,574	\$6,178,158
Total Accrued Transfers to State	\$949,088,064	\$1,051,028,924	\$1,070,302,869	\$1,090,333,058	\$1,093,020,005	\$1,034,879,002	\$1,062,154,058	\$1,063,084,879	\$1,023,782,895	\$1,155,523,040	\$1,214,101,786
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23*	Cumulative
SALES:										Unaudited	
Total Sales	\$4,384,597,063	\$4,529,700,425	\$5,067,517,923	\$5,077,461,652	\$5,626,846,887	\$6,251,478,651	\$6,704,027,783	\$8,107,203,394	\$8,296,892,076	\$7,195,973,026	\$132,112,633,505
EXPENSE:											
Total Prize Expense	\$2,741,184,820	\$2,858,319,409	\$3,186,430,316	\$3,257,375,437	\$3,666,102,586	\$4,056,494,096	\$4,442,357,644	\$5,418,271,882	\$5,599,717,954	\$4,890,133,000	\$81,968,294,361
Prize Payout Percentage	62.5%	63.1%	62.9%	64.2%	65.2%	64.9%	66.3%	66.8%	67.5%	68.0%	62.0%
Commissions	\$219,540,166	\$226,667,064	\$253,512,424	\$253,928,168	\$281,498,020	\$313,054,138	\$335,638,397	\$405,847,848	\$415,358,212	\$360,220,936	\$6,611,149,625
Retailer Payments	\$17,959,225	\$21,897,293	\$19,793,946	\$22,368,417	\$24,222,594	\$22,777,746	\$12,263,100	\$26,250,000	\$24,155,125	\$19,500,000	\$349,088,480
Administrative Expenses	\$185,435,445	\$189,334,443	\$206,170,765	\$215,911,246	\$209,354,896	\$229,293,016	\$232,394,902	\$268,849,161	\$257,744,444	\$201,822,428	\$6,021,033,324
UNCLAIMED PRIZES:											
Unclaimed Prizes Transferred to State	\$78,324,661	\$76,225,020	\$83,552,791	\$69,676,919	\$71,290,369	\$75,146,932	\$80,905,980	\$73,407,401	\$62,626,357	\$66,680,113	\$1,535,869,849
ACCRUED TRANSFERS:											
To General Revenue Fund	-	-	-	-	-	-	-	-	-	-	\$5,387,724,273
To Multicategorical Teaching Hospital Account	\$5,411,953	\$4,397,812	\$4,904,883	\$4,904,882	\$439,444	\$439,442	\$439,443	\$439,443	\$439,443	\$439,443	\$193,756,188
To Tertiary Care Facility Account	-	-	-	-	-	-	-	-	-	-	\$131,067,884
To HHSC Graduate Medical Program	-	-	-	-	-	-	-	-	-	-	\$40,000,000
To Foundation School Fund	\$1,203,771,931	\$1,225,175,057	\$1,372,719,992	\$1,312,856,719	\$1,431,907,289	\$1,616,776,461	\$1,661,046,854	\$1,974,473,848	\$1,971,945,304	\$1,707,662,348	\$31,365,396,347
To Texas Veterans Commission	\$11,539,037	\$13,128,754	\$14,680,974	\$16,206,348	\$18,127,925	\$19,374,563	\$22,242,814	\$23,400,245	\$26,032,170	\$24,809,055	\$217,028,062
Total Accrued Transfers to State	\$1,220,722,920	\$1,242,701,623	\$1,392,305,849	\$1,333,967,949	\$1,450,474,658	\$1,636,590,465	\$1,683,729,110	\$1,998,313,536	\$1,998,416,918	\$1,732,910,846	\$37,334,972,755

* Totals may not sum due to rounding.

(1) Includes transfers from sales and unclaimed prizes

*Through June 2023

Texas Lottery Commission Unaudited Monthly Detail of Revenue Transfers and Allocations to the State of Texas						
FY 2023 Accrued Revenue Transfers		Foundation	Texas Veterans	Unclaimed	Total Accrued	Reserve For
Transfer Period	Transfer Date*	School Fund	Commission	Prizes	Revenue Transfers	Administration Expenditures
September-22	10/12/2022	122,631,860.07	2,158,109.44	-	124,789,969.51	44,845,237.29
October-22	11/8/2022	152,161,323.75	2,408,437.82	-	154,569,761.57	51,194,632.20
November-22	12/12/2022	171,992,508.39	1,819,543.45	25,147,637.07	198,959,688.91	54,562,000.85
December-22	1/11/2023	144,426,554.03	2,128,837.19	-	146,555,391.22	50,601,556.84
January-23	2/13/2023	174,010,869.28	2,781,931.75	-	176,792,801.03	54,361,214.84
February-23	3/10/2023	173,820,453.54	2,579,344.18	23,873,993.56	200,273,791.28	-
March-23	4/12/2023	193,688,135.54	2,225,702.05	-	195,913,837.59	-
April-23	5/10/2023	193,162,111.41	2,413,270.15	-	195,575,381.56	-
May-23	6/9/2023	173,058,367.19	1,676,563.53	17,658,482.15	192,393,412.87	4,157,168.56
June-23	6/28/2023	1,581,188.69 ^A	-	-	1,581,188.69	-
June-23	7/12/2023	144,055,537.63	1,450,083.82	-	145,505,621.45	21,533,344.86
Total FY 2023		1,644,588,909.52	21,641,823.38	66,680,112.78	1,732,910,845.68	281,255,155.44

FY 2023 Reserve for Administration	281,255,155.44
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Quarterly Detail of Unclaimed Prizes Transferred to the State of Texas					
FY 2023 Accrued Revenue Transfers		Foundation	Texas Veterans	Multicategorical Teaching	Total Accrued
Transfer Period	Transfer Date	School Fund	Commission	Hospital Account	Revenue Transfers
November-22	12/12/2022	23,424,342.24	1,283,851.83	439,443.00	25,147,637.07
February-23	3/10/2023	23,350,310.64	523,682.92	-	23,873,993.56
May-23	6/9/2023	16,298,785.10	1,359,697.05	-	17,658,482.15
Total FY 2023		63,073,437.98	3,167,231.80	439,443.00	66,680,112.78
		-	-	-	-

* Current month transfers to Foundation School Fund and Texas Veterans Commission are due by 15th of each month.

^A FY2022 Unspent Administration



Texas Lottery Commission
Annual Budget Report By Strategy
Fiscal Year 2023
From 9/1/2022 Through 05/31/2023
(In Millions)

Fund 5025 - Lottery Dedicated Account						
Strategy	Strategy Title	Budget	YTD Expenditures	YTD Encumbrance	Total Budget Variance	% Expended/Encumbered
1.1.1	Lottery Operations	\$ 4.04	\$ 2.85	\$ 1.01	\$ 0.18	95.5%
1.1.2	Lottery Field Operations	3.25	2.33	0.79	0.13	96.0%
1.1.3	Product Development	6.03	3.09	2.80	0.15	97.6%
1.1.4	Security	5.30	3.18	1.57	0.54	89.7%
1.1.5	Central Administration	14.28	9.38	4.16	0.74	94.8%
1.1.6	Lottery Operator Contract	131.20	121.53	7.24	2.42	98.2%
1.1.7	Scratch Ticket Production Contract	49.89	19.96	20.45	9.48	81.0%
1.1.8	Promote Lottery Games Contract	10.20	6.38	3.47	0.35	96.5%
1.1.9	Drawing and Broadcast Contract	2.26	1.49	0.76	0.00	100.0%
1.1.10	Retailer Bonus	2.08	2.08	-	-	100.0%
1.1.11	Retailer Commissions	31.68	19.25	-	12.43	60.8%
Total Fund 5025 - Lottery Dedicated Account		\$ 260.20	\$ 191.53	\$ 42.26	\$ 26.41	89.8%
Reconciliation to General Appropriations Act:						
	Article IX, Section 8.02, Third Party Reimbursements	(0.48)				
	Rider 9, Lottery Operator Contract (2022-23 GAA)	(2.40)				
	Rider 10, Appn of Increased Revenues (2022-23 GAA)	(1.76)				
	Article IX, Section 17.03, PR Cont-Health Ins (2022-23 GAA)	0.21				
	Article IX, Section 17.06, PR Cont - Retire (2022-23 GAA)	0.11				
	Unbudgeted Appropriation Authority	0.53				
Total Fund 5025, General Appropriations Act		\$ 256.42				

Fund 0001 - General Revenue						
Strategy	Strategy Title	Budget	YTD Expenditures	YTD Encumbrance	Total Budget Variance	% Expended/Encumbered
2.1.1	Bingo Licensing	\$ 0.53	\$ 0.33	\$ 0.15	\$ 0.05	90.2%
2.1.2	Bingo Education and Development	0.09	0.06	0.02	0.01	85.3%
2.1.3	Bingo Law Compliance Field Oper.	1.23	0.73	0.30	0.20	83.6%
2.1.4	Bingo Prize Fee Collection & Acct.	0.24	0.18	0.06	0.00	98.1%
Total Fund 0001 - General Revenue		\$ 2.10	\$ 1.29	\$ 0.54	\$ 0.27	87.0%
Reconciliation to General Appropriations Act:						
	Article IX, Section 17.03, PR Cont-Health Ins (2022-23 GAA)	0.02				
	Article IX, Section 17.06, PR Cont - Retire (2022-23 GAA)	0.01				
	Unbudgeted Appropriation Authority	0.30				
Total Fund 0001, General Appropriations Act		\$ 2.42				

Totals may not sum due to rounding.

TEXAS LOTTERY COMMISSION
FY 2023 METHOD OF FINANCING SUMMARY
From 9/1/2022 Through 05/31/2023

LOTTERY-FUND 5025

FY 2023 Original Appropriation	\$	256,419,808
Add: Article IX, Section 8.02, Third Party Reimbursements		480,987
Rider 9, Lottery Operator Contract (2022-23 GAA)		2,398,490
Rider 10, Appn of Increased Revenues		1,758,678
Less: Unbudgeted Appropriation Authority		(534,181)
Article IX, Section 17.03, PR Cont-Health Ins (2022-23 GAA)		(213,990)
Article IX, Section 17.06, PR Cont - Retire (2022-23 GAA)		(106,995)
FY 2023 Adjusted Appropriation	\$	260,202,798
YTD Expenditures/Encumbrances		(233,788,287)
Remaining Budget	\$	26,414,511
% of Total Budget Expended/Encumbered		89.8%

BINGO-FUND 0001

FY 2023 Original Appropriation	\$	2,419,591
Less: Unbudgeted Appropriation Authority		(296,454)
Article IX, Section 17.03, PR Cont-Health Ins (2022-23 GAA)		(18,342)
Article IX, Section 17.06, PR Cont - Retire (2022-23 GAA)		(9,171)
FY 2023 Adjusted Appropriation	\$	2,095,625
YTD Expenditures/Encumbrances		(1,823,537)
Remaining Budget	\$	272,088
% of Total Budget Expended/Encumbered		87.0%

Texas Lottery Commission
Encumbrance Budget Report - Annual Budget Report-Strategy
FY 2023
From 9/1/2022 Through 05/31/2023

Fund 5025 - Lottery Dedicated Account

Account Code	Strategy Title	Budget	YTD Expenditures	YTD Encumbrance	Total Budget Variance	% Expended/ Encumbered
1.1.1	Lottery Operations	4,037,415.95	2,849,720.72	1,006,993.20	180,702.03	95.52%
1.1.2	Lottery Field Operations	3,251,524.53	2,327,916.39	793,092.18	130,515.96	95.98%
1.1.3	Product Development	6,034,429.50	3,091,483.73	2,797,403.57	145,542.20	97.58%
1.1.4	Security	5,295,017.55	3,178,374.80	1,573,018.36	543,624.39	89.73%
1.1.5	Central Administration	14,280,350.24	9,382,097.48	4,160,207.65	738,045.11	94.83%
1.1.6	Lottery Operator Contract	131,196,595.42	121,533,361.39	7,243,485.32	2,419,748.71	98.15%
1.1.7	Scratch Ticket Production Contract	49,893,678.14	19,963,749.01	20,451,679.24	9,478,249.89	81.00%
1.1.8	Promote Lottery Games Contract	10,200,000.00	6,376,783.79	3,470,533.60	352,682.61	96.54%
1.1.9	Drawing and Broadcast Contract	2,258,486.25	1,494,100.00	764,286.25	100.00	99.99%
1.1.10	Retailer Bonus	2,080,000.00	2,080,000.00	0.00	0.00	100.00%
1.1.11	Retailer Commissions	31,675,300.00	19,249,999.85	0.00	12,425,300.15	60.77%
	Total 5025 - Texas Lottery Dedicated Account	<u>260,202,797.58</u>	<u>191,527,587.16</u>	<u>42,260,699.37</u>	<u>26,414,511.05</u>	<u>89.85%</u>

Texas Lottery Commission
Encumbrance Budget Report - Annual Budget Report-Strategy
FY 2023
From 9/1/2022 Through 05/31/2023

0001 - General Revenue

Strategy	Strategy Title	Budget	YTD Expenditures	YTD Encumbrance	Total Budget Variance	% Expended/ Encumbered
2.1.1	Bingo Licensing	533,130.21	331,568.69	149,236.33	52,325.19	90.18%
2.1.2	Bingo Education and Development	91,758.72	55,514.32	22,779.86	13,464.54	85.32%
2.1.3	Bingo Law Compliance Field Oper	1,230,589.62	725,492.75	303,252.83	201,844.04	83.59%
2.1.4	Bingo Prize Fee Collection & Accting	240,146.25	175,005.74	60,686.16	4,454.35	98.14%
	Total Fund 0001 - General Revenue Fund	<u>2,095,624.80</u>	<u>1,287,581.50</u>	<u>535,955.18</u>	<u>272,088.12</u>	<u>87.02%</u>

Texas Lottery Commission
Quarterly Budget Report
Fiscal Year 2023
From 9/1/2022 Through 05/31/2023

Fund 5025 - Lottery Dedicated Account

Account Code	Account Title	Budget	YTD Expenditures	YTD Encumbrance	Total Budget Variance	% Expended/ Encumbered
6001	Salaries and Wages	21,230,756.48	15,360,644.44	5,388,294.54	481,817.50	97.73%
6003	Longevity Pay	391,780.00	281,540.00	100,560.00	9,680.00	97.52%
6004	Merit Pool	76,950.85	-	-	76,950.85	0.00%
6005	Professional Fees & Services	5,757,494.34	3,428,240.98	2,240,147.64	89,105.72	98.45%
6006	Lottery Operator Contract	131,196,595.42	121,533,361.39	7,243,485.32	2,419,748.71	98.15%
6007	Advertising	10,201,000.00	6,376,783.79	3,470,533.60	353,682.61	96.53%
6008	Retailer Bonus	31,675,300.00	19,249,999.85	-	12,425,300.15	60.77%
6009	Printing and Reproduction	47,078,163.89	20,103,905.81	18,525,258.19	8,448,999.89	82.05%
6015	Other Operating Costs	11,921,798.94	4,980,258.78	5,292,420.08	1,649,120.08	86.16%
6020	Travel	343,281.66	192,610.93	-	150,670.73	56.10%
6021	Out of State Travel	110,000.00	20,241.19	-	89,758.81	18.40%
6071	Capital Expenditures	219,676.00	-	-	219,676.00	0.00%
Total Fund 5025 - Lottery Dedicated Account		260,202,797.58	191,527,587.16	42,260,699.37	26,414,511.05	89.8%

Texas Lottery Commission
Quarterly Budget Report
Fiscal Year 2023
From 9/1/2022 Through 05/31/2023

Fund 0001 - General Revenue

Account Code	Account Title	Budget	YTD Expenditures	YTD Encumbrance	Total Budget Variance	% Expended/ Encumbered
6001	Salaries and Wages	1,842,346.07	1,151,713.89	467,088.30	223,543.88	87.86%
6003	Longevity Pay	39,900.00	25,980.00	10,240.00	3,680.00	90.77%
6004	Merit Pool	6,505.43	-	-	6,505.43	0.00%
6005	Professional Fees & Services	90,506.04	57,481.38	33,024.66	-	100.00%
6015	Other Operating Costs	74,617.26	40,514.82	25,602.22	8,500.22	88.60%
6020	Travel	37,750.00	11,891.41	-	25,858.59	31.50%
6021	Out of State Travel	4,000.00	-	-	4,000.00	0.00%
Total Fund 0001 - General Revenue		2,095,624.80	1,287,581.50	535,955.18	272,088.12	87.0%