



INTEROFFICE MEMO

Ryan Mindell, Executive Director

LaDonna Castañuela, Charitable Bingo Operations Director

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

From: Sergio Rey, Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Sergio", is placed next to the name.

Date: August 7, 2024

Re: FY 2026-27 Legislative Appropriations Request

On July 25, 2024, the Commission received policy guidance and instructions for the FY 2026-27 Legislative Appropriations Request (LAR). The Commission's FY 2026-27 LAR will be presented in detail for approval at the August 7th commission meeting.

The budget document includes a baseline request set forth and approved by state leadership of \$673,081,674, representing a 1.75% increase from FY 2024-2025 baseline appropriations levels. The request also includes three exceptional item requests for additional funding and full-time equivalent positions.

Guidelines and Requirements

The Commission's FY 2026-27 LAR is 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 2024 and budgeted in fiscal year 2025.

The Commission's LAR is due to the leadership offices on August 30, 2024. In addition to filing hard copies of the document, agencies are required to file operating budgets electronically with the Legislative Budget Board, through the Automated Budget and Evaluation System of Texas (ABEST) as well as submit searchable PDF versions of the LAR to the Office of the Governor Budget and Policy Division, Lt. Governor's Office, Office of the Speaker of Texas House of Representatives, and other financing and oversight entities. The completed budget document includes a certification of the integrity of the dual submissions, and assurance that the electronic and hard copies are one in the same. This certification requires the signatures of the Commission chair, the executive director, and the chief financial officer.

FY 2026-27 Baseline Request and Exceptional Item Requests

In compliance with the guidelines set forth by leadership, the Commission's baseline request for FY 2026-27 is \$673,081,674 with 321.5 Full-Time Equivalent (FTE) positions.

Method of Finance	Biennial Total
General Revenue (GR) Fund 0001	\$ 5,199,490
GR-Dedicated Lottery Account 5025	667,882,184
2026-27 Baseline Limit	\$ 673,081,674

Funding requests for purposes which exceed the baseline spending level may be submitted as exceptional items requests. The Commission's LAR includes three exceptional items:

Item 1 – Technology Infrastructure Upgrades for the Bingo Operating Service System (BOSS) and Bingo Service Portal (BSP)

The Commission's Charitable Bingo Operations Division (CBOD) systems have been in existence since 2015. To meet the ongoing needs and to ensure continued system and data availability, BOSS and BSP require critical upgrades and conversion. The Commission's recent Sunset Report further recommended additional enhancements to produce efficiencies and cost savings to the Commission. Requested funding for Information Technology services and one FTE would come from General Revenue Funds and the General Revenue-Dedicated Lottery Account, respectively.

Item 2 – Recruiting and Retention of Qualified Bingo Staff

Additional appropriation authority to recruit, hire and retain qualified and capable staff will enhance the CBOD ability to maximize its efficiencies and deliver its services with trained and experienced staff. To address a staff turnover of 15.6%, as well as prepare for succession planning since 23% is eligible for retirement in the next two years, the Commission's requests additional salary funds from the General Revenue Fund.

Item 3 – Centralized Accounting and Payroll/Personnel System

In 2026-27, the Commission is scheduled to deploy the Centralized Accounting and Payroll/Personnel System (CAPPS) financial modules. With an expected project start date of September 1, 2025, and go-live date of September 1, 2026, the Commission requests funding to support staffing and operational needs associated with this project. The additional funding and FTEs will initially provide backfill support with other FTEs providing support for training, conversion, and post-implementation. Requested funding to support the finance, administration, and technology divisions for a smooth transition from existing systems to the state financial system would come from the General Revenue-Dedicated Lottery Account.

Rider Requests

The Rider Revisions and Additions Request schedule incorporates revisions to the Commission's current Rider structure in the 2024-2025 General Appropriations Act. Riders provide direction, expansion, restriction, legislative intent, or an appropriation to existing regular appropriations.

For fiscal year 2026-27, in addition to standard necessary updates, the Commission has two requests:

1. *Remove rider 16, lottery sales by phone, relating to lottery courier services.*
Furthermore, with the request to remove the rider, the Commission is requesting statutory legislative direction on courier services.
2. *Request unexpended balance authority of General Revenue Funds within the biennium.*
This rider will allow the Commission the flexibility to fund Bingo operations within the biennium.

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