



INTEROFFICE MEMO

To: Robert G. Rivera, Chairman
Cindy Fields, Commissioner
Mark A. Franz, Commissioner
Clark E. Smith, Commissioner
Jamey Steen, Commissioner

From: Angela Zgabay-Zgarba, Administration Division Director *AZ*

Date: April 3, 2024

Re: Report, possible discussion and/or action on HUB and/or Minority Business Participation, including approval of the agency's Fiscal Year 2023 Minority Business Participation Report

A copy of the **Fiscal Year 2023 Minority Business Participation Report** is attached for your review. This report, which is required by Section §466.107 of the State Lottery Act, must be made available annually to the Governor, Lieutenant Governor, Speaker of the House, and members of the Legislature.

The report will require Commission approval prior to being printed and published on the TLC Website. Should you have any questions, please contact Eric Williams at (512) 344-5241.

Attachments

cc: Ryan Mindell, Deputy Executive Director

Commissioners:
Robert G. Rivera,
Chairman
Cindy Fields
Mark A. Franz
Clark E. Smith
Jamey Steen



TEXAS LOTTERY COMMISSION

April 18, 2024

The Honorable Greg Abbott
The Honorable Dan Patrick
The Honorable Dade Phelan
Members of the 88th Legislature

Ladies and Gentlemen:

In accordance with Texas Government Code, §466.107 of the State Lottery Act, the Texas Lottery Commission is submitting its annual Minority Business Participation Report for fiscal year (FY) 2023.

During FY 2023, the agency achieved an overall participation of 9.63% in its minority/Historically Underutilized Business (HUB) contracting activity, which represented a slight decrease from FY 2022's participation of 10.66%. In addition, the agency continued to surpass its 20% goal for minority retailers.

During FY 2024, the Texas Lottery will continue to implement initiatives designed to increase the minority/HUB participation in its business operations.

Should you have any questions regarding the report, please do not hesitate to contact our Deputy Executive Director, Ryan Mindell.

Sincerely,

Robert G. Rivera
Chairman

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MINORITY BUSINESS PARTICIPATION REPORT

FISCAL YEAR 2023

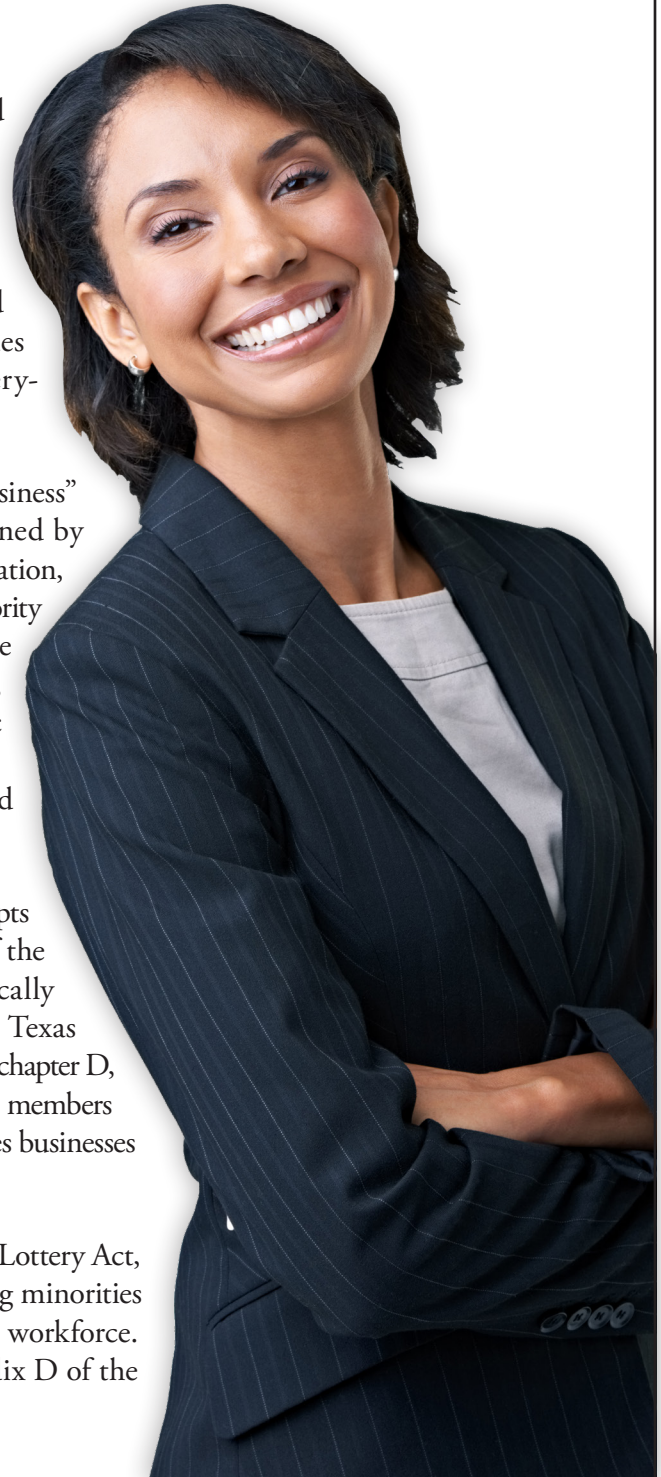
INTRODUCTION

The Texas Lottery Commission (TLC) has prepared its annual Minority Business Participation Report for FY 2023 in accordance with Section 466.107 of the State Lottery Act. This report documents the agency's level of minority business participation both in its lottery and bingo contracting activity, and in the licensing of lottery retailers. It also provides recommendations for the improvement of lottery-related minority business opportunities.

As defined by the State Lottery Act, a "minority business" is a "business entity at least 51% of which is owned by minority group members or, in the case of a corporation, at least 51% of the shares of which are owned by minority group members." Minority group members include African Americans, American Indians, Asian Americans, Mexican Americans and other Americans of Hispanic origin. Throughout this report, the terms "minority-owned business" and "minority business" are used interchangeably.

The Texas Lottery Commission's HUB Program adopts by reference the rules administered by the Office of the Comptroller of Public Accounts regarding historically underutilized businesses, which are set forth in the Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter D, §§20.281 – 20.298. In addition to the minority group members noted above, the Comptroller's definition also includes businesses owned by women and service-disabled veterans.

Although it is not specifically addressed by the State Lottery Act, the TLC also has a strong commitment to including minorities in its business operations by maintaining a diverse workforce. Information about this area is included in Appendix D of the report (page 26).



BACKGROUND

TEXAS LOTTERY COMMISSION VISION

To be the preeminent Lottery and Charitable Bingo agency through innovative leadership.

TEXAS LOTTERY MISSION

The Texas Lottery is committed to generating revenue for the State of Texas through the responsible management and sale of entertaining lottery products. The Texas Lottery will incorporate the highest standard of security, integrity and responsible gaming principles, set and achieve challenging goals, provide quality customer service and utilize a TEAM approach.

CHARITABLE BINGO MISSION

Provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting bingo. Determine that all charitable bingo funds are used for a lawful purpose. Promote and maintain the integrity of the charitable bingo industry throughout Texas.

CORE VALUES

The Texas Lottery Commission combines private business management principles with public service standards of conduct in all its operations. The following values guide us in our work:

- Integrity and Responsibility
- Innovation
- Fiscal Accountability
- Customer Responsiveness
- Teamwork
- Excellence

MINORITY/HUB COMMITMENT

The Texas Lottery Commission is committed to assisting and including minority-owned businesses and Historically Underutilized Businesses (HUBs) in its procurement opportunities. In accordance with the provisions of the State Lottery Act and the state's HUB rules, the agency and its contractors make a good faith effort to contract and subcontract with minority-owned businesses for the purchase of goods and services for the operation of the agency.

MINORITY/HUB PROGRAM

The TLC's Minority/HUB Program functions as part of the agency's Administration Division. The agency's HUB Coordinator is responsible for advising and assisting the TLC in complying with the requirements of the State Lottery Act and the state's HUB rules. The agency's Minority/HUB Program operates in three key areas to promote the inclusion and utilization of minority-owned businesses and HUBs: outreach activities, contract compliance and reporting.

OUTREACH ACTIVITIES

Outreach activities make up one of the most important components of the TLC's Minority/HUB Program. The purpose of these activities is to inform minority/HUB vendors about opportunities to provide goods and services to the agency and its contractors. 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 cosponsoring statewide events in cooperation with other state agencies. In addition, the agency may conduct an annual HUB Forum to inform minority/HUB vendors about TLC procurement processes and to provide networking opportunities. A chart listing the outreach events in which the agency participated during FY 2023 is available in Appendix C (page 25).

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 businesses with obtaining state HUB certification.

CONTRACT COMPLIANCE

The TLC's HUB Coordinator, Purchasing and Contracts staff, and administering divisions work collaboratively to maintain vendor compliance with contract terms relating to minority and HUB participation. The first step in this process involves assisting the agency with making HUB subcontracting determinations for contracts with an expected value of \$100,000 or more prior to releasing solicitations. The TLC's HUB coordinator participates at pre-bid and pre-proposal conferences to highlight the TLC's HUB policy and subcontracting plan requirements. The HUB Coordinator also assists evaluation teams by reviewing HUB Subcontracting Plans submitted with bids/proposals to determine whether good faith effort criteria were met. Finally, the agency's subcontracting plans are monitored for compliance following contract award.

REPORTING

The TLC's minority/HUB expenditures are monitored throughout the year. Monthly internal minority/HUB participation reports are distributed to agency directors, and periodic updates are provided to TLC commissioners. In addition, HUB subcontracting expenditures and supplemental information are reported twice annually to the Comptroller of Public Accounts (CPA) for inclusion in the Statewide HUB Reports. HUB participation information is also included in the agency's Strategic Plan, Legislative Appropriations Request, and Annual Report of Non-Financial Data.

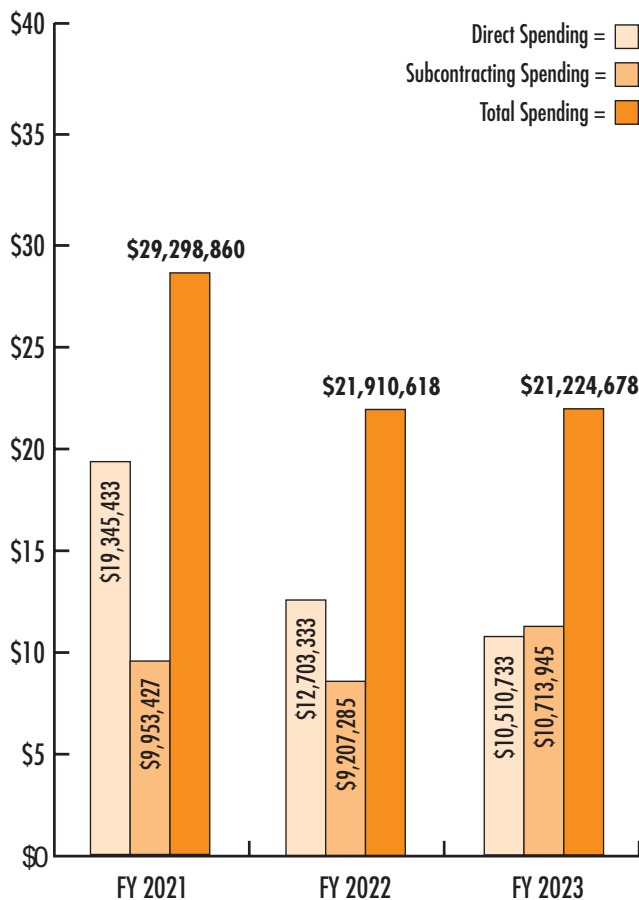


EXECUTIVE SUMMARY

During FY 2023, the TLC continued its efforts to provide opportunities for minority-owned businesses to participate in its procurement processes. Developing contacts with minority-owned businesses in Texas and licensing minority retailers are essential to the agency's initiatives.

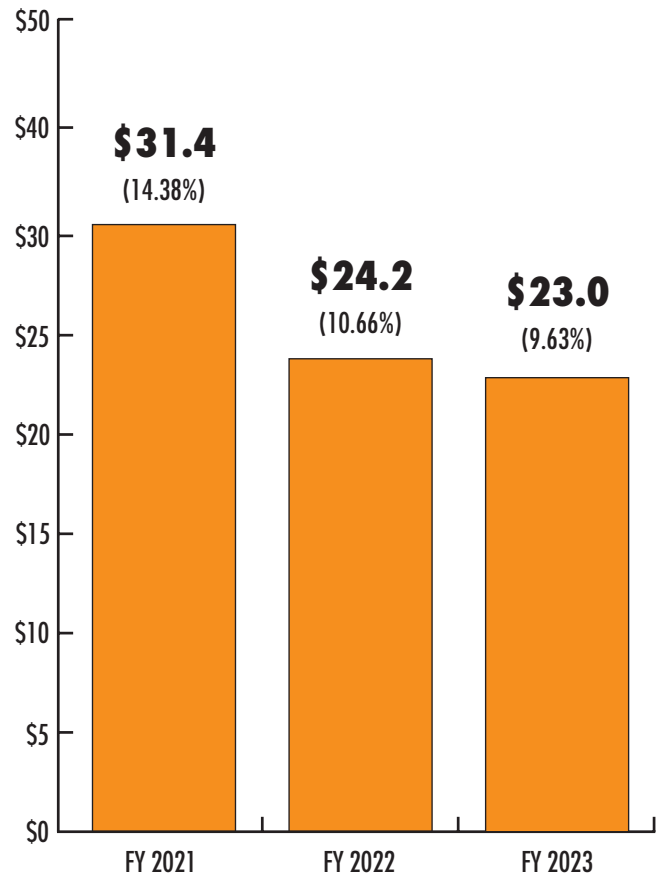
The TLC's overall expenditures, as captured by the CPA's *Fiscal Year 2023 Texas Historically Underutilized Business (HUB) Annual Report*, increased from FY 2022 to FY 2023. During this reporting period, the Commission ranked 22nd by overall expenditures among reporting agencies, compared with ranking 20th during FY 2022.

**FIG. 2
MINORITY SPENDING***



*Amounts have been rounded to the nearest dollar.

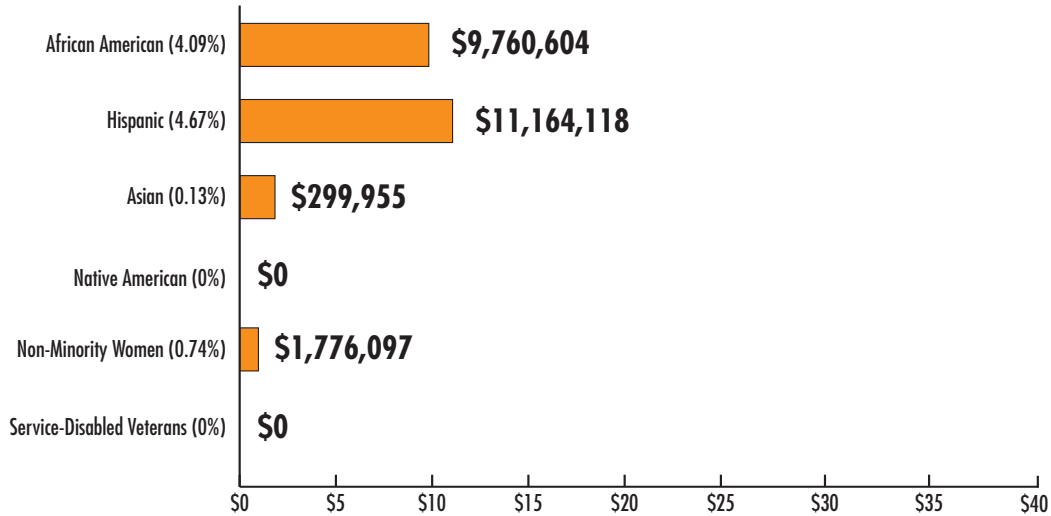
**FIG. 1
MINORITY/HUB SPENDING
(IN MILLIONS)**



During FY 2023, the TLC achieved an overall participation rate in its minority/HUB contracting activity of 9.63 percent. As shown in Figure 1, total expenditures paid to all minority/HUB vendors decreased from the previous fiscal year. The TLC's overall minority/HUB percentage also decreased.

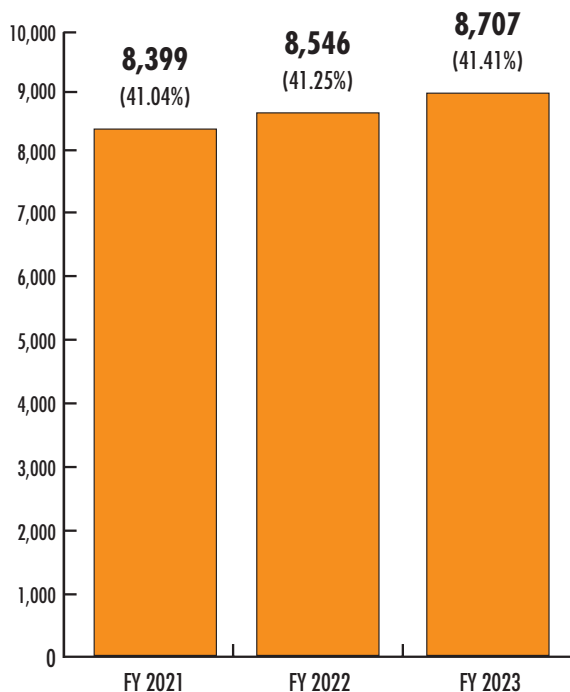
Figure 2 summarizes payments made to minority-owned businesses only (not including non-minority women or service-disabled veterans). During this reporting period, direct expenditures to minority-owned businesses decreased and subcontracting payments decreased. Figure 3 shows the breakdown of FY 2023 minority/HUB spending by ethnic group.

**FIG. 3
MINORITY/HUB SPENDING BY ETHNICITY**

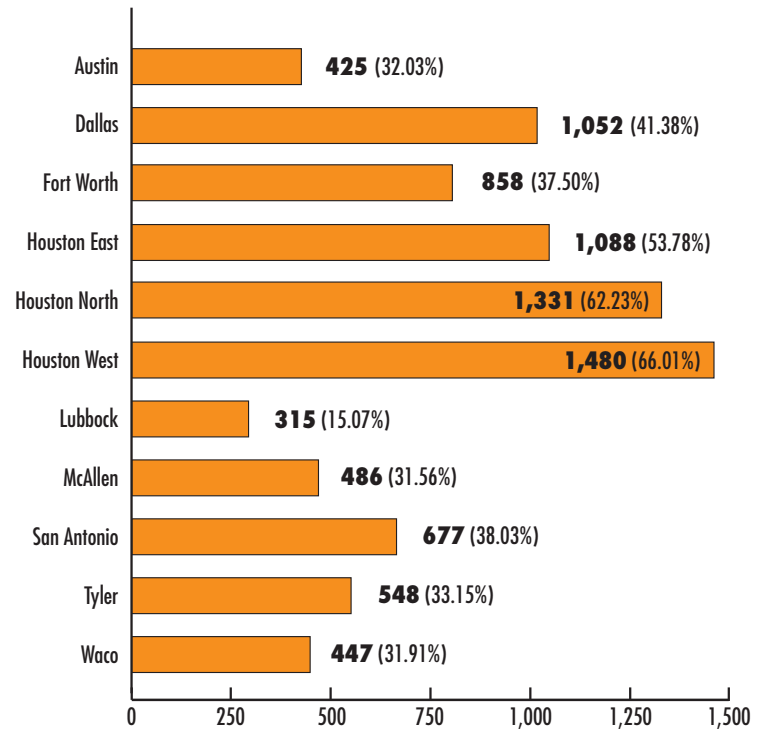


During FY 2023, the TLC continued to exceed the 20-percent goal for its minority retailer base which is set out in Texas Government Code Section 466.151. Minority retailers now number 8,707, representing 41.41 percent of the agency's total Texas Lottery retailer base (see Figures 4 and 5). More detailed information on minority retailers by county is located in Appendix B (page 18). In addition, the TLC has maintained a minority retailer percentage of more than 40 percent for 17 consecutive years.

**FIG. 4
NUMBER OF
MINORITY RETAILERS**



**FIG. 5
MINORITY RETAILERS
BY DISTRICT**



KEY CONTRACTORS

The Commission's key contractors during FY 2023 for contracts estimated to be \$100,000 or more* included the following:

ALLIANT INSURANCE SERVICES, INC. – Retailer Bonus Payment Management Services

BARKER & HERBERT ANALYTICAL LABORATORIES, INC. – Lottery Products Testing Services

BEEHIVE SPECIALTY CO.** – Promotional Products

BERRY DUNN MCNEIL & PARKER, LLC – Security Study Services

CARASOFT TECHNOLOGY CORPORATION – DocuSign eSignature Enterprise Pro for Gov-Env.

CELLCO PARTNERSHIP DBA VERIZON WIRELESS – Verizon Wireless Services

DK PARTNERS PC – Lottery Drawings CPA Services

ELEPHANT PRODUCTIONS, INC. – Drawing Studio and Production Services

ELSYM CONSULTING, INC. – Internal Control System and Related Services

EUBANK AND YOUNG STATISTICAL CONSULTING – Statistical Consulting Services

GARRON LOTTERY PRODUCTS – *Lotto Texas*® Drawing Machines

GTS TECHNOLOGY SOLUTIONS** – Lease of Desktops, Laptops and Related Services

GUIDEHOUSE, INC. – Risk Review and Compliance Monitoring Services

IGT GLOBAL SOLUTIONS CORPORATION DBA IGT SOLUTIONS (FKA GTECH CORPORATION®) – Lottery Operations and Services

IGT GLOBAL SOLUTIONS CORPORATION DBA IGT SOLUTIONS (FKA GTECH PRINTING CORPORATION) – Instant Ticket Manufacturing and Services

IGT GLOBAL SOLUTIONS CORPORATION DBA IGT SOLUTIONS CORPORATION – Scratch Ticket Manufacturing and Services

JOHNSON CONTROLS SECURITY SOLUTIONS LLC – Security Management System and Monitoring Services

KOWERT, HOOD, MUNYON, RANKIN AND GOETZEL, P.C. – Outside Counsel Intellectual Property Legal Services

LATINWORKS MARKETING, LLC DBA THIRD EAR** – Advertising Services

MCCONNELL AND JONES, LLP** – Internal Audit Services

NETSYNC NETWORK SOLUTIONS – Hyper Converged Infrastructure with Server Lease

ORACLE AMERICA INC. – Oracle Paas & Iaas Universal Credits

POLLARD BANKNOTE, LTD. – Instant Ticket Manufacturing and Services

POLLARD BANKNOTE, LTD. – Scratch Ticket Manufacturing and Services

RFD & ASSOCIATES, INC.** – IT Staffing Augmentation Services

SCIENTIFIC GAMES INTERNATIONAL, INC. – Instant Ticket Manufacturing and Services

SCIENTIFIC GAMES, LLC – Scratch Ticket Manufacturing and Services

SHI GOVERNMENT SOLUTIONS** – Lease of Servers

SIERRA GROUP LLC – Promotional Products

SMITH PROTECTIVE SERVICES, INC. – Security Officer Services

SOFTWARE ONE, INC. – Microsoft Software Enterprise Agreement

TECHNOLOGY SPA (FORMERLY AGENCIES OF CHANGE) – Website Hosting Services

WEAVER AND TIDWELL, LLP – Annual Financial Audit Services

XEROX BUSINESS SOLUTIONS SOUTHWEST (FKA DAHILL) – Document Management Services

*List does not include interagency contracts, property leases or licensed property contracts.

**HUB certified contractors

FISCAL YEAR 2023 HIGHLIGHTS

- The Texas Lottery Commission's minority/HUB expenditures in FY 2023 totaled more than \$23 million.
- For FY 2023, the TLC ranked 22nd among the largest spending agencies in terms of overall expenditures as captured by the *CPA's Fiscal Year 2023 Texas Historically Underutilized Business (HUB) Annual Report*. Of the top 22, the TLC ranked 16th by overall HUB percentage (see Table C, page 12).
- In FY 2023, the agency paid certified HUBs approximately \$98,431.46 for goods and services in expenditure categories not included in the CPA's HUB Report.
- Three of the TLC's key contractors increased subcontracting payments to minority/HUB businesses.
- Six HUB companies provided key contract services to the agency during FY 2023 (see page 6).
- The TLC awarded \$27,882.78 in bid opportunities at the "Doing Business Texas Style Spot Bid Fair" held in conjunction with ACCESS 2023 in Irving, Texas.
- The TLC continued to assist vendors with the HUB subcontracting plan (HSP) process by offering one-on-one HSP workshops and reviews of draft HSPs. These efforts resulted in greater numbers of compliant HSPs and increased competition.
- The TLC participated in three (3) economic opportunity forums and HUB-related outreach events statewide.
- The TLC participated in HUB Discussion Workgroup meetings that were held during the fiscal year.
- The TLC maintained a minority retailer percentage of more than 40% for the 17th consecutive year. This represents a lottery retailer participation of more than twice the established goal.



FISCAL YEAR 2023 MINORITY/HUB EXPENDITURE SUMMARY

TABLE A

I. DIRECT MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	DIRECT EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	213,624	0.09%	
HISPANIC AMERICAN	10,009,783	4.19%	
ASIAN AMERICAN	287,326	0.12%	
NATIVE AMERICAN	0	0.00%	
AMERICAN WOMEN	1,206,600	0.50%	
SERVICE DISABLED VETERANS	\$0	0.00%	
TOTAL	\$11,717,333	4.90%	\$238,871,705

II. MINORITY/HUB SUBCONTRACTING EXPENDITURES

MINORITY/HUB GROUP	SUBCONTRACTING EXPENDITURES	% OF NON-MINORITY NON-HUB TOTAL	TOTAL NON-MINORITY/ NON-HUB EXPENDITURES
AFRICAN AMERICAN	\$9,546,981	4.27%	
HISPANIC AMERICAN	\$1,154,335	0.52%	
ASIAN AMERICAN	\$12,629	0.01%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$570,407	0.26%	
SERVICE DISABLED VETERANS	\$0	0.00%	
TOTAL	\$11,284,352	5.05%	\$227,155,283

III. GRAND TOTAL OF MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	MINORITY/HUB EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$9,760,604	4.09%	
HISPANIC AMERICAN	\$11,164,118	4.67%	
ASIAN AMERICAN	\$299,955	0.13%	
NATIVE AMERICAN	0	0.00%	
AMERICAN WOMEN	\$1,776,097	0.74%	
SERVICE DISABLED VETERANS	\$0	0.00%	
TOTAL	\$23,000,774	9.63%	\$238,871,705

NOTE: Fiscal Year expenditures were based on the reportable expenditure object codes utilized by the Comptroller of Public Accounts (CPA) for the State of Texas HUB Report. Totals may not sum exactly to CPA report due to rounding or adjustments for term contract expenditures which are excluded from the report.

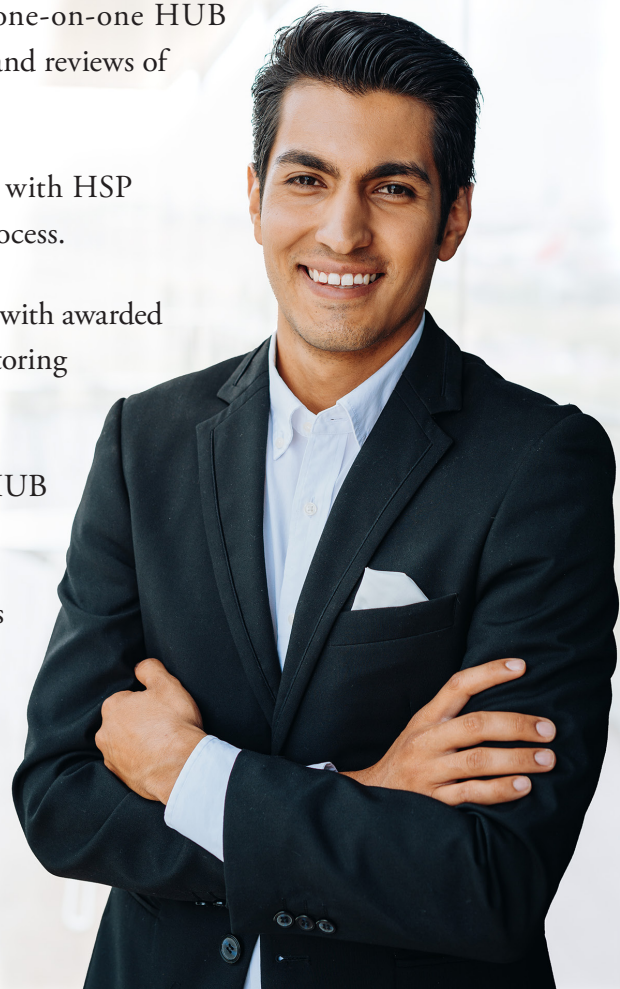
FISCAL YEAR 2023 ACCOMPLISHMENTS

The Texas Lottery Commission promotes fair and competitive opportunities for minority/HUB vendors interested in doing business with the agency and its key contractors. The TLC conducted an effective program during FY 2023 to inform and educate minority businesses/HUBs about opportunities to provide supplies, equipment, and services for the operation of the agency and to serve as licensed lottery retailers. The following sections detail some of the TLC's achievements in FY 2023.

INCLUSION IN PROCUREMENTS

The TLC's procurement-related initiatives included:

- Participating in forums and other outreach events to inform minority/HUB vendors about the TLC's contracting and subcontracting opportunities.
- Determining the probability of subcontracting and identifying potential minority/HUB subcontracting opportunities for contracts with an expected value of \$100,000 or more.
- Providing vendor support by offering one-on-one HUB subcontracting plan (HSP) workshops and reviews of draft HSPs.
- Evaluating good-faith-effort compliance with HSP requirements as part of the bid/proposal process.
- Conducting post-contract award follow-up with awarded vendors to discuss HSP requirements; monitoring contracts to ensure compliance.
- Providing procurement opportunities at HUB forums and other outreach events.
- Hosting meetings with interested vendors to assist them in becoming familiar with the TLC's procurement processes.
- Assisting eligible vendors to become certified as HUBs.



FISCAL YEAR 2023 ACCOMPLISHMENTS

Bids/Proposals Received and Contracts Awarded:

During FY 2023, the TLC received 61 competitive bids and proposals from HUB vendors, which represented 76.25 percent of all responses. Overall, the agency awarded 127 total contracts to HUB vendors, 52 of which were awarded to minority-owned business. These included contracts resulting from noncompetitive “spot purchases,” informal and formal quotes, bids, offers, and proposals received from HUB vendors.

OUTREACH ACTIVITIES

Outreach Materials: The TLC provided information to minority businesses and HUBs that were interested in doing business with the agency. This included information regarding the agency’s procurements, and contacts for both agency staff and key TLC contractors.

Website: Information about the TLC’s HUB Program is available via the agency’s website (www.texaslottery.com), which also provides links to Statewide HUB Program information.

Forums: In accordance with legislative mandates, the TLC participated in conferences, forums and events to provide information regarding the agency’s procurement opportunities. As part of the TLC’s outreach program, staff attended Economic Opportunity Forums (EOFs) sponsored by state agencies and/or other governmental entities. These included forums presented by the Statewide Procurement Division (SPD) of the Comptroller of Public Accounts (CPA). A summary of the agency’s outreach efforts is provided in Appendix C (page 25) of this report.

Prior to the COVID-19 pandemic, the Lottery Commission conducted an annual HUB forum which attracted minority/HUB participants from across the state. Roundtable networking sessions at these events allowed maximum interaction between attendees, agency staff, and key TLC contractors. The agency plans to resume this annual HUB event in FY 2024.

Subcontracting Opportunities: In FY 2023, the TLC continued to identify subcontracting opportunities for minority/HUB vendors and to monitor HUB Subcontracting Plan requirements.

MENTOR-PROTÉGÉ PROGRAM

In accordance with Texas Government Code, Section 2161.065, all state agencies with biennial budgets of more than \$10 million are required to have a Mentor-Protégé Program. The purpose of the Mentor-Protégé Program is to foster long-term relationships between prime contractors and HUBs. The ultimate goal of the program is to provide developmental assistance to HUBs that will potentially increase their ability to contract directly with the state and/or to obtain subcontract opportunities under a state contract. All relationships among mentors, protégés and the program sponsor are voluntary, and participation in the agency’s Mentor-Protégé Program is neither a guarantee for a contract opportunity nor a promise of business.

The Mentor-Protégé Program is an ongoing initiative, and the TLC will continue its efforts to form additional relationships during FY 2024.

FISCAL YEAR 2023 ACCOMPLISHMENTS

HUB DISCUSSION WORKGROUP

The TLC participates in the HUB Discussion Workgroup, an established group of HUB Coordinators from state agencies and institutions of higher education who meet on a regular basis. The workgroup shares program practices and ideas, supports outreach events, and provides input to the CPA on methods for improving the state's HUB Program.

CONTRACTOR SUPPORT

Contractors are encouraged to include minority businesses and HUBs when purchasing goods and/or services related to the fulfillment of their contracts with the TLC. When the TLC determines that subcontracting is probable for contracts with an expected value of \$100,000 or more, respondents shall submit a completed HUB Subcontracting Plan demonstrating evidence of good faith effort in developing the plan. The state's Centralized Master Bidders List and HUB Directory are key resources for identifying potential HUB subcontractors. Many of the TLC's largest contractors participate in TLC's Annual HUB Forum, providing information and networking opportunities to HUBs. Although TLC did not conduct its Annual HUB Forum in FY 2023, the agency's key contractors who utilized minority and/or HUB subcontractors achieved the following results in FY 2023:

TABLE B

CONTRACTOR NAME	MINORITY/HUB SUBCONTRACTING EXPENDITURES*
LATINWORKS MARKETING, LLC DBA THIRD EAR	\$6,922,122
IGT CORPORATION	\$6,280,701
POLLARD BANKNOTE, LTD.	\$2,957,628
SCIENTIFIC GAMES INTERNATIONAL, INC.	\$1,921,577
IGT CORPORATION (FKA GTECH PRINTING CORPORATION)	\$62,490
ELEPHANT PRODUCTIONS, INC.	\$61,956
BEEHIVE SPECIALTY	\$2,940

*Amounts have been rounded to the nearest dollar.

FISCAL YEAR 2023 ACCOMPLISHMENTS

RANK AMONG LARGEST-SPENDING AGENCIES

The Texas Lottery Commission ranked 22nd in terms of overall expenditures captured by the CPA's *Fiscal Year 2023 Annual Historically Underutilized Business (HUB) Report*. Of the largest-spending agencies, the TLC ranked 16th by overall HUB percentage (see Table C).

TABLE C
ANNUAL FISCAL YEAR 2023 HUB REPORT
TWENTY-TWO LARGEST-SPENDING AGENCIES RANKED BY OVERALL HUB PERCENTAGE

RANK	AGENCY NAME	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB % OF EXPENDITURES
1	THE TEXAS A&M UNIVERSITY SYSTEM	\$397,963,168	\$114,915,068	28.88%
2	UNIVERSITY OF NORTH TEXAS	\$293,126,993	\$71,313,367	24.33%
3	TEXAS TECH UNIVERSITY	\$273,239,064	\$64,131,659	23.47%
4	GENERAL LAND OFFICE	\$1,019,168,742	\$237,465,623	23.30%
5	TEXAS DEPT OF CRIMINAL JUSTICE	\$362,787,669	\$80,307,570	22.14%
6	DEPARTMENT OF PUBLIC SAFETY	\$239,416,846	\$52,703,709	22.01%
7	TEXAS A & M UNIVERSITY (MAIN UNIV)	\$516,500,874	\$109,955,732	21.29%
8	TEXAS FACILITIES COMMISSION	\$359,406,007	\$64,195,595	17.86%
9	UNIVERSITY OF TEXAS AT AUSTIN	\$684,132,393	\$121,371,123	17.74%
10	UNIVERSITY OF HOUSTON	\$278,173,786	\$48,349,520	17.38%
11	HEALTH & HUMAN SERVICES COMMISSION	\$1,544,506,391	\$231,959,536	15.02%
12	UT HEALTH SCIENCE CENTER-SAN ANTONIO	\$593,817,097	\$80,433,641	13.55%
13	UT HEALTH SCIENCE CENTER - HOUSTON	\$262,413,454	\$33,783,333	12.87%
14	TEXAS DEPARTMENT OF TRANSPORTATION	\$11,305,011,405	\$1,195,082,378	10.57%
15	DEPARTMENT OF STATE HEALTH SERVICES	\$418,348,311	\$41,145,786	9.84%
16	TEXAS LOTTERY COMMISSION	\$238,871,705	\$23,000,774	9.63%
17	UT SOUTHWESTERN MEDICAL CENTER	\$1,592,147,628	\$120,313,619	7.56%
18	UNIVERSITY OF TEXAS MEDICAL BRANCH	\$749,700,407	\$55,164,604	7.36%
19	TEXAS DIVISION OF EMERGENCY MANAGEMENT	\$289,309,051	\$17,772,966	6.14%
20	TEXAS EDUCATION AGENCY	\$365,827,422	\$19,850,074	5.43%
21	UT MD ANDERSON CANCER CENTER	\$2,405,307,469	\$118,427,556	4.92%
22	TEXAS MILITARY DEPARTMENT	\$575,971,084	\$26,268,368	4.56%

Note: The largest-spending agencies are determined by total expenditures made for object codes which are reportable in the CPA's *Fiscal Year 2023 Annual Historically Underutilized Business (HUB) Report*. The state does not have an overall HUB goal, but utilizes six procurement category goals, in accordance with the State Disparity Study. These figures are unaudited and have been rounded to the nearest dollar.

MINORITY RETAILERS

The Texas Lottery Commission's minority retailer base consistently exceeds its statutory goal of 20 percent. In FY 2023, the agency's minority retailers numbered 8,707, which represented 41.41 percent of the Texas Lottery's total retailer base (see Figure 4 and Appendix B). The agency has maintained a minority retailer percentage of more than 40 percent for the past 17 years.

FISCAL YEAR 2024 RECOMMENDED IMPROVEMENTS

- Enhance the Commission’s Mentor-Protégé Program and develop new mentor-protégé relationships.
- Work with TLC technical staff to improve internal HUB reporting capabilities.
- Attend additional outreach events including at least one that is focused on service-disabled veterans.
- Continue providing bid opportunities at Spot Bid Events including the “Doing Business Texas Style” Spot Bid Fair.
- Include TLC Purchasing staff in additional HUB outreach events.
- Maintain active participation in the HUB Discussion Workgroup.
- Conduct TLC Annual HUB Forum.



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APPENDICES

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DEFINITIONS

MINORITY BUSINESS: As defined in Texas Government Code §466.107 (b), “Minority Business” means a business entity at least 51% of which is owned by minority group members or, in the case of a corporation, at least 51% of the shares of which are owned by minority group members, and that:

- 1) is managed and, in daily operations, is controlled by minority group members; and
- 2) is a domestic business entity with a home or branch office located in this state and is not a branch or subsidiary of a foreign corporation, firm or other business entity.

“MINORITY GROUP MEMBERS” include African Americans, American Indians, Asian Americans, and Mexican Americans and other Americans of Hispanic origin.

HISTORICALLY UNDERUTILIZED BUSINESS (HUB): As defined in Texas Government Code, §2161.001 subdivisions (2) and (3), “historically underutilized business” means an entity with its principal place of business in the state of Texas that is:

- 1) a corporation formed for the purpose of making a profit in which 51% or more of all classes of the shares of stock or other equitable securities are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the corporation’s control, operation, and management;
- 2) a sole proprietorship created for the purpose of making a profit that is completely owned, operated, and controlled by an economically disadvantaged person;
- 3) a partnership formed for the purpose of making a profit in which 51% or more of the assets and interest in the partnership are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership’s control, operation and management;
- 4) a joint venture in which each entity in the venture is a historically underutilized business, as determined under another paragraph of this subdivision; or
- 5) a supplier contract between a historically underutilized business as determined under another paragraph of this subdivision and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the goods or otherwise warehouses and ships the goods.

“ECONOMICALLY DISADVANTAGED” PERSON means a person who is economically disadvantaged because of the person’s identification as a member of a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, Native Americans, and veterans as defined by 38 U.S.C. Section 101(2) who have suffered at least a 20% service-connected disability as defined by 38 U.S.C. Section 101(16), and who has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.

DEFINITIONS

COMMISSION: As defined in Texas Government Code, §466.002(1), “Commission” means the Texas Lottery Commission.

HUB SUBCONTRACTING PLAN: As defined by Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter D, Division 1, Rule §20.282, a HUB subcontracting plan is “written documentation regarding the use of subcontractors, which is required to be submitted with all responses to state agency contracts with an expected value of \$100,000 or more where subcontracting opportunities have been determined by the state agency to be probable. The HUB subcontracting plan subsequently becomes a provision of the awarded contract and shall be monitored for compliance by the state agency during the term of the contract.”

LOTTERY: As defined in Texas Government Code, §466.002(5), “lottery” means the procedures operated by the state under this chapter through which prizes are awarded or distributed by chance among persons who have paid, or unconditionally agreed to pay, for a chance or other opportunity to receive a prize.

SALES AGENT OR SALES AGENCY: As defined in Texas Government Code, §466.002(9), “sales agent” or “sales agency” means a person licensed under this chapter to sell tickets. Throughout this report, sales agents are referred to as “retailers.”

SUBCONTRACTOR: As defined in Texas Government Code, §2251.001, “subcontractor” means a person who contracts with a vendor to work or contribute toward completing work for a governmental entity.

LOTTERY OPERATOR: As defined in Texas Government Code, §466.002(7), “lottery operator” means a person selected under §466.014(b) to operate a lottery.

VENDOR: As defined in Texas Government Code, §2251.001, “vendor” means a person who supplies goods or a service to a governmental entity or another person directed by the entity.



APPENDIX B

MINORITY RETAILERS BY COUNTY

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
ANDERSON	57	11	19%
ANDREWS	13	1	8%
ANGELINA	85	35	41%
ARANSAS	25	13	52%
ARCHER	13	1	8%
ARMSTRONG	4	0	0%
ATASCOSA	50	21	42%
AUSTIN	42	24	57%
BAILEY	8	1	13%
BANDERA	18	5	28%
BASTROP	91	37	41%
BAYLOR	6	0	0%
BEE	25	8	32%
BELL	265	101	38%
BEXAR	1,141	509	45%
BLANCO	17	6	35%
BORDEN	0	0	0%
BOSQUE	34	10	29%
BOWIE	87	17	20%
BRAZORIA	264	151	57%
BRAZOS	134	73	54%
BREWSTER	10	0	0%
BRISCOE	3	0	0%
BROOKS	6	1	17%
BROWN	40	8	20%
BURLESON	29	11	38%
BURNET	50	16	32%
CALDWELL	43	17	40%
CALHOUN	23	9	39%
CALLAHAN	19	4	21%
CAMERON	234	50	21%
CAMP	13	3	23%
CARSON	7	0	0%
CASS	32	5	16%
CASTRO	9	2	22%
CHAMBERS	62	30	48%
CHEROKEE	50	16	32%
CHILDRESS	10	0	0%
CLAY	10	3	30%

APPENDIX B

MINORITY RETAILERS BY COUNTY

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
COCHRAN	3	0	0%
COKE	5	2	40%
COLEMAN	13	1	8%
COLLIN	435	144	33%
COLLINGSWORTH	4	0	0%
COLORADO	36	18	50%
COMAL	94	17	18%
COMANCHE	16	4	25%
CONCHO	6	0	0%
COOKE	51	13	25%
CORYELL	46	15	33%
COTTLE	2	0	0%
CRANE	6	1	17%
CROCKETT	8	2	25%
CROSBY	9	1	11%
CULBERSON	9	1	11%
DALLAM	11	0	0%
DALLAS	1,818	876	48%
DAWSON	11	2	18%
DE WITT	21	4	19%
DEAF SMITH	17	1	6%
DELTA	7	4	57%
DENTON	372	144	39%
DICKENS	3	0	0%
DIMMIT	15	6	40%
DONLEY	7	2	29%
DUVAL	14	5	36%
EASTLAND	30	7	23%
ECTOR	134	24	18%
EDWARDS	2	0	0%
EL PASO	419	89	21%
ELLIS	126	34	27%
ERATH	35	10	29%
FALLS	20	7	35%
FANNIN	33	7	21%
FAYETTE	31	14	45%
FISHER	3	0	0%
FLOYD	8	1	13%
FOARD	2	0	0%

APPENDIX B

MINORITY RETAILERS BY COUNTY

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
FORT BEND	376	217	58%
FRANKLIN	12	2	17%
FREESTONE	24	7	29%
FRIO	21	7	33%
GAINES	18	0	0%
GALVESTON	319	194	61%
GARZA	6	1	17%
GILLESPIE	16	3	19%
GLASSCOCK	1	1	100%
GOLIAD	6	1	17%
GONZALES	21	6	29%
GRAY	21	2	10%
GRAYSON	134	35	26%
GREGG	148	49	33%
GRIMES	32	17	53%
GUADALUPE	97	30	31%
HALE	29	3	10%
HALL	6	0	0%
HAMILTON	13	1	8%
HANSFORD	5	1	20%
HARDEMAN	7	1	14%
HARDIN	65	14	22%
HARRIS	3825	2621	69%
HARRISON	59	25	42%
HARTLEY	2	0	0%
HASKELL	9	0	0%
HAYS	130	38	29%
HEMPHILL	4	0	0%
HENDERSON	96	37	39%
HIDALGO	475	150	32%
HILL	57	13	23%
HOCKLEY	23	2	9%
HOOD	54	11	20%
HOPKINS	34	5	15%
HOUSTON	33	18	55%
HOWARD	35	5	14%
HUDSPETH	5	4	80%
HUNT	90	32	36%
HUTCHINSON	25	5	20%

APPENDIX B

MINORITY RETAILERS BY COUNTY

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
IRION	3	1	33%
JACK	11	2	18%
JACKSON	21	8	38%
JASPER	48	4	8%
JEFF DAVIS	1	0	0%
JEFFERSON	328	83	25%
JIM HOGG	8	3	38%
JIM WELLS	38	15	39%
JOHNSON	128	32	25%
JONES	14	2	14%
KARNES	18	6	33%
KAUFMAN	110	27	25%
KENDALL	27	9	33%
KENEDY	0	0	0%
KENT	0	0	0%
KERR	43	0	0%
KIMBLE	14	1	7%
KING	0	0	0%
KINNEY	4	0	0%
KLEBERG	26	10	38%
KNOX	6	0	0%
LA SALLE	12	2	17%
LAMAR	48	12	25%
LAMB	14	3	21%
LAMPASAS	19	5	26%
LAVACA	23	8	35%
LEE	24	9	38%
LEON	29	11	38%
LIBERTY	118	70	59%
LIMESTONE	31	14	45%
LIPSCOMB	3	0	0%
LIVE OAK	17	1	6%
LLANO	25	3	12%
LOVING	0	0	0%
LUBBOCK	214	55	26%
LYNN	5	0	0%
MADISON	16	7	44%
MARION	14	5	36%
MARTIN	2	0	0%

MINORITY RETAILERS BY COUNTY

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
MASON	6	1	17%
MATAGORDA	54	27	50%
MAVERICK	35	9	26%
MCCULLOCH	10	2	20%
MCLENNAN	226	89	39%
MCMULLEN	3	1	33%
MEDINA	44	13	30%
MENARD	3	0	0%
MIDLAND	110	4	4%
MILAM	32	9	28%
MILLS	6	1	17%
MITCHELL	10	0	0%
MONTAGUE	20	3	15%
MONTGOMERY	434	230	53%
MOORE	24	6	25%
MORRIS	15	6	40%
MOTLEY	3	1	33%
NACOGDOCHES	64	33	52%
NAVARRO	56	21	38%
NEWTON	15	4	27%
NOLAN	21	3	14%
NUECES	240	67	28%
OCHILTREE	9	2	22%
OLDHAM	4	1	25%
ORANGE	110	17	15%
PALO PINTO	49	10	20%
PANOLA	22	2	9%
PARKER	101	24	24%
PARMER	9	1	11%
PECOS	25	3	12%
POLK	52	21	40%
POTTER	112	28	25%
PRESIDIO	9	2	22%
RAINS	13	3	23%
RANDALL	73	5	7%
REAGAN	5	0	0%
REAL	6	1	17%
RED RIVER	12	6	50%
REEVES	22	0	0%

APPENDIX B

MINORITY RETAILERS BY COUNTY

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
REFUGIO	13	5	38%
ROBERTS	1	0	0%
ROBERTSON	26	10	38%
ROCKWALL	41	10	24%
RUNNELS	17	1	6%
RUSK	37	13	35%
SABINE	14	2	14%
SAN AUGUSTINE	13	4	31%
SAN JACINTO	22	12	55%
SAN PATRICIO	69	23	33%
SAN SABA	8	1	13%
SCHLEICHER	4	0	0%
SCURRY	17	1	6%
SHACKELFORD	4	1	25%
SHELBY	31	10	32%
SHERMAN	4	0	0%
SMITH	193	101	52%
SOMERVELL	14	3	21%
STARR	52	25	48%
STEPHENS	16	5	31%
STERLING	2	0	0%
STONEWALL	3	0	0%
SUTTON	11	0	0%
SWISHER	5	0	0%
TARRANT	1410	527	37%
TAYLOR	122	9	7%
TERRELL	2	0	0%
TERRY	12	2	17%
THROCKMORTON	4	0	0%
TITUS	35	6	17%
TOM GREEN	84	8	10%
TRAVIS	687	233	34%
TRINITY	21	7	33%
TYLER	24	1	4%
UPSHUR	34	9	26%
UPTON	7	1	14%
UVALDE	31	4	13%
VAL VERDE	29	5	17%
VAN ZANDT	55	15	27%

APPENDIX B

MINORITY RETAILERS BY COUNTY

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
VICTORIA	81	25	31%
WALKER	63	33	52%
WALLER	55	31	56%
WARD	22	1	5%
WASHINGTON	38	12	32%
WEBB	130	51	39%
WHARTON	52	29	56%
WHEELER	11	0	0%
WICHITA	122	46	38%
WILBARGER	15	6	40%
WILLACY	11	4	36%
WILLIAMSON	287	85	30%
WILSON	32	7	22%
WINKLER	11	0	0%
WISE	59	18	31%
WOOD	37	13	35%
YOAKUM	7	0	0%
YOUNG	19	1	5%
ZAPATA	17	9	53%
ZAVALA	12	5	42%
TOTAL	21,025	8,707	41.41%

APPENDIX C

FISCAL YEAR 2023 HUB, MINORITY AND SMALL BUSINESS OUTREACH EVENTS

I. STATE ECONOMIC OPPORTUNITY FORUMS	LOCATION
"DOING BUSINESS TEXAS STYLE" AT ACCESS 2023	IRVING
II. TEXAS LOTTERY COMMISSION FORUM	
NO TLC ANNUAL HUB FORUM HELD IN FY2023	
III. VENDOR FAIRS, CONFERENCES & PROCUREMENT EVENTS	
BEXAR COUNTY ANNUAL SMALL, MINORITY, WOMAN AND VETERAN BUSINESS OWNER'S CONFERENCE	SAN ANTONIO
STATE OF TEXAS HUB + DBE EXPO	AUSTIN

APPENDIX D

The Commission strives to ensure that its employee population reflects the ethnic and gender composition of the state of Texas. A workforce comprising of **58.44%** women and **51.70%** minorities is the result of our competitive approach to equal opportunity practices (see table below).

The Commission takes great pride in its workforce demographics. Efforts to maintain and enhance them are apparent in the open and fair availability of employment opportunities to all members of the public, as well as to Commission employees. Commission employees are expected to treat others with respect, regardless of individual differences. This recognition of the value of employee uniqueness is an important factor in the Commission's overall effectiveness.

Programs and policies that aid in accomplishing the goal of workforce diversity include:

- Encouraging a Team Approach
- Emphasizing employment recruiting and retention
- Submitting EEO Statewide Reports
- Defining management roles and responsibilities
- Equal Employment Opportunity (EEO) training for management

TEXAS LOTTERY COMMISSION WORKFORCE

**TEXAS LOTTERY EMPLOYEES BY ETHNICITY
FISCAL YEAR 2023**

ETHNICITY	NUMBER OF EMPLOYEES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	29.75	10.14%
HISPANIC AMERICAN	97.75	33.30%
ASIAN AMERICAN	13.25	4.51%
AMERICAN INDIAN OR ALASKAN NATIVE	4.75	1.62%
TWO OR MORE	6.25	2.13%
TOTAL MINORITIES	151.75	51.70%
CAUCASIAN	141.75	48.30%
TOTAL EMPLOYEES	293.5	100%

**TEXAS LOTTERY EMPLOYEES BY GENDER
FISCAL YEAR 2023**

ETHNICITY	NUMBER OF MALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	8.75	2.98%
HISPANIC AMERICAN	39.25	13.37%
ASIAN AMERICAN	4.25	1.45%
AMERICAN INDIAN OR ALASKAN NATIVE	3.00	1.02%
TWO OR MORE	3.25	1.11%
CAUCASIAN	63.50	21.64%
TOTAL MALES	122.00	41.56%
ETHNICITY	NUMBER OF FEMALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	21.00	7.16%
HISPANIC AMERICAN	58.50	19.93%
ASIAN AMERICAN	9.00	3.07%
AMERICAN INDIAN OR ALASKAN NATIVE	1.75	0.60%
TWO OR MORE	3.00	1.02%
CAUCASIAN	78.25	26.66%
TOTAL FEMALES	171.5	58.44%
TOTAL EMPLOYEES	293.5	100%

