



AN AGENCY OF THE
STATE OF TEXAS

COMPREHENSIVE

STRATEGIC PLAN

FISCAL YEARS

2017-2021

Agency Strategic Plan

Fiscal Years 2017 – 2021

BY

TEXAS LOTTERY COMMISSION

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J. Winston Krause, Chairman

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TEXAS LOTTERY COMMISSION

STRATEGIC PLAN

FISCAL YEARS 2017 – 2021

AGENCY MISSION AND PHILOSOPHY

AGENCY VISION

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

AGENCY MISSION

Texas Lottery: 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 standards of security and integrity, set and achieve challenging goals, provide quality customer service and utilize a TEAM approach.

Charitable Bingo: 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.

AGENCY CORE VALUES

Integrity and Responsibility - The Commission works hard to maintain the public trust by protecting and ensuring the security of our lottery games, systems, drawings and operational facilities. We value and require ethical behavior by our employees, licensees and vendors. We promote the integrity of charitable bingo in Texas for the benefit of charitable organizations.

Innovation - We strive to incorporate innovation into our products to provide the citizens of Texas with the best entertainment experience available through our products. We pursue the use of technology that enhances the services that we provide to our customers and reduces our operating expenses. All proposed innovations must be authorized by Texas law, and do not include video lottery, casino gaming, internet-based lottery sales, fantasy sports, or any other activities not authorized by law.

Fiscal Accountability - We emphasize fiscal accountability by ensuring that all expenditures directly or indirectly generate revenue, enhance security, fulfill regulatory requirements, improve customer service and/or boost productivity. We recognize our responsibility in generating revenue for the state of Texas without unduly influencing players to participate in our games. We maximize benefits to charities through the continual examination and review of charitable bingo operations.

TEXAS LOTTERY COMMISSION

Agency Strategic Plan
Fiscal Years 2017 – 2021

AGENCY CORE VALUES (CONT'D)

Customer Responsiveness - The Commission takes pride in providing exemplary service to the people of Texas through the courteous dissemination of clear and accurate information about our products, services and regulatory functions. We seek and respond to feedback expressed by our employees, retailers, licensees and the playing and non-playing public. We apply this feedback in the development of our products and in the services that we provide.

Teamwork - We are committed to creating an environment of mutual respect where open, honest communication is our cornerstone. We embrace the diversity of our team and individual perspectives in working together to achieve our common goals.

Excellence - We strive for excellence by taking a position of leadership on issues that impact the Commission and achieve challenging goals by focusing on our core values.

AGENCY GOALS AND ACTION PLAN

GOAL 1

AGENCY OPERATIONAL GOAL AND ACTION PLAN GROSS SALES AND NET REVENUE

The goal of the Texas Lottery's efforts to increase Gross Sales and Net Revenue are directly consistent with its mission to generate revenue for the state of Texas through the responsible management and sale of entertaining lottery products. To achieve this mission, the Texas Lottery incorporates the highest standards of security and integrity, sets and achieves challenging goals, provides quality customer service and utilizes a TEAM approach.

Gross Sales

Gross sales increases alone do not ensure net revenue growth. However, in an environment of Fiscal Accountability, gross sales are inextricably tied to net revenue as a critical driver in generating incremental monies for public education, veterans' assistance and other worthy state causes.

Since FY 2009, the Texas Lottery has experienced significant sales growth. Several different strategic sales initiatives contributed to this achievement, including an enhanced focus on retail distribution channel expansion, implementation of a performance-based retailer incentive program, and continued product innovation, including new in-state and national draw game introductions. The table below illustrates the growth in sales over the three most recent full fiscal years.

	SALES ACTUAL FY 2013 (IN MILLIONS)	SALES ACTUAL FY 2014 (IN MILLIONS)	SALES ACTUAL FY 2015 (IN MILLIONS)
Total Sales	\$4,376.29	\$4,384.60	\$4,529.70

While proud of those results, the agency recognizes these sales levels will be challenging to sustain. Due to the variability of sales of the multijurisdictional jackpot games, it is anticipated that sales and revenue will likely decline from FY 2016 levels more in line with FY 2015 and that sales growth will moderate in the coming years. The Texas Lottery faces competition from other gaming activities, both legal and illegal, in Texas and in surrounding states. The Texas Lottery is a mature lottery offering a full suite of scratch ticket games with price points ranging from \$1 to \$50 and nine different draw games, including a wide selection of daily draw games and in-state and multijurisdiction jackpot games. There are limited traditional lottery game concepts available that Texas does not currently offer, creating a lack of opportunity for new product offerings. These realities loom in opposition to continued sales growth.

Net Revenue

The Texas Lottery's primary goal is to generate net revenue for the state. Every agency program, goal and initiative is designed directly or indirectly with net revenue in mind. The agency also has a significant regulatory responsibility to protect the interests of the citizens of Texas. The agency is committed to providing products that are fun and entertaining while ensuring all games are delivered in a safe and secure manner and that the integrity of the games is above reproach. The agency must invest in the systems, equipment and personnel necessary to ensure public trust in the *Games of Texas*. While investing in these important areas of the agency regulatory and operational responsibilities, the agency places a significant emphasis on administrative efficiency.

AGENCY GOALS AND ACTION PLAN

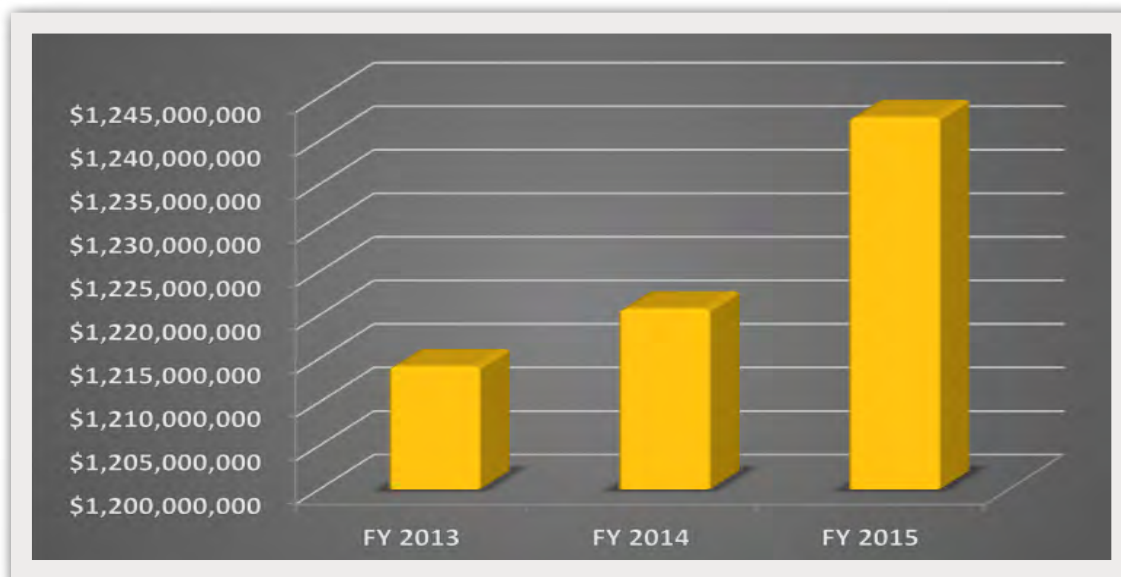
GOAL 1

AGENCY OPERATIONAL GOAL AND ACTION PLAN GROSS SALES AND NET REVENUE

Net Revenue (cont'd)

The agency's continued focus on fiscally responsible operations help convert the benefits of gross sales increases to net revenue contributions. These efforts culminated in a record revenue year in FY 2015, with total transfers to the state exceeding \$1.24 billion, marking the 12th consecutive year the Texas Lottery has generated more than \$1 billion in contributions to the state of Texas. In FY 2015, \$1.225 billion went to the Foundation School Fund. The Fund for Veterans' Assistance, administered by the Texas Veterans Commission, and other programs as determined by the Legislature also benefit from lottery proceeds. Over the last three years, lottery net revenue transfers have averaged 2.36 percent growth annually.

Total Transfers to State



Source: Texas Lottery Audited Financial Statement

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

The Texas Lottery establishes goals and strategic initiatives that emphasize Gross Sales and Net Revenue expansion and continue the agency's commitment to efficient, responsible operations.

Gross Sales

Texas Lottery gross sales have benefited from the agency's continued focus on goals and action items that have been implemented in recent years, including changes to the lottery operator contract, launching and continuing to enhance the Retailer Incentive Program and several product initiatives that have helped to fill out and supplement the product portfolio. It is realistic to note that the most significant sales benefits of these initiatives have already been achieved.

AGENCY GOALS AND ACTION PLAN

GOAL 1

AGENCY OPERATIONAL GOAL AND ACTION PLAN GROSS SALES AND NET REVENUE

There are a number of controllable and uncontrollable variables that impact lottery sales. Examples of variables outside the agency's control include general economic conditions in the state, competition from other forms of gaming, weather conditions, and the level of jackpots on certain draw product offerings (jackpot "rolls"). The agency is focused on goals tied to agency performance, with an emphasis on controllable variables that influence the outcome of these goals.

These include the following goals, which are detailed later in the Strategic Plan along with planned Action Items:

- ***Distribution Channel Expansion*** - The number and quality of lottery retail locations.
- ***Retailer Incentive Program*** - Same-store sales growth.
- ***Advertising Expenditures and Efficiency*** - Amount and effectiveness of advertising.
- ***Product Mix and Game Portfolio Management*** - Lottery product mix, game design (product diversity, game odds and payout design) and product differentiation.

The agency recognizes that future growth related to these goals will occur through execution at a more tactical level.

Net Revenue

While the agency pursues a number of program initiatives to support gross sales, the agency is equally committed to administrative efficiency. This includes careful monitoring and ongoing evaluation of the primary contributors to administrative overhead:

- Negotiated rates for outsourced (contracted) services
- Retailer compensation and incentive programs
- Standard agency overhead costs including key lottery programs (e.g., security, drawings, claim centers, etc.)

Under the State Lottery Act, the agency is authorized to pay costs incurred in the operation and administration of the lottery, including any fees received by a lottery operator, provided that the costs incurred in a fiscal biennium do not exceed an amount equal to 12 percent of the gross revenue accruing from the sale of tickets in that biennium. A minimum of 5 percent of this amount is to be allocated as compensation paid to sales agents (licensed retailers). The base retailer commission has remained at 5 percent since the inception of the lottery, leaving the remaining 7 percent available for other administrative expenses, subject to legislative appropriation. The Texas Lottery has consistently kept administrative expenses well below 7 percent of gross sales revenue.

The agency has a keen focus on its day-to-day administrative expenses, and this focus continues to yield efficiencies over time. However, limited opportunities exist in the near term for significant cost reductions that might yield further administrative efficiencies. The agency will continue its commitment to determining new ways to achieve greater efficiency in its operations for the benefit of the state.

AGENCY GOALS AND ACTION PLAN

GOAL 1

AGENCY OPERATIONAL GOAL AND ACTION PLAN **GROSS SALES AND NET REVENUE**

DESCRIBE HOW GOAL OR ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

The Texas Lottery is committed to continuing to achieve its primary mission of generating revenue for the state. Sales growth and administrative efficiency will remain key drivers in revenue generation. The agency will continue to emphasize the development of entertaining products within the statutory authority of the Texas Lottery for its customers, challenging and motivational incentive programs for its licensed retailers and continue to provide, clear and effective communications about its products through its advertising. The agency recognizes that the public's trust in the fairness and integrity of the lottery's operations are fundamental to the public's willingness to participation in the games. The agency is fully committed to conducting its operations in a transparent manner and will continue to ensure that it is doing so in the most cost efficient manner possible.

GOAL 2

AGENCY OPERATIONAL GOAL AND ACTION PLAN

PRODUCT MIX AND GAME PORTFOLIO MANAGEMENT

The goal of the Texas Lottery's Product Mix and Game Portfolio Management program is to offer lottery players the best entertainment experience available through the responsible management and sale of its products to generate revenue for the state of Texas.

The Texas Lottery is situated in a mature market in which it competes primarily for the discretionary entertainment dollars of adult Texans age 18 and older. It is within this general environment that the Texas Lottery must tailor its products to appeal to its customers. The Texas Lottery has consistently ranked among the top-selling lotteries in the United States, ranking fifth and exceeded only by New York, California, Florida and Massachusetts.¹

The *Games of Texas* are the body of products that the Texas Lottery makes available to the playing public. The Texas Lottery offers two product categories: scratch ticket games and draw games. The agency currently offers nine draw games, including four unique add-on features offered on five of its draw games, and approximately 90 scratch ticket games annually constituting the current game portfolio. New games and game enhancements are continually being developed to keep Texas Lottery games innovative and exciting for players.

Scratch Ticket Games

Scratch ticket games are preprinted tickets with symbols hidden under a removable covering. The player scratches off the covering and determines instantly whether or not the ticket is a winner. Scratch tickets include a variety of themes, play styles, and prize structures in order to offer an attractive game mix to players. Scratch ticket games are offered across a range of price points from \$1 to \$50 and offer prizes ranging from \$1 to \$7.5 million.

While draw games have a set number of drawings scheduled each week, scratch ticket games offer the possibility of immediate winning experiences with cash and non-cash prizes. Most scratch ticket purchases are impulse buys. Therefore, it is important to create games that are attractive to players, provide frequent opportunities to win, and offer a variety of prizes per game.

Draw Games

Most draw games require the player to select from a pool of numbers. For example, when the pool consists of 37 numbers and a player selects five numbers from the pool, the game is described as having a 5-of-37 matrix. In order to claim the top prize, the player's ticket must correctly match all five numbers drawn. Other prizes may be paid for matching fewer than all of the numbers selected. Players may select their own numbers or have them selected by the retailer sales terminal by choosing the Quick Pick option. The Texas Lottery conducts independently certified drawings on a set schedule to determine a set of winning numbers for these types of games.

The Texas Lottery's current draw game offerings include two multi-jurisdictional games: *Powerball* with the add-on feature *Power Play*, and *Mega Millions* with the add-on feature *Megaplier*. The other games in the Texas Lottery's portfolio are unique to Texas and are operated by the Texas Lottery. These include *Lotto Texas* with the add-on feature *Extra!*, *Pick 3* with the add-on feature *Sum It Up!*, *Daily 4* with the add-on feature *Sum It Up!*, *Cash Five*, *Texas Two Step* and *All or Nothing*. A new draw game, *Texas Triple Chance*, launched in September 2015 expanding the draw game portfolio to nine games. *Lotto Texas*, *Texas Two Step*, *Powerball* and *Mega Millions* are rolling jackpot-style games. The remaining draw games are daily drawing games.

¹ La Fleur's 2016 World Lottery Almanac. 24th edition. Edited by Terri Markle, Bruce La Fleur, and Byron La Fleur. Rockville, Maryland: TLF Publications, Inc., "Worldwide Lotteries Ranked by 2015 Total Sales (excludes VLT revenue)," p. 303.

AGENCY GOALS AND ACTION PLAN

GOAL 2

AGENCY OPERATIONAL GOAL AND ACTION PLAN

PRODUCT MIX AND GAME PORTFOLIO MANAGEMENT

Draw Games (cont'd)

These games feature fixed or pari-mutuel top prizes (non-rolling) and they are drawn at least once per day. The Texas Lottery conducts drawings for its games six days per week (Monday through Saturday). Some daily games are drawn up to four times daily.

The development and introduction process for draw game concepts requires significantly more planning and lead time than scratch ticket games. New draw games and game changes typically require research, administrative rulemaking and extensive system software development. Draw games differ from scratch tickets, as scratch ticket games serve as their own communication vehicle or marketing due to visible placement at retail. Draw game tickets are printed via a sales terminal upon a player request and are far more difficult to market requiring significant advertising support for game introductions and ongoing awareness. These additional requirements for draw games present challenges limiting the agency's ability to frequently introduce new games or make rapid changes to existing games.

Historically, draw games have relied primarily on jackpot levels to drive sales and revenue generation. Lotteries are attempting to increase draw game sales by exploring the introduction of higher price points. However, lotteries have struggled in these efforts, as players have become accustomed to playing for multi-million dollar jackpots for a \$1 wager.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

The Texas Lottery applies a strategic, long-term view to the development of products and management of its scratch ticket and draw game portfolios. The agency plans its game portfolio at least one fiscal year at a time ensuring a range of well-planned product offerings for Texas Lottery players. A summary of scratch ticket and draw game action items and initiatives are outlined below along with efforts in the area of product portfolio support operations.

Scratch Ticket Games

Printed scratch tickets have been available in the industry for decades and there has been limited vendor innovation with regard to the style and features of scratch products over time. The Texas Lottery's efforts to keep scratch tickets fresh and interesting for the consumer often must focus on unique opportunities to tweak existing game designs, while developing new and innovative product positioning and marketing strategies. These efforts are critical to reach new players, maintain player interest and ensure existing sales and revenue levels for this product category. In order to be responsive to the changing tastes and preferences of consumers, the Texas Lottery must actively explore new scratch ticket game opportunities and unique product enhancements that hold the most promise for generating incremental revenue for the state. The agency has pursued the following scratch ticket game innovations in recent years and they will continue to be critical components of future success.

- **Spotlight Scratch Ticket Games** - Utilizing industry best practices, a Spotlight or Mega game is a game that typically has a larger than normal print run with an increased prize payout. The larger quantity and increased payout allow for the creation of many "call-out" features on the front of the ticket that are appealing to players. The Texas Lottery successfully launched its first Spotlight game in FY 2009 at the \$20 price point. The agency continues to develop new versions of the Spotlight game concept and has extended the offering to the \$10 price point in recent years.

GOAL 2

AGENCY OPERATIONAL GOAL AND ACTION PLAN

PRODUCT MIX AND GAME PORTFOLIO MANAGEMENT

- ***Growth of Core Scratch Product Offerings*** - Core (or base) games are games that are always available for sale because of their long-term, ongoing popularity with players. Core games are important within the Texas Lottery's portfolio as anchors at various price points, mitigating the need to identify and regularly produce new games. The Texas Lottery strives to identify unique products that both resonate with players and offer the potential to become core offerings. Examples of current core games are \$2 *Break the Bank*, \$2 *Bingo*, \$3 *Cashword*, \$3 *Loteria*, \$5 *Cashword*, \$5 *Bonus Break the Bank* and \$10 *Crossword*. The Texas Lottery will continue to identify games that it believes can achieve this level of player loyalty.
- ***Game Suites*** - Game Suites are a group of scratch ticket games with the same game theme and play style introduced across a variety of price points. The Texas Lottery has leveraged successful elements of its spotlight games to enhance the appeal of suites. The prize structures for each of these games are designed so top prizes are higher than most other games at the same price point. The games are typically produced with larger print quantities to create a higher volume of prizes at specific prize tiers. Additionally, the use of the same game theme (or branding) across the suite allows the agency to place advertising support behind the games to promote the various attributes that may be appealing to players.
- ***Play Books*** - Play books (or Game Books) are a proprietary scratch ticket product produced by one of the Texas Lottery's scratch ticket manufacturing vendors, Pollard Banknote Limited. Just as its name suggests, a play book is a book of scratch ticket games combined and grouped with multiple pages. A play book typically sells for \$20 and the multiple games packaged together provide a value proposition to the player. The Texas Lottery launched its first-ever play book during the 2014 holiday season and it was very well received by players.
- ***Super Ticket*** - Super Ticket is an oversized scratch ticket featuring numerous games creating play value for consumers. While the typical width of scratch tickets is four inches, Super Tickets range in width from eight inches to twelve inches and can be as long as sixteen inches. The Texas Lottery introduced its first Super Ticket at the \$10 price point in spring 2015 and it quickly became the best-selling \$10 scratch ticket in the history of the Texas Lottery with over \$78 million in sales during the fiscal year.
- ***Products Geared to Appeal to New Players*** - As a mature, 24-year-old lottery, the Texas Lottery recognizes that in order to remain relevant and continue to grow, it must attract new players. The Texas Lottery must also achieve this goal within the framework of its traditional lottery game (scratch and draw) offerings. Licensed/Branded Scratch ticket games and scratch ticket games that feature unique prizes represents a significant portion of the agency's strategy to reach new audiences.
 - ***Licensed/Branded Games*** - Well-recognized brands and licensed properties that have strong consumer affinity can reach consumers who may have lapsed in their lottery participation or who have not considered a lottery product trial in the past. The Texas Lottery has recently offered games featuring well recognized brands such as *Tetris*®, *Caesars*®, the *Dallas Cowboys* and the *Houston Texans*. The Texas Lottery has several new licensed/branded scratch ticket games in planning and under evaluation.
 - ***Licensed/Branded Games*** - Product innovation is not always limited to the attributes and qualities of the product itself. Innovation can occur in extensions of the product such as offering promotional second chance drawings for merchandise and experiential prizes. The Texas Lottery continues to identify and develop games that include unique merchandise/experiential prizes that appeal to particular player segments. The Texas Lottery Luck Zone site allows players to create an account and quickly and conveniently enter non-winning scratch tickets into promotional second-chance drawings. The Texas Lottery's new mobile

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GOAL 2

AGENCY OPERATIONAL GOAL AND ACTION PLAN

PRODUCT MIX AND GAME PORTFOLIO MANAGEMENT

Scratch Ticket Games (cont'd)

application will take this convenience one step further and will allow players to enter promotional second chance drawings directly from their smartphones.

- **Market Testing of Unique Production Features for Scratch Ticket Games** - While many of the game design changes made by instant ticket manufacturers have been subtle, new production methods are being developed that can be marketed to consumers. One example that the agency has leveraged successfully is where the removable scratch covering on the ticket is scented and emits a fragrance (e.g., peppermint or chocolate) when scratched. This scent can be combined with the theme of the game to make the product unique for the player. Another new production method involves printing play areas on the front and back of tickets. This offers players more play action without increasing the size of the ticket. While continuing its focus on keeping administrative expenses in check, the agency will evaluate these and other added-value features that may increase player enthusiasm and, in turn, produce additional game sales and revenue.

All of these concepts have been highly successful in driving incremental sales and revenue for the portfolio in recent years and are a significant area of strategic focus for the agency in developing the scratch ticket portfolio each fiscal year. New variations on these concepts continue to be developed to capitalize on their popularity with players and agency staff continues to monitor the industry to identify new scratch game product innovations that can be offered in Texas to keep the games fun and fresh for Texas players.

Draw Games

The Texas Lottery has expanded the variety of draw game products that it offers to its customers in recent years, including the introduction of *Texas Triple Chance* and *All or Nothing*. However, similar to scratch ticket games, draw games are limited in the variety of design options that result in truly new game concepts. With a full portfolio of draw game offerings, the Texas Lottery is working with the lottery operator to explore design modifications to existing games, new play types and add-on features while monitoring the industry for new draw game concepts that may appeal to Texas players. Areas of current focus are detailed below.

- **Price Point Expansion** - Scratch ticket games have benefited greatly from the ability to offer players different value propositions across a wide variety of price points. This has proven to be a far more substantial challenge for the lottery industry for draw games, as multi-million dollar jackpots have been offered for years for a single dollar. However, growth in the price point offerings for draw games remains critical to the long term success of this portion of the product portfolio. The Texas Lottery has invested significant time and resources working in this area. Along with other U.S. lottery jurisdictions, the Texas Lottery participated in the expansion of the popular multijurisdictional *Powerball* game from a \$1 to a \$2 price point in January of 2012. The Texas Lottery followed up on this effort by introducing the *All or Nothing* game at a \$2 price point. *All or Nothing* became the second \$2 game in the Texas Lottery's draw game portfolio and the first \$2 daily game. The successful launch of *All or Nothing* was an important milestone. The unique attributes of *All or Nothing* and its price point positioning resulted in the game being recognized in 2013 by the North American Association of State and Provincial Lotteries (NASPL), as the Best New Draw Game introduced in the industry. The Texas Lottery introduced the third \$2 draw game, *Texas Triple Chance*, in September 2015. The challenges of price point expansion for draw games was illustrated in a recent industry effort to offer a national premium draw game, *MONOPOLY MILLIONAIRES' CLUB*, at the \$5 price point.

GOAL 2

AGENCY OPERATIONAL GOAL AND ACTION PLAN

PRODUCT MIX AND GAME PORTFOLIO MANAGEMENT

The game was introduced in 23 lottery jurisdictions with many other U.S. lottery jurisdictions anticipated to join following introduction. In addition to the primary draw game play, the game incorporated numerous promotional features and introduced a strong licensed property brand into the draw game portfolio. However, the game had a significant degree of play complexity and struggled to resonate with players ultimately resulting in the discontinuation of the game. Due to the importance of draw game price point growth, the Texas Lottery remains committed to identifying new games that will resonate with Texas players at varying price points.

- Multi-Jurisdictional Jackpot Game Portfolio Management** - The multijurisdictional organizations that oversee *Powerball* and *Mega Millions* continue to evaluate opportunities to modify these games to ensure that their appeal is optimized with players. As a participant in both games, the Texas Lottery remains interested in actively participating in any future discussions involving changes related to the *Powerball* and/or *Mega Millions* games. Both games are significant contributors to draw game sales and the jackpots they are capable of generating can have a dramatic impact on fiscal year sales and revenue performance.
- Add-on and Wager Type Features** - Add-on features, such as *Megaplier*, *Power Play*, *Sum It Up!* and *Extra!*, have been successful in generating incremental sales and revenue, and the Texas Lottery will continue to explore additional add-on concepts that may offer incremental sales and revenue potential for the draw game portfolio. The Texas Lottery is currently working with the lottery operator to evaluate and test add-on and play type features for the *Pick 3* and *Daily 4* games. Retailer and player research is underway on a play type that is being offered in other lottery jurisdictions called “1-Off.” This research will determine the resonance of this feature in Texas. “1-Off” is licensed by a third party vendor and the Texas Lottery will evaluate the costs vs. revenue projections before determining whether to pursue this new wager type.
- Draw Game Cross Promotion** - The Texas Lottery has been successful in designing scratch ticket games that feature or highlight games from its draw game portfolio. A prize in these scratch ticket games is a free play in the associated draw game. These games have the beneficial effect of introducing scratch ticket game players to the Texas Lottery’s draw game products. The agency launched an *All or Nothing*-themed scratch ticket game in the summer of 2014 and is working on plans to launch a scratch ticket based on the popular daily game *Pick 3*. The agency will continue to identify opportunities to cross-promote scratch and draw games.
- Cash Five Game Modification Research** - *Cash Five* is a mature game that has experienced sales declines over time. The Texas Lottery is working with the lottery operator to conduct research in FY 2016 to gauge player and retailer interest in potential game modifications. If the research results are positive, the Texas Lottery will proceed in planning for a game modification in FY 2017.
- Packaged Draw Game Play (Lone Star Lineup)** - The Texas Lottery plans to introduce packaged or bundled draw games for ease of purchase by players. Lone Star Lineup, would allow the agency to promote lesser played daily games and potentially expand draw game product trial. This promotional bundle offers players \$6 worth of plays for \$5 and includes *Pick 3*, *Daily 4*, *All or Nothing*, *Cash Five* and *Texas Triple Chance*. This initiative will require a significant software development effort and implementation is expected in September 2016.
- Draw Break Reduction** - In an effort to increase sales and offer players more time to purchase tickets for their favorite games, the agency reviewed the feasibility of reducing draw break (the period where sales cease to allow for the conduct of drawings) duration in FY 2014. Based on time studies by the Draw Team, a recommendation was made to reduce all draw breaks by two minutes. The agency reduced draw breaks from

AGENCY GOALS AND ACTION PLAN

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PRODUCT MIX AND GAME PORTFOLIO MANAGEMENT

Draw Games (cont'd)

15 minutes to 13 minutes on all Texas-based draw games and implemented the required software changes effective April 13, 2015. The multijurisdictional games *Powerball* and *Mega Millions* are not affected by this change. This initiative illustrates the agency's commitment to player convenience and internally evaluating its processes to ensure efficient operations.

While the agency has achieved substantial growth in scratch game sales, the draw game portion of the portfolio presents a more significant challenge to sales growth and expansion over time. The initiatives detailed above have and will contribute to the agency's efforts to ensure continued success in the draw game portfolio. Promoting new player product trial and keeping the category fresh and new for existing players remains critical to achieving the agency's mission.

DESCRIBE HOW GOAL OR ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

The Texas Lottery's approach to strategically planning the game portfolio and product mix optimizes the agency's sales and revenue generation ability. This rigorous process focused on continually improving Texas Lottery products allows the agency to consistently deliver entertaining lottery products for lottery players. The agency places a significant emphasis on player education and clear communication about its products. The agency works to achieve transparency across all of its operations emphasizing security and integrity and working to maintain the public's trust and confidence in the operation of all lottery games.

GOAL 3

AGENCY OPERATIONAL GOAL AND ACTION PLAN

RETAILER DISTRIBUTION CHANNEL EXPANSION

An important goal of the Texas Lottery is to grow the licensed retailer base through sustained and strategic recruitment efforts allowing for greater product accessibility for the public and the potential for increased revenue to the state. Lottery retailers represent the key delivery channel through which the agency sells tickets to generate revenue for the state. To achieve the agency's mission of generating revenue to support Texas education and veterans' assistance programs, it is critical that lottery products are conveniently and widely available at a variety of locations where a broad diversity of consumers are offered the opportunity to purchase lottery tickets.

The lottery retailer base represents a dynamic business environment in which frequent business sales and acquisitions are a part of the normal operating environment. The economic climate of the state can also have a significant impact on the size of the retailer base. The agency works to support existing retailers while recruiting new retailers to ensure a stable, but growing, product distribution channel.

The lottery retailer base contains a variety of trade styles. However, convenience and grocery stores, considered to be traditional lottery trade styles, are dominant, representing more than 88 percent of licensed locations and more than 96 percent of Texas Lottery sales. A significant challenge has recently arisen involving these trade styles. As the marketplace has become more competitive among these businesses, they are expanding into non-traditional business lines to remain competitive including food and beverage (including on-premise beer and wine) service. These trade styles are increasingly pursuing Texas Alcoholic Beverage Commission licenses required for these services which may create challenges with licensure for lottery ticket sales and/or additional administrative burdens on the Texas Lottery to ensure compliance with licensure requirements. This issue is covered in greater detail in the Redundancies and Impediments section of the Strategic Plan.

Efforts to recruit businesses in non-traditional lottery trade styles present other challenges. Businesses that do not currently offer lottery are often focused on higher-profit-margin products that more easily correlate to bottom-line revenue. Scratch ticket products can present operational concerns associated with inventory control/shrinkage and the potentially labor-intensive nature of the product.

Additionally, the Texas Lottery, lottery operator and lottery members of the North American Association of State and Provincial Lotteries (NASPL) have consistently identified the following barriers to recruiting national corporations representing new trade styles: lack of 1) standardized licensing and accounting processes across jurisdictions, 2) availability of new technologies providing retailer back-office accounting and 3) real-time connectivity to sales and lottery inventory information. Additionally, some businesses perceive that selling lottery products may not align with their business models.

Regardless of the challenges or trade-style category, the Texas Lottery is invested in growing the licensed retailer base through sustained and strategic recruitment efforts in coordination with the lottery operator allowing for better product accessibility by a broad diversity of consumers and the potential for increased revenue to the state. From FY 2010 to FY 2014, the retailer base grew by an average of 113 retailers annually. Retailer expansion efforts in FY 2015 resulted in a net gain of 193 retailers due, in part, to a large chain recruitment. It is anticipated that retailer growth in Fiscal Years 2017 – 2021 will be more in line with the recent historical average of 113 retailers annually. The agency is committed to working with the lottery operator and NASPL locally and nationally to identify and implement strategies to continue growth in the retailer base.

AGENCY GOALS AND ACTION PLAN

GOAL 3

AGENCY OPERATIONAL GOAL AND ACTION PLAN

RETAILER DISTRIBUTION CHANNEL EXPANSION

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

The key strategy for licensing new Texas Lottery retailers requires continued focus on the needs and concerns of both traditional and non-traditional trade styles by providing innovation and enhanced services.

Working in coordination with NASPL, lotteries across the country, including Texas, recently implemented a 21-day pack settlement process for scratch game tickets which aids licensees in streamlining accounting and inventory reconciliation processes. This new settlement class is considered to be an imperative step towards expansion with non-traditional, national retailers who refuse to manage accounting functions differently across the jurisdictions in which they operate. This standardized settlement process may also benefit existing licensees. The agency will continue to examine policies and procedures that can enhance the convenience of conducting lottery business transactions and mitigate identified barriers to lottery licensure.

In recent years, the agency and the lottery operator, who is primarily responsible for retailer recruitment efforts, have collaborated on a strategy to encourage non-lottery retailers to pilot lottery sales at their locations. This has created the opportunity for some chains in non-traditional trade styles to explore trial sales of the product without having to make a full chain commitment. This strategy allows the business to see the benefits and convenience that offering lottery provides to their customers. Some recent pilot sales programs have led to expansion to new chain locations. These pilot efforts continue and discussions are ongoing with other businesses previously hesitant to embrace the lottery category.

Continued expansion of on-premise beer and wine service models at grocery and convenience stores present unique licensure and administrative oversight challenges to the agency. The agency recognizes the significance of these challenges in these two primary lottery trade styles representing over 96 percent of current Texas Lottery sales and will continue to examine opportunities to adapt to these changes in the business landscape.

DESCRIBE HOW GOAL OR ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

Retailer Expansion offers tremendous benefit to the public in the form of convenience. By offering lottery products at a broader number of diverse locations, consumers can more conveniently evaluate purchase of the product. Additionally, offering lottery allows businesses to expand their relationship with their customers, limiting the need for their customers to conduct separate purchases for lottery at other business locations. The Texas Lottery is committed to its core value of Customer Responsiveness by working to provide a convenient licensing environment for businesses and implementing administrative processes that enhance efficiency for licensees in interacting with the agency, such as the recently implemented 21-day pack settlement program. The agency, through its relationship with the lottery operator, national industry organizations, and the retail community, works to understand the unique challenges faced by existing and potential lottery retailers. The agency works to identify and implement solutions within its regulatory framework that ensure the security and integrity of the lottery while addressing the needs of retail businesses.

AGENCY GOALS AND ACTION PLAN

GOAL 4

AGENCY OPERATIONAL GOAL AND ACTION PLAN

ADVERTISING EXPENDITURES AND EFFICIENCY

The goal of the Texas Lottery's advertising efforts is to efficiently and appropriately engage in communication and education with the public about the numerous products offered by the agency each year. The agency makes considerable efforts to effectively allocate its advertising dollars to reach the public and enhance awareness of Texas Lottery games and remains committed to the goal of enhancing the efficiency of its advertising. The agency is also mindful of statutory provisions that guide the type of messaging the agency may use in its advertising.

Section 466.110 of the Texas Government Code states that advertisements or promotions sponsored by the Texas Lottery must not be of a nature that unduly influences any person to purchase a lottery ticket or number. This general restriction can be broadly interpreted and significantly limits both the types of advertising messages and the media placement strategies employed in the agency's messaging. The agency is very respectful of and sensitive to the viewpoints of the approximate one-fifth of Texans who are not in favor of gaming in any form.²

The Texas Lottery's advertising budget has declined substantially over time while there have been dynamic changes in the advertising industry, the state of Texas and the markets in which the agency must communicate about its products. The following table summarizes and compares the impact of these changes and some of the major challenges impacting the Texas Lottery's advertising communications over time. (Table continues on the following page.)

Texas Lottery Advertising Challenges Overview

	FISCAL YEAR 1993	FISCAL YEAR 2015
Impact of Inflation	\$40 million base appropriated advertising budget	\$32 million base appropriated advertising budget \$40 million in 1993 dollars equates to \$65.4 million in 2015 Adjusted for inflation, \$32 million in 2015 equates to \$19.6 million 1993 dollars
	12.6 million Texans 18 or older	19.3 million Texans 18 or older
	\$3.17 ad spend per capita	\$1.66 ad spend per capita \$3.17 ad spend per capita in 1993 dollars equates to \$5.18 in 2015 Adjusted for inflation, \$1.66 in 2015 equates to \$1.01 in 1993 dollars
Increase in Products	Two products: <i>Lotto Texas</i> ® Scratch ticket games (2)	Ten products + 4 unique add-on features: <i>Pick 3 with Sum It Up!</i> ® <i>Cash Five</i> ® <i>Daily 4 with Sum It Up!</i> ™ <i>All or Nothing</i> ™ <i>Lotto Texas with Extra!</i> ® <i>Texas Two Step</i> ® <i>Mega Millions</i> ® with <i>Megaplier</i> ® <i>Powerball</i> ® with <i>Power Play</i> ® <i>Texas Triple Chance</i> ™ Scratch ticket games (approx. 90 launched annually)

² Respondents to the Q2 2016 Tracking Study who answered "agree" to "strongly agree" (ratings of 5, 6, and 7) with the statement "I am morally opposed to gambling in any form."

AGENCY GOALS AND ACTION PLAN

GOAL 4

AGENCY OPERATIONAL GOAL AND ACTION PLAN

ADVERTISING EXPENDITURES AND EFFICIENCY

Texas Lottery Advertising Challenges Overview (cont'd)

	FISCAL YEAR 1993	FISCAL YEAR 2015
Product Life Cycle	Lottery product was brand new, generating immense excitement and interest.	Lottery products are mature, meaning that advertising dollars must work harder to create player excitement and interest in the games. New games, game changes and add-on features continue to be introduced, all requiring additional advertising support.
Free Media Exposure	Extensive free coverage of winners, games and ball drawings by all media types due to newness of games.	Media coverage of winners and large jackpots, but the reach of traditional media is significantly downsized. Almost no coverage of live drawings or new game launches. Social media platforms increasingly structured so that they necessitate paid advertising.
Texas Ethnicity	Population was made up of a significant majority of Caucasians.	Population is much more diverse with a minority-majority population. Texas is the second most populous state in the nation and the third fastest-growing, with the majority of the growth being driven by Hispanics followed by African-American and Asian communities. By 2016, the multicultural population of Texas is forecasted to account for 61 percent of the total 18-49 year old population, further solidifying its current minority-majority status in the years to come.
Media Proliferation	Players were easy to reach frequently via network TV and radio advertising.	The advertising industry has encountered dramatic challenges with the proliferation of new media choices for consumers, including exponential cable channel expansion, streaming radio, the role of the internet and social media, all factors that limit advertising exposure. Additionally, the rapid adoption of tablets and continued expansion of smartphones, DVR usage and content-streaming create even greater opportunities for consumers to time-shift programming, potentially affecting advertising exposure. This market dilution means it is becoming more difficult to reach large groups of consumers for the same level of media expenditures.
Pay at the Pump	Because pay-at-the-pump technology was new and limited, most people went into the store to pay for gas, allowing for exposure to lottery products.	Most stores have pay-at-the-pump technology, and about 64 percent of consumers use it, requiring advertising to work harder to drive players into the store for lottery products.

The agency has also detailed specific challenges related to the agency's current advertising budget in the Redundancies and Impediments section of the Strategic Plan.

GOAL 4

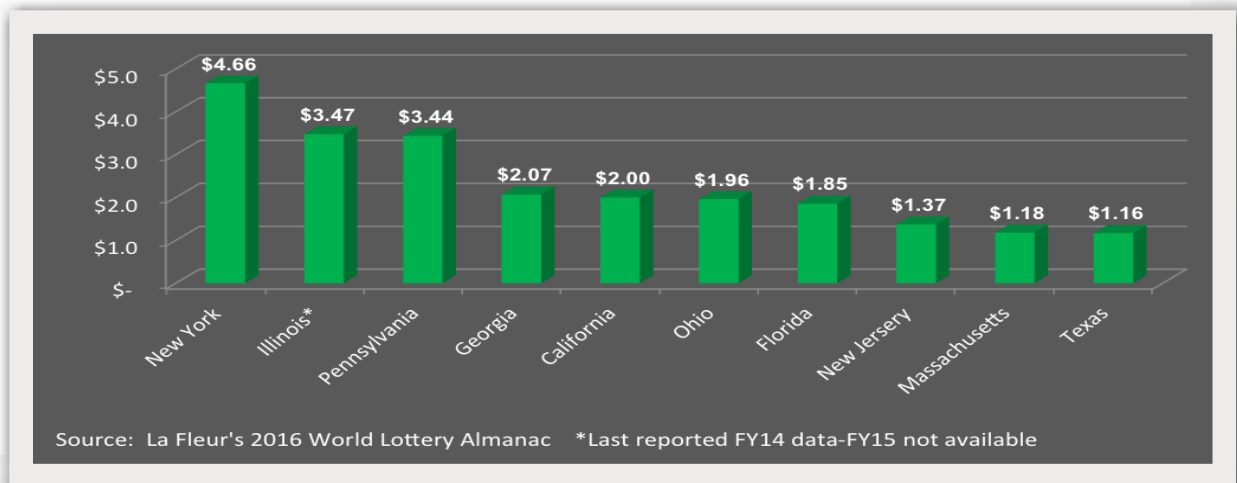
AGENCY OPERATIONAL GOAL AND ACTION PLAN

ADVERTISING EXPENDITURES AND EFFICIENCY

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

The agency is committed to the goal of enhancing the efficiency of its advertising. This includes efforts to internally review and challenge past advertising strategies. By focusing, in coordination with its advertising vendor, on the efficiency of its advertising and developing an annual advertising execution strategy, the Texas Lottery continues to be one of the top-selling lottery jurisdictions in the nation, while operating with one of the lowest per capita advertising budgets in the industry. According to the LaFleur's 2016 World Lottery Almanac, Texas ranks 39 of 44 reporting state lotteries in advertising budget per capita* and had the lowest per capita advertising spending among the top 10 performing U.S. lotteries**, as measured by total sales. See graph below.

Advertising Budget Per Capita



The agency also engages in efforts to seek input from third-party unbiased resources to evaluate the efficiency of the agency's advertising efforts. This includes the 2014 analysis of "The Impact of Advertising on Lottery Sales in the State of Texas," performed by the Texas A&M Mays Business School. Additionally, the agency procured vendor services in FY 2014 and FY 2015 to complete an advertising media review of the advertising services vendor's purchase and placement of advertising media to evaluate the efficiency of these expenditures. The Texas Lottery has applied recommendations from this effort to future media purchases and plans to undertake further external advertising media reviews in an effort to identify further efficiency opportunities.

Additionally, the Texas Lottery has implemented a media placement verification program in response to a State Auditor's Office review of the agency's advertising contract. This verification program will provide assurance that purchased media is airing in market by third-party vendors consistent with agreed-upon placement requirements.

* La Fleur's 2016 World Lottery Almanac, U.S. lotteries' FY 15 ad budgets as % of sales, p. 280

** La Fleur's 2016 World Lottery Almanac, Worldwide Lotteries Ranked by 2015 Total Sales (excluding VLT revenue), p. 303

AGENCY GOALS AND ACTION PLAN

GOAL 4

AGENCY OPERATIONAL GOAL AND ACTION PLAN

ADVERTISING EXPENDITURES AND EFFICIENCY

The Texas Lottery must also engage in creative strategies to optimize its appropriated advertising expenditures. The following are a few key areas that the agency is leveraging to optimize expenditures and efficiency in reaching consumers.

Tiered-Media Markets

The Texas Lottery continues to evaluate the effectiveness of its advertising media placement strategies. Due to budgetary constraints, several years ago the agency implemented a tiered ranking process to make discrete choices in the weighting of its advertising in the different advertising markets in Texas. This means that the agency's advertising presence in some markets is "underweighted," but ultimately results in the most efficient allocation of limited resources to reach the broadest population of consumers. The Texas Lottery continues to work with its advertising vendor to refine its tiered-media market strategy and media weight allocations by market to optimize advertising efficiency. The agency utilizes a formal annual advertising media plan approval process to achieve this goal.

Experiential Marketing

The Texas Lottery consistently adapts marketing strategies to evolve with the changing media landscape. As broadcast viewership declines, alternative cost-effective media strategies such as experiential marketing offer new opportunities to drive brand awareness and product education and/or trial. Experiential marketing engages the consumers in a fun and entertaining environment.

The Texas Lottery currently engages consumers directly through experiential marketing partnerships across the state. Marketing relationships with top-tier organizations allow the agency to leverage consumer passion points such as sports (NASCAR®, NBA®, NFL®, MLB®, F1™) and music (Austin City Limits® and other music events) to reach adult Texans on the go.

Social Media

The Texas Lottery must work to reach new consumers using non-traditional advertising and communication vehicles. Social media is at the forefront of these efforts and has become an increasingly important component of the Texas Lottery's efforts to reach and communicate with adult Texans. The agency currently communicates with consumers about its products through social media resources including Facebook, Twitter, YouTube and Instagram. The Texas Lottery social media platforms were developed in compliance with the Texas Department of Information Resources social media policy and guidelines. The agency continually monitors the social media landscape for appropriate opportunities to advertise via these platforms and to reach and communicate with adult Texans about lottery products.

Consumer Electronic Communications and Applications

The Texas Lottery understands that the introduction of new technology for use with lottery games is a sensitive topic with many members of the public and is very mindful that the Texas Legislature provides the policy framework to administer the lottery. Therefore, the Texas Lottery strongly believes that any questions regarding the sale of lottery tickets via the Internet are policy decisions to be determined by the Texas Legislature. Licensed Texas Lottery retailers are the only source for purchase of Texas Lottery tickets, and those tickets must be purchased in-person at a licensed retailer location using one of the approved methods of play.

GOAL 4

AGENCY OPERATIONAL GOAL AND ACTION PLAN

ADVERTISING EXPENDITURES AND EFFICIENCY

Consumer Electronic Communications and Applications (Cont'd)

That said, the Texas Lottery does engage its players directly through an opt-in e-mail or text messaging program that provides winning numbers, current estimated jackpot alerts, scratch ticket information and general news and alerts. The Texas Lottery is also developing a mobile application to increase the public's access to Texas Lottery game information and player support services. Draw game players will be able to easily view current jackpot amounts and winning numbers on their mobile devices. Scratch ticket game players will be able to use a locator to find retail locations that are carrying their favorite scratch ticket game. Players will also be able to scan both draw and scratch ticket games and use "Check Your Ticket" functionality. This feature provides an added layer of consumer protection as players will have the ability to conveniently verify the winning or non-winning status of tickets on their mobile device. The mobile app will provide a convenient and fun platform for lottery players to access important lottery information. The Texas Lottery plans to roll out the mobile app in calendar year 2016.

DESCRIBE HOW GOAL OR ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

The Texas Lottery's advertising expenditure goal is to achieve optimal efficiency in advertising spending to reach adult Texans and communicate effectively with them about the Texas Lottery and its products. The agency continues to implement and evaluate new opportunities to enhance the efficiency of its advertising. The agency has also established strict advertising sensitivity guidelines to ensure that its advertising is not of a nature that unduly influences any person to purchase lottery products and that the nature of its advertising is representative of the integrity of the lottery brand. To this end, the agency works to communicate with its customers in a transparent fashion regarding products attributes while ensuring that it does not over promise regarding participation in lottery games. The agency continues to develop new tools and resources, such as its mobile application, enhancements to its website, and information available at retail to help consumers make informed decisions regarding participation in its products.

AGENCY GOALS AND ACTION PLAN

GOAL 5

AGENCY OPERATIONAL GOAL AND ACTION PLAN **RETAILER INCENTIVE PROGRAM**

The goal of the Texas Lottery's retailer incentive program is to optimize the value of funding allocated by the Texas Legislature for the program. The agency works to ensure that the program incentivizes licensed lottery retailer based on sales performance while mitigating financial risks associated with the program.

The Texas Lottery received authorization and funding from the Texas Legislature, via rider, for an additional one-half (0.5) percent allocation of gross sales for retailer sales performance commissions or similar sales performance incentive programs beginning with the FY 2010-11 biennium. This budgetary allocation is over and above the standard 5 percent sales commission that is paid to retailers.

In determining the optimal structure for this program, the Texas Lottery engaged in a study of other U.S. lottery retailer incentive programs and evaluated standards across the retail industry for sales performance-based programs. Following this study, the agency worked to develop a same-store sales growth program that incentivizes retailers based exclusively on performance. The program has undergone modifications over the years to optimize the revenue benefit to the state.

The program is structured to allow for some modifications and supplemental features while maintaining the integrity of the basic structure. Currently, the program allows for the agency to implement a primary incentive program, traditionally 13 weeks in duration, while simultaneously introducing a secondary program of shorter duration. These secondary programs have focused on specific product sales performance incentives. Two secondary programs were implemented in FY 2015, both focused on increasing sales of the *Pick 3*™ daily draw game.

From inception of the program in September 2009, through the end of FY 2015, the agency has completed 17 individual primary retailer incentive programs plus two secondary programs. Qualifying retailers have generated more than \$1.205 billion in additional sales, yielding more than \$214.82 million in incremental revenue for the state. These retailers received more than \$90.63 million in incentive payments based on their sales performance.

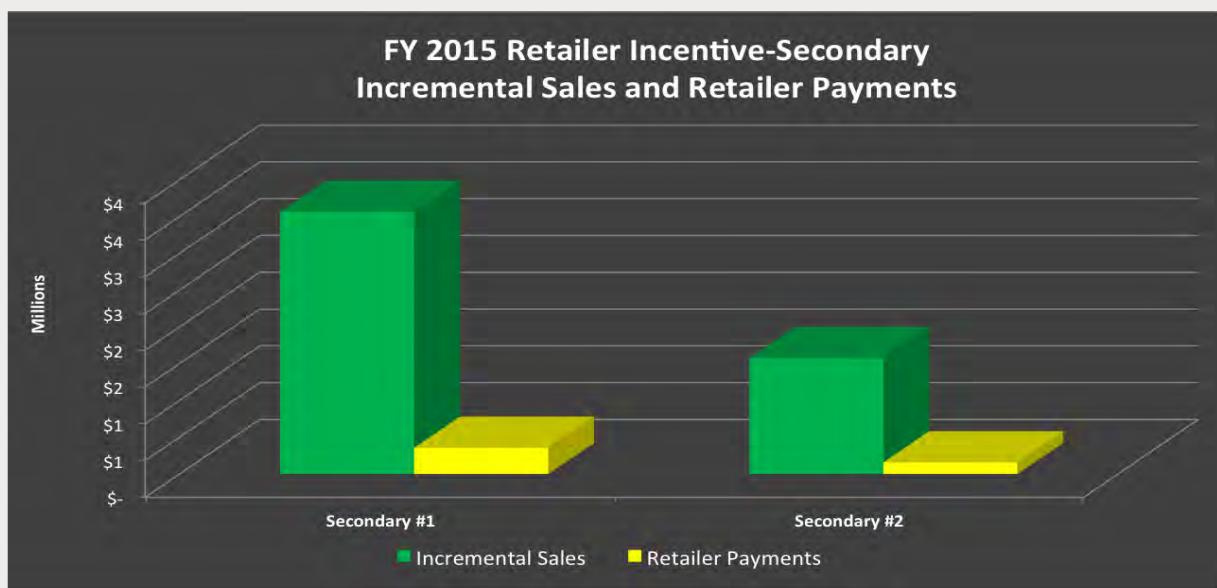
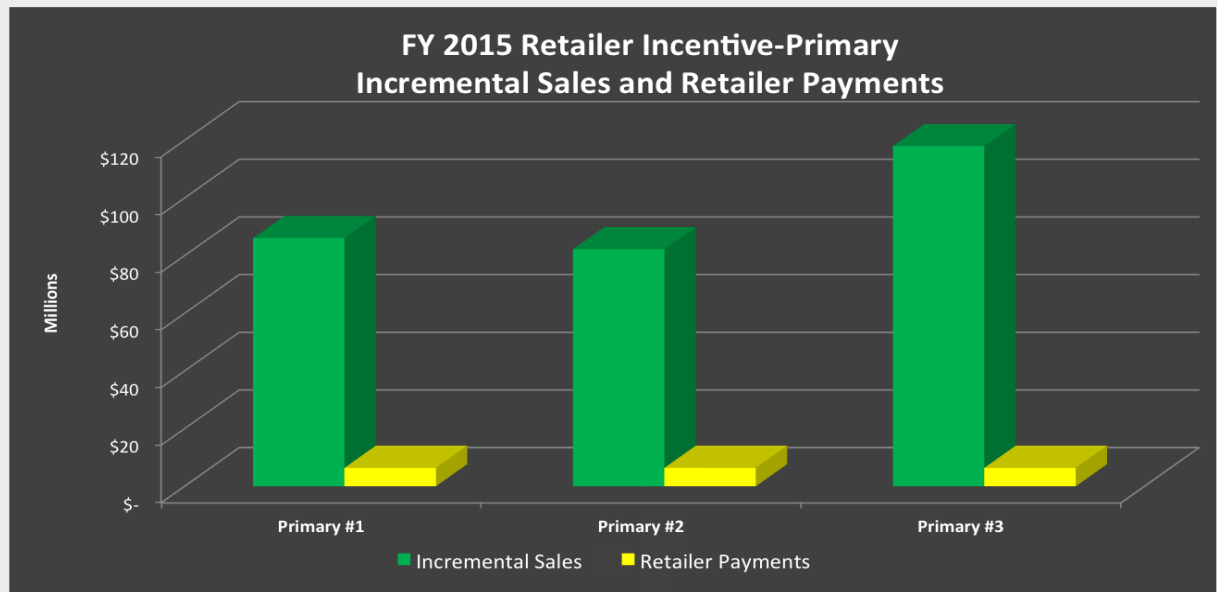
While focusing on revenue generation, the agency has also designed the program to significantly mitigate risk to the state by focusing on same-store, year-over-year sales growth. Retailers receive incentive payments only if they meet their program sales growth goals, thus producing incremental sales and revenue for the state. In addition, each individual program incentive period has a budget limitation, or cap, on the total amount of incentive payments that can be made. If the total projected payments exceed the cap for a given period, all payments are reduced by an equal percentage in order to not exceed the allocated program budget. This ensures the agency does not exceed its appropriation for the overall program and allows for ongoing introduction of programs to encourage sales increases and incremental revenue to the state. Drawing entries and prizes included as a part of each incentive period are not impacted by the budget limitations, as they are accounted for as a part of the initial incentive period budget.

The charts on the following page depict the three primary incentive programs and the two secondary programs run during FY 2015. They illustrate the retailer payments made and the related incremental sales impact of each program.

GOAL 5

AGENCY OPERATIONAL GOAL AND ACTION PLAN RETAILER INCENTIVE PROGRAM

FY 2015 Retailer Incentive Programs



AGENCY GOALS AND ACTION PLAN

GOAL 5

AGENCY OPERATIONAL GOAL AND ACTION PLAN **RETAILER INCENTIVE PROGRAM**

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

The Texas Lottery has created a performance-based retailer incentive program with an emphasis on financial risk mitigation consistent with its core value of Fiscal Accountability. With this risk-averting structure in place, the ongoing goal of the agency is to optimize retailer participation and maximize the program's revenue generating benefits. The agency will continue to accomplish these balanced objectives by conducting program analysis, establishing effective sales projections and maintaining close communication with, and understanding of, its retailer base, both directly and through the lottery operator's sales force. The agency is committed to achieving this goal by identifying opportunities to modify program parameters based on the results of past programs and new business environment variables which may impact future performance.

The Texas Lottery is a leader in the U.S. lottery industry in utilizing a sales performance-based program for retailer incentives based on true same-store sales performance. As an industry leader in this area, the agency continually evaluates its incentive programs to ensure their design is appealing to retailers, resulting in increased levels of participation, sales and revenue performance. The retailer participation rate has grown from 6 percent for the first incentive program, to an average of 53 percent for the three primary programs in FY 2015 and 38 percent for the two secondary programs.

As new features and product focuses are explored for inclusion in the incentive programs, the ability to provide retailers access to timely, comprehensive reporting on their progress toward incentive goals is critical to their participation and confidence in the integrity of the program. The agency will continue to collaborate with the lottery operator to develop and implement reporting tools and enhanced communication support for retailers related to the program. While retailer participation is important, the agency will continue to ensure that each program incorporates challenging retailer goals and focused product emphasis that will optimize revenue to the state.

DESCRIBE HOW GOAL OR ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

The Texas Lottery's same-store sales performance based retailer incentive program is designed to maximize revenue generation from legislative funding and to reward superior retailer sales performance. Program results have yielded substantial revenue benefits for the agency's beneficiary causes, Texas education and veterans, consistent with its mission while creating opportunities for licensed lottery businesses around the state to earn incremental revenue based on performance. The agency has invested significant effort to provide an easy-to-understand program with effective performance reporting to allow the greatest number of its licensees to achieve and participate in the program. All of these efforts have been established against a backdrop of a fiscally conservative, risk-limiting program that emphasizes ensuring positive revenue benefit from appropriated funding from the Texas Legislature.

AGENCY GOALS AND ACTION PLAN

GOAL 6

AGENCY OPERATIONAL GOAL AND ACTION PLAN

ENFORCE BINGO LAWS

Educate and regulate lawful charitable bingo to ensure the integrity of the bingo operations provide for the lawful use of charitable proceeds and the games are conducted fairly.

SPECIFIC ACTION ITEMS TO ACHIEVE GOAL

1. License all activities associated with the conduct of charitable bingo.
2. Ensure compliance through a system of enforcement by conducting game inspections, financial reviews, and complaint investigations.
3. Collect and distribute bingo prize fees.
4. Provide education services to licensed organizations with an emphasis on promoting profitable charitable bingo.

DESCRIBE HOW GOAL OR ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

Charitable bingo license fees provide funding that enables the division to process applications for worker registry and bingo licenses, conduct game and complaint reviews, and financial audits, review and process quarterly bingo reports and receive payments. The use of online technology ensures the division can more efficiently and effectively processes information in a timely manner, allow applicants and licensees to access information, as well as provide citizens and those interested in playing bingo with information about licensed game locations and how to operate bingo in Texas.

DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO GOAL OR ACTION ITEM

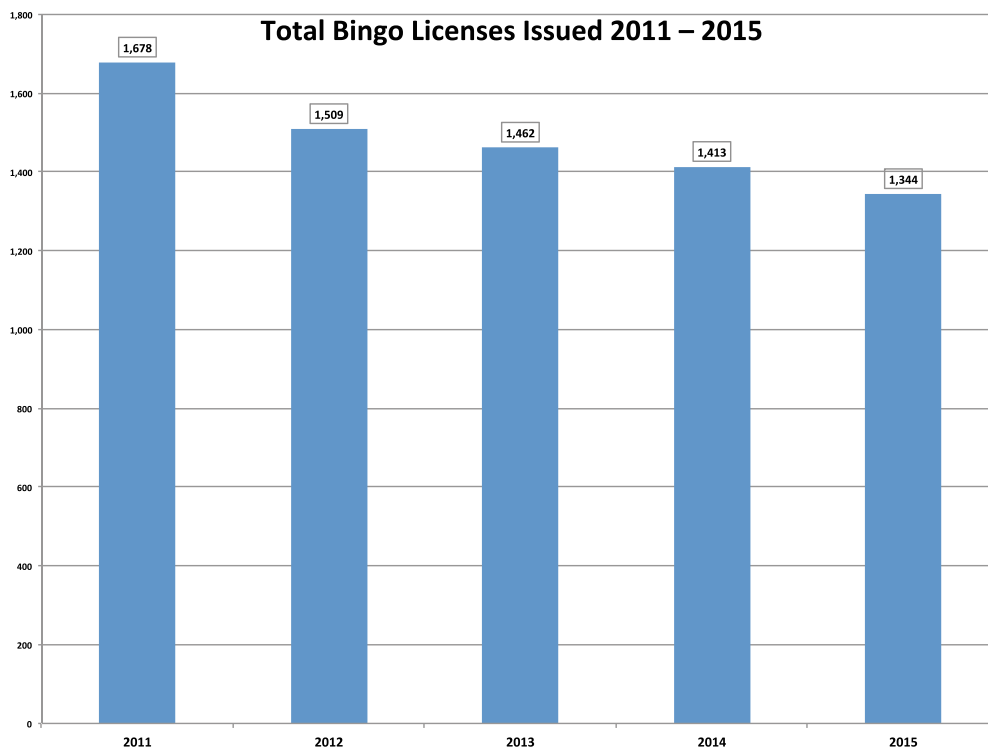
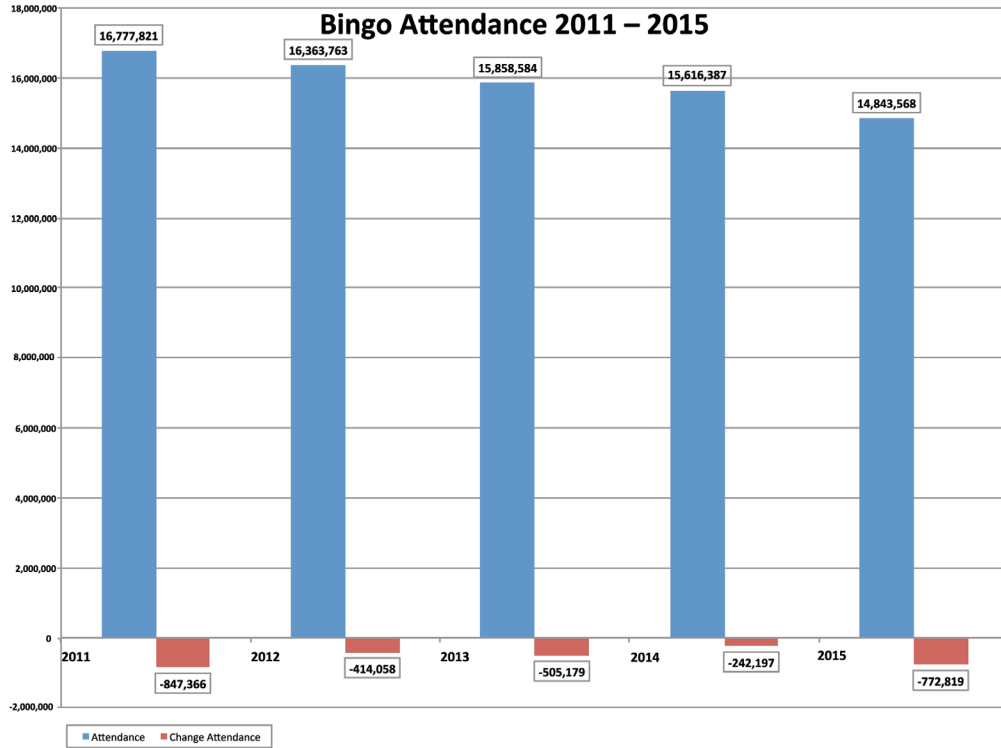
The charitable bingo program is affected by decreases in the state economy as the discretionary dollars used by individuals who support charitable causes through the play of bingo have more purpose driven needs to spend funds on. There has been a steady decrease in the total number (334) of bingo licenses issued from 2011 to 2015. Similarly, bingo attendance (patron players) has decreased 12 percent from 2011 to 2015. Age demographics also continue to be a challenge for the industry to attract new players to bingo. See charts on the following page.

AGENCY GOALS AND ACTION PLAN

GOAL 6

AGENCY OPERATIONAL GOAL AND ACTION PLAN

ENFORCE BINGO LAWS



REDUNDANCIES AND IMPEDIMENTS

Redundancies and Impediments

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	Provide Agency Recommendation for Modification or Elimination	Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change
General Appropriations Bill, Strategy A.1.7., Scratch Ticket Production Contract(s)	Funding structure is fixed without providing a funding mechanism to support potential increases in scratch ticket product sales.	Add new rider appropriation to fund additional costs above fixed budget on a percent of scratch sales funding model. Modify the strategy to "Estimated and Nontransferable."	Benefits include: 1) Sufficient budget authority to meet product sales growth; 2) Continue generation of revenue for the Foundation School Fund and Fund for Veterans' Assistance; 3) Greater transparency in agency's budget structure. No cost to the Appropriations Bill as within allowable statutory percentage.
General Appropriations Bill, Strategy A.1.8., Mass Media Advertising Contract(s)	The purchasing power and reach of the advertising budget has declined significantly over the 24 years of the agency's existence due to budget decreases and the effects of inflation.	Options for future consideration may include 1) a new rider to appropriate advertising budget as a percentage of sales or revenue, or 2) an increase to the straight-line appropriation for advertising.	Benefits include additional generation of revenue for the Foundation School Fund and Fund for Veterans' Assistance.
Texas Government Code Section 466.155(a)(4)(C), Denial of Application or Suspension or Revocation of License	The provision restricts licensure of locations that hold certain Alcoholic Beverage Code permits. Traditional lottery trade styles (grocery and convenience stores), which represent over 96% of lottery sales, are expanding business operations to include food and/or beverage services areas that involve prohibited Alcoholic Beverage Code permits.	Enactment of legislation to allow for continued licensure of these traditional lottery trade styles that offer designated areas for on-premise beer and wine consumption. Options: (1) enacting a carve-out for such stores from the prohibited TABC permit types in Section 466.155(a)(4)(C); (2) establishing a new TABC permit type that is not prohibited by Section 466.155(a)(4)(C) to apply to this emerging business model; or (3) codifying the Texas Lottery Commission's current redlining process.	Benefits include: 1) maintaining the traditional trade-style base and the significant sales and revenue currently derived from offering lottery products in these locations; 2) ensuring that lottery products continue to be conveniently available to consumers.

BUDGET STRUCTURE

GOAL A:	<p>Operate Lottery</p> <p>Generate revenue for the state of Texas through the responsible management and sale of entertaining lottery products, while incorporating the highest standards of security and integrity.</p>
OBJECTIVE A.1:	<p>Promote and maintain an eligible, effective and productive retailer base in order to produce revenue for the state; maintain ticket sales and awareness of lottery products to produce revenue for the state; administer all games with the utmost security and integrity; and oversee major contractual obligations unique to a state lottery operation.</p>
Outcomes:	<p>Percent of retailers satisfied with Lottery Commission</p> <p>Per capita net Lottery sales</p> <p>Percentage of net Lottery sales spent on agency administration</p> <p>Percentage of bad debt to Lottery sales</p> <p>Ratio of advertising expense to net Lottery sales</p> <p>State revenue received per advertising dollar expended</p> <p>Percent of licensees with no recent violations</p> <p>Percent of eligible players served</p>
STRATEGY A.1.1.:	<p>Lottery Operations</p>
Definition:	<p>Ensure player, vendor and retailer compliance with Title 16 T.A.C., Section 401, Texas Government Code Chapters 466 and 467. The strategy ensures the needs of the Commission and its customers are met in certain areas of vendor compliance, instant ticket warehousing/distribution, retailer services, prize payments, retailer inspections and support services.</p> <p><u>Output Measures:</u></p> <p>Number of retailer business locations licensed</p> <p>Number of denials or revocations of licenses</p> <p>Dollars collected via the debt set-off program (thousands)</p> <p>Number of new licenses issued to individual retailers</p> <p>Number of licenses renewed to individual retailers</p> <p><u>Efficiency Measure:</u></p> <p>Average cost per license application completed</p>

STRATEGY A.1.2.: Lottery Field Operations

Definition: Ensure player compliance and supporting retailer licensee compliance with Title 16 T.A.C., Section 401, Texas Government Code Chapters 466 and 467. 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 by providing customer service and educational information to players and retailers via field claim center locations.

Output Measure:

Number of prize checks issued from claim centers (thousands)

STRATEGY A.1.3.: Marketing and Promotion

Definition: Promote Lottery product development, market research, sales and promotional functions of the Texas Lottery Commission. Determine the interests, opinions, awareness levels and purchasing behaviors of adult Texans in order to facilitate the planning, development, and implementation of effective games.

Output Measures:

Number of newsletters distributed to retailers

Number of retailer visits

Number of retailer surveys completed

Efficiency Measure:

Average cost per survey issued

STRATEGY A.1.4.: Security

Definition: Protect and maintain the security and integrity of lottery games, systems and drawings, assure the physical security of all commission operating sites, and investigate possible criminal and regulatory violations. Investigate complaints, conduct background investigations on prospective employees, and conduct background investigations on bingo distributors and manufacturers and Texas Lottery vendors. Cooperate with local law enforcement agencies to solve crimes involving stolen lottery tickets.

Output Measure:

Number of Lottery investigations initiated

Number of Lottery investigations completed

Number of Lottery background investigations completed

SUPPLEMENTAL SCHEDULE A

Efficiency Measures:

Average time to complete investigation (days)

Average cost per completed investigation

Average time to complete lottery background investigations (days)

STRATEGY A.1.5.: Central Administration

Definition: Provide executive and support functions of the Texas Lottery Commission through executive management, financial services, information technology, communications, legal services, governmental affairs, internal audit and human resources.

STRATEGY A.1.6.: Lottery Operator Contract(s)

Definition: Contract for vendor services for instant ticket and on-line gaming system design, operation and maintenance; lottery management system design, operation and maintenance; telecommunications network design, operation and maintenance; terminal installation, maintenance and repair; marketing research personnel and services; promotions personnel and services; field sales personnel and services; instant ticket and on-line ticket stock warehousing; instant ticket and on-line ticket stock packing; instant ticket and on-line ticket distribution; ticket order processing and telemarketing; hotline support system; and facilities. Estimated and nontransferable.

STRATEGY A.1.7.: Scratch Ticket Production and Services Contract(s)

Definition: Contract for scratch ticket development and manufacturing services through a scratch ticket vendor(s). Other services under this contract include production of coupons, direct mail pieces, second chance drawing programs, provision of branded/licensed 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. These functions are governed under Title 16 T.A.C., Chapter 401 and Texas Government Code Chapters 466 and 467.

STRATEGY A.1.8.: Mass Media Advertising Contract(s)

Definition: Provide for the production of radio, television, Internet, newspaper, magazine and print advertising, as well as the planning, buying and placement of electronic and print media across the State of Texas. Additionally this strategy provides for the production and placement of outdoor signage and point-of-sales materials, as well as related advertising services.

Output Measures:

Dollar amount of advertising budget spent on print advertising (millions)

Dollar amount of advertising budget spent on radio advertising (millions)

Dollar amount of advertising budget spent on television advertising (millions)

Dollar amount of advertising budget spent on other advertising (millions)

Efficiency Measure:

Percentage of adult Texans aware of lottery advertising

STRATEGY A.1.9.: Drawing and Broadcast Services Contract(s)

Definition: Provide and supervise the broadcast and production of all Texas on-line game drawings. Drawing and broadcast services vendors may provide broadcast television production, animated random numbers selection and/or satellite transmission services for the broadcast of Texas Lottery on-line game draws.

STRATEGY A.1.10.: Market Research Services Contract(s)

Definition: Provide the Lottery Commission with market research services that may consist of various research projects in an effort to better understand player purchase behavior and assist the Commission in developing sound marketing strategies.

STRATEGY A.1.11.: Retailer Bonus

Definition: Maximize revenue to the state of Texas by providing lottery sales agents with incentive bonuses in accordance with Commission statutes, rules and procedures.

STRATEGY A.1.12.: Retailer Commissions

Definition: Implement a retailer sales performance incentive program. Estimated and nontransferable.

GOAL B: Enforce Bingo Laws

Timely and fairly enforce all statutes and regulations relating to charitable bingo to determine that all proceeds derived from bingo are used for a lawful purpose and charitable bingo games are conducted fairly.

SUPPLEMENTAL SCHEDULE A

OBJECTIVE 2.1.: Process, investigate and evaluate all bingo applications efficiently; promote voluntary compliance with all applicable bingo statutes and regulations; process all quarterly reports and payments filed by licensees, and assign disciplinary action to violators of the statutes and regulations.

Outcomes:

- Percentage of licensees with no recent violations
- Percentage of Bingo audits referred for disciplinary action
- Percent of complaints referred for disciplinary action
- Percent of documented complaints completed within six months
- Net Bingo games revenue received by Charitable Organizations (in millions)
- Percentage of organizations who met the statutory charitable distribution requirement
- Percentage of organizations receiving an audit
- Percentage of organizations receiving an inspection

STRATEGY B.1.1.: Bingo Licensing

Definition: License all activities associated with the conduct of charitable bingo. These functions are governed under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

Output Measures:

- Number of licenses issued
- Number of applications processed
- Number of Worker Registry applications approved

Efficiency Measures:

- Average Bingo license (new) processing time (days)
- Average Bingo license (renewal) processing time (days)
- Average cost per application processed
- Average Bingo worker registrant processing time (days)

Explanatory Measure:

- Number of annual license holders

STRATEGY B.1.2.: Bingo Education and Development

Definition: Provide for the education and development of all licensed organizations that conduct Charitable Bingo activities in this state through the education and development of licensees with training seminars, the publication of informational newsletters and maintaining the charitable bingo website containing relevant information relating to regulatory requirements.

Output Measures:

Number of individuals receiving education

Efficiency Measures:

Average cost of Bingo Training Class

STRATEGY B.1.3.:

Bingo Law Compliance Field Operations

Definition:

Ensure compliance with the Bingo Enabling Act and the Charitable Bingo Administrative Rules through a system of enforcement by conducting inspections, reviews, audits, and complaint investigations.

Output Measures:

Number of inspections conducted

Number of Bingo audits and reviews completed

Number of Bingo complaints completed

Dollar amount of adjustment to charitable distribution by audit and inspection

Number of Bingo background investigations completed

Efficiency Measures:

Average time for Bingo complaint completion (days)

Average cost per Bingo complaint completed

Average time to conduct compliance audit (hours)

Average time to complete Bingo background investigations (days)

Average cost per audit completed

STRATEGY B.1.4.:

Bingo Prize Fee Collection and Accounting

Definition:

Manage charitable bingo financial data regarding collections and allocations of revenue in a manner that ensures funds are disbursed to appropriate entities. These functions are governed under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

Output Measures:

Number of days to allocate payments to local jurisdictions

Percentage of licensees who fail to pay timely

Number of Bingo reports processed

LIST OF MEASURE DEFINITIONS

Goal A: Lottery

Outcome Measure A.1.a: Percent of Retailers Satisfied with Lottery Commission

Short Definition:

This performance measure is intended to determine whether the Texas Lottery Commission is providing adequate service to retailers.

Purpose/Importance:

This key measure demonstrates whether the Texas Lottery Commission is responsive to retailer needs.

Source/Collection of Data:

Retailers are surveyed by claim center staff. Surveys are processed and results tabulated by the University of Texas' (UT's) Organizational Excellence Group, which provides results to the Lottery's Research section. The resulting data are compiled and maintained by the Lottery's Research Coordinator.

Method of Calculation:

All survey responses are noted by the claim center staff conducting the interviews, the results are tabulated by UT, and UT generates a report of results. The percentage is calculated by taking the number of retailers rating the Texas Lottery's services as either "Good" or "Excellent" divided by the total number of retailers responding to the question regarding overall rating of Texas Lottery services. Responses for "Uncertain" are not included in the tabulation.

Data Limitations:

The percentage is based on voluntary self-reported data.

Calculation Type:

Non-cumulative

New Measure:

Revised

Desired Performance:

Higher than target

Goal A: Lottery**Outcome Measure A.1.b: Per Capita Net Lottery Sales****Short Definition:**

This measure reflects the per capita annual Lottery net ticket sales, which is adjusted for returned tickets, stolen tickets, ticket corrections and promotional ticket credits.

Purpose/Importance

This measure is important because it relates changes in annual Lottery ticket sales to changes in total state population.

Source/Collection of Data:

The annual ticket sales amount is reported in the Lottery's Financial Accounting system. Population estimates are provided by the U.S. Census Bureau Interim State Projections of Population by Sex.

Method of Calculation:

This measure is calculated by taking the annual net ticket sales, which is adjusted for returned tickets, stolen tickets, ticket corrections and promotional ticket credits, and dividing by total state population, all ages (as reported or estimated by the U.S. Census Bureau).

Data Limitations:

The per capita total is dependent upon the level of sales for the fiscal year.

Calculation Type:

Non-cumulative

New Measure:

Revised

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Outcome Measure A.1.c: Percentage of Net Lottery Sales Spent on Agency Administration

Short Definition:

This measure calculates the percentage of net lottery sales spent on agency administration by taking the cost of operating the Lottery, including payments to the Lottery's primary vendors and payments to vendors for marketing and promotional activities, divided by the annual revenue from the net sale of lottery tickets which is adjusted for returned tickets, stolen tickets, ticket corrections and promotional ticket credits.

Purpose/Importance:

This measure reflects part of the Agency's mission which is to "administer and market state Lottery games in an efficient and secure manner using appropriate marketing tools to maximize revenue for the state of Texas while enhancing public confidence in the integrity and fairness of the game."

Source/Collection of Data:

The annual ticket revenue and the operating cost amounts are obtained from the Lottery's Financial Accounting system.

Method of Calculation:

Costs associated with operating the Lottery divided by annual revenue from the net sale of Lottery tickets, which is adjusted for returned tickets, stolen tickets, ticket corrections and promotional ticket credits.

Data Limitations:

The amount of funds available for the administration of the Lottery is dependent upon the level of sales for the fiscal year.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal A: Lottery**Outcome Measure A.1.d.: Percentage of Bad Debt to Lottery Sales****Short Definition:**

This measure calculates the ratio (in percent) of Certified Bad Debt to total lottery sales at the end of the fiscal year. Certified Bad Debt includes amounts that have been delinquent or in bankruptcy for at least 12 months at the end of the Fiscal Year and accounts that have an outstanding debt of \$10,000 or more that have been delinquent for up to 180 days.

Purpose/Importance:

This measure provides an indication of the effectiveness of the Commission's systems and procedures for collecting the proceeds from the sale of lottery tickets. The measure also provides an indication of the effectiveness of the collection and enforcement tools used by the Commission to collect on delinquent accounts. This measure is important because it reflects the Commission's performance as it attempts to keep bad debt related to retailer balances to a minimum.

Source/Collection of Data:

The Certified Bad Debt is taken from a report generated at the end of the fiscal year from the Retailer Management System. Retailer Services staff acquires the total lottery sales from the Office of the Controller.

Method of Calculation:

The method of calculation uses the Certified Bad Debt described in the definition and total lottery sales at the end of the fiscal year for which the output is being reported to determine the ratio. A percentage is obtained by dividing the total value of the Certified Bad Debt by the total value of the lottery sales for the fiscal year.

Data Limitations:

The reports relating to ticket sales and unpaid balances have well defined parameters.

Calculation Type:

Non-cumulative

New Measure:

Revised

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Outcome Measure A.1.e: Ratio of Advertising Expense to Net Lottery Sales

Short Definition:

This measure reflects the amount spent on advertising (including point-of-sale materials, and electronic and print media), compared to the annual net sale of Lottery tickets, which is adjusted for returned tickets, stolen tickets, ticket corrections and promotional ticket credits.

Purpose/Importance:

This measure is intended to demonstrate the correlation between gross lottery sales for the State and advertising dollars spent by the Texas Lottery Commission.

Source/Collection of Data:

The amounts of gross lottery sales and advertising are obtained from the Lottery's Financial Accounting System.

Method of Calculation:

This measure is calculated by dividing the amount spent on advertising by the annual revenue from the net sale of Lottery tickets, which is adjusted for returned tickets, stolen tickets, ticket corrections and promotional ticket credits.

Data Limitations:

The ratio is dependent on the level of sales and amount spent for Advertising during the year.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal A: Lottery**Outcome Measure A.1.f: State Revenue Received Per Advertising Dollar Expended****Short Definition:**

This measure reflects the annual accrued transfers to the state of Texas from all Lottery proceeds (including unspent administrative funds and unclaimed prizes) compared to the annual accrued amount of advertising dollars expended.

Purpose/Importance:

This performance measure is intended to demonstrate the correlation between net revenue to the State and advertising dollars spent by the Texas Lottery Commission.

Source/Collection of Data:

The net revenue to the State and advertising expenditures are obtained from the Lottery's Financial Accounting system.

Method of Calculation:

This measure is calculated by dividing state revenue by the amount spent on advertising.

Data Limitations:

The final amount of revenue to the State is dependent upon the level of sales for the fiscal year.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Outcome Measure A.1.g: Percent of Licensees with No Recent Violations

Short Definition:

This measure reports the percent of currently licensed and active lottery retailer locations that have not incurred a violation within the current fiscal year. A violation is defined as any violation of the State Lottery Act or Lottery Rules by a lottery retailer that results in the suspension or revocation of the retailer's license.

Purpose/Importance:

This measure is an indicator of licensed lottery retailers' adherence to state laws and administrative guidelines. This measure is important because it reflects (1) how effectively the Commission is communicating with retailers regarding statutes and rules, and (2) how effectively the Commission's activities are in deterring these violations.

Source/Collection of Data:

The number of active and licensed retailer locations licensed at the end of the reporting period is taken from a report generated from the Lottery Operator Gaming System which shows all active and licensed retailer locations as of the last day of the previous quarter. The number of licensed retailer locations that incurred violations during the course of the current fiscal year is obtained by Retailer Services staff from the database containing all suspensions and revocations for licensed retail locations.

Method of Calculation:

This measure is determined by subtracting the total number of licensed retail locations that incurred a violation during the course of the current fiscal year from the total number of currently licensed and active lottery retailer locations at the end of the reporting period. That number is divided by the total number of currently licensed and active lottery retailer locations at the end of the reporting period.

Data Limitations:

The reports used to calculate this measure have well defined parameters. However, activity that would lead to suspension or revocation of a retailer's license is in many cases beyond the Commission's control. This activity will influence performance in this measure.

Calculation Type:

Non-cumulative

New Measure:

Revised

Desired Performance:

Higher than target

Goal A: Lottery**Outcome Measure A.1.h: Percent of Eligible Players Served****Short Definition:**

This measure reflects the percent of eligible players served by the Texas Lottery Commission and its vendors.

Purpose/Importance:

This performance measure provides Texas Lottery participation rates among the eligible player base, which are used to identify and track market trends.

Source/Collection of Data:

The Lottery's Market Research Services vendor conducts quarterly tracking surveys that include questions measuring Lottery participation rates among the adult Texas population. The survey data are compiled and maintained by the Lottery's Research Section.

Method of Calculation:

The percentage is calculated by taking the number of people per quarter responding that they have participated in (i.e. spent money on) a lottery game in the past month divided by the total number of survey respondents for a percentage of players served.

Data Limitations:

Responses are based on surveyed individuals only, but are a reliable indicator of the measures statewide. It is assumed that eligible players participating in lottery games is equivalent to eligible players served.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.1. Lottery Operations

Output Measure A.1.1.a: Number of Retailer Business Locations Licensed

Short Definition:

This measure reports the number of retailer business locations licensed and active at the end of each quarter. A licensed retailer is an active location approved to sell tickets and is in good financial standing with the Lottery Commission.

Purpose/Importance:

This measure provides an indication of the Commission's concerted effort to license and maintain a base of retailer businesses adequate to serve the public and generate revenue for the State.

Source/Collection of Data:

The number of retailer business locations licensed is taken from a report generated at the beginning of each quarter from the Lottery Operator Gaming System. The report shows all retailer business locations licensed and active on the last day of the reporting period.

Method of Calculation:

The number of active retailer locations is compiled from a report based on data maintained in the Lottery Operator Gaming System on the last day of the reporting period.

Data Limitations:

The report used to calculate this data has well defined parameters.

Calculation Type:

Non-cumulative

New Measure:

Revised

Desired Performance:

Higher than target

Goal A: Lottery**Strategy A.1.1. Lottery Operations****Output Measure A.1.1.b: Number of Denials or Revocations of Licenses****Short Definition:**

The number of denials or revocations of licenses reflects businesses that do not comply with the Lottery Act or an applicable rule. Revocations of licenses are defined as orders received from a hearing on licensees that do not comply with the Lottery Act or an applicable rule. Retailer Services staff refer cases to the Legal Services Division for revocation of licenses from information tracked in retailer database tracking systems.

Purpose/Importance:

This measure provides an indication of the Commission's due diligence in processing applications and ensuring businesses meet all requirements to sell tickets or be licensed.

Source/Collection of Data:

Application denials are tracked by Retailer Services staff in the Lottery Operator Gaming System. Orders for license revocations are tracked and recorded in the Order Tracking Database maintained by the Governmental Affairs Division staff.

Method of Calculation:

At the end of each quarter, the activity related to denials and revocations is reviewed by designated Retailer Services staff. The total number of license application denials is compiled from a report generated by Retailer Services and based on data maintained in the Lottery Operator Gaming System. The total number of license revocations is maintained in the Order Tracking Database by Governmental Affairs Division staff. The number of denials and revocations are added to obtain the total for the reporting period.

Data Limitations:

The report used to calculate this data has well defined parameters.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal A: Lottery

Strategy A.1.1. Lottery Operations

Output Measure A.1.1.c: Dollars Collected Via the Debt Set-off Program (Thousands)

Short Definition:

This measure reports the amount of money collected for the state of Texas via the Texas Lottery prize payment debt set-off program. The Texas Lottery is required by statute to withhold from prize payments certain monies owed to the State by prize winners.

Purpose/Importance:

This measure represents the positive impact of that portion of the State Lottery Act which requires the Texas Lottery to ensure delinquent debts to the State of Texas are satisfied prior to the awarding of prize payments to prize winners.

Source/Collection of Data:

Various state agencies provide either to the Texas Lottery or to the Comptroller of Public Accounts the taxpayer identification numbers (TIN) of those individuals with outstanding debts. Prize winners provide their TIN on a Texas Lottery Winner Claim Form. Claimant data is entered into the Lottery Operator Gaming System. If a TIN match is found, a message is returned indicating monies owed to the state and the prize payment is reduced appropriately by the amount owed. A daily report of any debt set-off is automatically generated by the Lottery Operator Gaming System and provides the Office of the Controller with the information needed to forward the appropriate funds to the various agencies owed.

Method of Calculation:

The total money collected for the state of Texas via the prize payment debt set-off is compiled from a report based on data maintained in the Lottery Operator Gaming System for the last day of the reporting period.

Data Limitations:

The report used to calculate this data has well defined parameters.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal A: Lottery**Strategy A.1.1. Lottery Operations****Output Measure A.1.1.d: Number of New Licenses Issued to Individual Retailers****Short Definition:**

This measure reports the number of new retailer licenses issued during the reporting period. A license is issued to a retailer when a license application is submitted and approved for the applicant(s) and retailer location.

Purpose/Importance:

This measure provides an indication of the Commission's concerted effort to generate revenue by issuing licenses to qualified businesses interested in selling lottery tickets. This data is useful in identifying trends and developing goals and strategies for the Commission.

Source/Collection of Data:

The number of new licenses issued to retailers within each quarter is taken from a report generated at the end of the reporting period from the Lottery Operator Gaming System by Retailer Services staff. The report shows the total number of new licenses processed and issued for the reporting period.

Method of Calculation:

The total number of new licenses issued to retailers is taken from a report generated from the Lottery Operator Gaming System listing the retailers that were issued new licenses during the reporting period.

Data Limitations:

The report used to calculate this data has well-defined parameters. The number of new licenses issued during a given reporting period will be impacted by the number of license applications submitted during the period.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.1. Lottery Operations

Output Measure A.1.1.e: Number of Licenses Renewed to Individual Retailers

Short Definition:

This measure reports the number of renewed licenses issued during the reporting period to retailers who previously held permanent retailer licenses.

Purpose/Importance:

Licensure renewal is intended to ensure that individuals or entities currently licensed to sell lottery tickets satisfy current statutory and rule requirements. This measure is an indicator of the level of activity that occurs during a reporting period related to retailer license renewals and is intended to show the number of permanent licenses renewed in the reporting period. It is useful in identifying trends that may impact the administration of the Commission's license renewal program and is helpful in developing goals and strategies for the Commission.

Source/Collection of Data:

The number of licenses renewed within each quarter is taken from a report generated at the end of the reporting period from the Lottery Operator Gaming System by Retailer Services staff. The report shows the total number of licenses renewed for the reporting period.

Method of Calculation:

The total number of licenses renewed is compiled from a report based on data maintained in the Lottery Operator Gaming System for the reporting period.

Data Limitations:

The reports used to calculate this measure have well defined parameters. The number of permanent retailer licenses renewed is dependent upon the number of permanent retailer licenses expiring in the reporting period along with the number of permanently licensed retailers who timely submit and complete the renewal application.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal A: Lottery

Strategy A.1.1. Lottery Operations

Efficiency Measure A.1.1.a: Average Cost Per License Application Completed

Short Definition:

This measure reports the average cost per license application completed within the reporting quarter. A completed license application is an application that resulted in the issuance of a license, the denial of the application or the cancellation of the application.

Purpose/Importance:

This measure is an indicator of efficient use of staff resources and is needed to determine appropriate license application fee amounts. State law requires that the fees collected be sufficient to cover the expense of processing license applications.

Source/Collection of Data:

The number of licenses issued, applications denied and applications canceled within the quarter is taken from reports generated at the end of the reporting period from the Lottery Operator Gaming System. The cost to process completed license applications is compiled from salary information for Retailer Services staff responsible for processing license applications and the cost incurred for conducting criminal history investigations and credit history reviews.

Method of Calculation:

The average cost is determined by dividing the total cost to process and complete license applications by the total number of licenses issued, applications denied and applications canceled within the quarter as maintained in the Lottery Operator Gaming System. Total cost to process and complete a license application is a percentage of salary expense during the quarter for select personnel assigned to process and complete license applications within Retailer Services combined with the costs charged to the Lottery for criminal history investigations and credit history reviews on the new license applicants. This cost information is collected by the Lottery's Office of the Controller and excludes salary benefit costs and any other direct or indirect costs.

Data Limitations:

The reports used to calculate this data have well defined parameters. The number of new licenses applications completed during a given reporting period will be impacted by the number of license applications submitted during the period. Business activity that involves the restructuring of a company's organization can result in a large number of new license applications being completed in a given quarter. When this occurs, the average cost per license application completed can be lower than projected because application processing costs are generally lower in these situations due to criminal and credit history background checks being unnecessary. In most cases, these checks are already complete on the people that own the restructured company.

Calculation Type:

Non-cumulative

New Measure:

Yes

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.2. Lottery Field Operations

Output Measure A.1.2.a: Number of Prize Checks Processed from Claim Centers (Thousands)

Short Definition:

This measure reports the total number of prize checks processed by the Commission claim centers located throughout the state. Due to tax reporting requirements, prizes in excess of \$599.00 must be claimed at a claim center either in person or via mail. Prizes of lesser amounts may be claimed at licensed Texas Lottery retailers but may also be claimed in claim centers.

Purpose/Importance:

This measure is intended to reflect an important aspect of the volume of work performed by claim centers as related to the processing of prize checks.

Source/Collection of Data:

Checks are processed after a player submits a winning ticket and completes a Texas Lottery Winner Claim Form. A validation is performed on the ticket and the claimant's personal information indicated on the claim form is entered into the Enterprise Series (ES) validation system. The successful validation and entry of the personal information results in the creation of a uniquely numbered prize check. Unique check number ranges are assigned to each claim center and change with each claim in a numerically ascending order in each office according to the assigned range. The ticket, claimant, and check information are all posted to databases within the ES. Weekly summary reports are generated from this information sorted by each of the claim centers.

Method of Calculation:

Number of prize checks processed is obtained by totaling the prize checks processed for all claim centers in ES during the reported quarter.

Data Limitations:

The weekly summary reports used to calculate this data have well defined parameters. The number of prize checks processed could be affected by checks processed, new game introductions and matrix revisions changing prize structure claim requirements.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal A: Lottery**Strategy A.1.3. Marketing and Promotions****Output Measure A.1.3.a: Number of Newsletters Distributed to Retailers****Short Definition:**

This performance measure is intended to show that the Texas Lottery Commission makes a concerted effort to maintain formal communication with its entire retailer network.

Purpose/Importance:

This measure educates retailers about current games and game closings, new game introductions, practical sales techniques, security issues, field staff information, and other related topics necessary to market lottery products.

Source/Collection of Data:

Newsletters are distributed to active retailers and chain retailer headquarters offices, during the reporting period. Retailer Services staff obtain the number of active retailer locations and chain retailer headquarter offices from a report generated from the Lottery Operator Gaming System.

Method of Calculation:

The total number of newsletters distributed is calculated by taking the total active retailers including chain retailer headquarters from the Lottery Operator Gaming System, multiplied by the number of issues of the newsletter produced and distributed for the reporting period.

Data Limitations:

The number of newsletters distributed is dependent upon the number of active retail locations and corporate account headquarters offices.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.3. Marketing and Promotions

Output Measure A.1.3.b: Number of Retailer Visits

Short Definition:

This performance measure reflects the number of retailer visits conducted by the Lottery Operator's sales representatives.

Purpose/Importance:

The measure indicates that retailers are visited on a regular basis by Lottery Operator sales representatives who provide service and assistance from a marketing and sales standpoint.

Source/Collection of Data:

Each Lottery retail location is assigned to a Lottery operator sales representative who visits that retailer once each sales cycle (each sales cycle being a two-week period). The number of retailer visits is dependent upon the number of individual retailer locations selling Lottery products.

Method of Calculation:

Lottery Sales Representatives (LSRs) record retailer visits electronically by logging onto the lottery sales terminal at each retailer location using their LSR ID and password. Each login is recorded in the Enterprise System (ES). Visits that cannot be recorded electronically due to electrical and/or communications issues at retailer locations are tracked and reported via a spreadsheet maintained by the Lottery Operator. Retailer Services staff aggregates all retailer visit reporting for the quarter.

Data Limitations:

The number of retailer visits is dependent upon the number of active retail locations.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal A: Lottery**Output Measure A.1.3.c: Number of Retailer Surveys Completed****Short Definition:**

This measure shows the Lottery's intent to solicit meaningful feedback from retailers.

Purpose/Importance:

Surveys assist the agency in assessing the levels of satisfaction with the Texas Lottery Commission.

Source/Collection of Data:

Retailers are surveyed by claim center staff. Surveys are processed and results tabulated by the University of Texas' (UT's) Organizational Excellence Group, which provides results to the Lottery's Research section. The resulting data are compiled and maintained by the Lottery's Research Coordinator.

Method of Calculation:

Retailer surveys conducted by claim center staff are totaled for the number of completed surveys for each quarter. A complete survey is one that contains useable information, either responses to survey questions or observations made by claim center staff.

Data Limitations:

The surveying process is a voluntary one for the retailers.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Higher than target

Goal A: Lottery

Strategy A.1.3. Marketing and Promotions

Efficiency Measure A.1.3.a: Average Cost per Survey Issued

Short Definition:

This performance measure provides the cost incurred in producing, distributing, and analyzing surveys to Lottery retailers.

Purpose/Importance:

It demonstrates the Texas Lottery Commission's intent to solicit meaningful feedback from retailers in a cost-effective manner.

Source/Collection of Data:

Retailers are surveyed by claim center staff. Surveys are processed and results tabulated by the University of Texas' (UT's) Organizational Excellence Group, which provides results to the Lottery's Research section. The resulting data are compiled and maintained by the Lottery's Research Coordinator. Newsletter surveys are composed and included in retailer newsletters that are distributed by the Texas Lottery Commission.

Method of Calculation:

Cost per survey issued is determined by taking the total dollar amount incurred for conducting retailer surveys during the course of the quarter and dividing that amount by the number of surveys distributed for retailer response during that same period. The cost per survey is calculated by summing the claim center administration cost, claim center travel cost, Research administration cost, data tabulation cost and printing cost (retailer and newsletter surveys) and dividing by the number of surveys issued.

Data Limitations:

Costs may vary due to changes in salaries, travel, printing, and the distribution schedule of retailer newsletters.

Calculation Type:

Non-cumulative

New Measure:

Revised

Desired Performance:

Lower than target

Goal A: Lottery**Strategy A.1.4. Security****Output Measure A.1.4.a: Number of Lottery Investigations Initiated****Short Definition:**

This measure reports the total number of administrative and criminal lottery investigations initiated by the Enforcement Division during the quarter.

Purpose/Importance:

This is important because it serves as an accurate measure of the total number of investigations initiated, which in turn provides key information regarding resource allocation.

Source/Collection of Data:

The opening dates of an investigation are recorded on the Compliance Activity Monitoring Program (CAMP) case management tracking system. Only those investigations opened within the quarter are reported in this measure.

Method of Calculation:

This measure is calculated by recording the number of investigations initiated within the quarter and dividing that number into the projected investigations for the year. Dates are recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system in the Enforcement Division.

Data Limitations:

Lottery priorities and other mandates may directly impact the initiation of some investigations.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.4. Security

Output Measure A.1.4.b: Number of Lottery Investigations Completed

Short Definition:

This measure reports the number of lottery investigations that are completed by the Enforcement Division. Lottery investigations include but are not limited to external complaints received from the public and referred by the Lottery Operations Division, referrals received internally on questionable lottery claims, or investigations referred by the agency.

Purpose/Importance:

This measure allows the Enforcement Division the ability to identify problem areas based on lottery investigations completed. This measure provides the Enforcement Division specific data to help identify patterns of activity, develop pro-active measures and or allocate staffing and resources appropriately.

Source/Collection of Data:

A completed lottery investigation is noted on the investigative report under the case heading as approved. The number of completed investigations with approval dates is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Method of Calculation:

This measure is calculated by recording the number of lottery complaints received from the public and internal agency referrals that are requested for investigation and are closed by approval from the Enforcement Division Director or designee regardless of when the case was actually opened. The approval dates of the investigation are recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Data Limitations:

Delay in the receipt of information and documents from outside sources and the availability of the complainant, suspect, or witness cooperation may affect the number of investigations completed.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Higher than target

Goal A: Lottery**Strategy A.1.4. Security****Output Measure A.1.4.c: Number of Lottery Background Investigations Completed****Short Definition:**

This measure reports the number of lottery background investigations completed by the Enforcement Division. Lottery background investigations include investigations on lottery retailers, lottery vendors, lottery operator employees, potential commission employees and or other individuals as assigned. Lottery background investigations are conducted in order to determine the eligibility requirements of the requested party.

Purpose/Importance:

This measure assists in determining the total number of background investigations completed by the Enforcement Division.

Source/Collection of Data:

A completed lottery background investigation is noted on the investigative report case heading as approved. The number of completed background investigations with approval dates is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Method of Calculation:

This measure is calculated by recording the number of completed background investigations on lottery retailers, lottery vendors, lottery operator employees, potential commission employees and/or other individuals as assigned as closed by the approval by the Enforcement Division Director regardless of when the case was actually opened. The approval date of an investigation is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Data Limitations:

Delay in the receipt of information and the request and receipt of documents from outside sources may affect the time and number of investigations completed.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.4. Security

Efficiency Measure A.1.4.a: Average Time to Complete Investigations (Days)

Short Definition:

This measure reports the average time for each Lottery investigation to be completed by the Enforcement Division.

Purpose/Importance:

This measure allows the Enforcement Division the ability to identify problem areas on the efficiency and timely completion of lottery investigations. It also provides specific data to help identify patterns of activity, develop pro-active measures and/or allocate staffing and resources appropriately.

Source/Collection of Data:

A completed lottery investigation is noted on the investigative report as approved. The number of days to complete an investigation from the date assigned until approved is recorded in the Enforcement Case Management system.

Method of Calculation:

This measure is calculated by recording the number of days from the date each lottery investigation is assigned to an investigator until closed for approval by the Enforcement Division Director or designee divided by the total number of lottery investigations completed within the time period. The date a lottery investigation is assigned to an investigator and approved by the Enforcement Division Director is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Data Limitations:

Delay in the receipt of information and documents from outside sources and the availability of the complainant, suspect, or witness cooperation may affect the number of investigations completed.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Lower than target

Goal A: Lottery**Strategy A.1.4. Security****Efficiency Measure A.1.4.b: Average Cost Per Completed Investigation****Short Definition:**

This measure reports the average cost per Lottery investigation completed by the Enforcement Division within the quarter.

Purpose/Importance:

This measure allows division management to better allocate and monitor the division's funds.

Source/Collection of Data:

The number of completed Lottery investigations is captured by the Compliance Activity Monitoring Program (CAMP) case management tracking system. The Enforcement Division's cost for investigator salary and travel expenses are obtained from records maintained in the Office of the Controller.

Method of Calculation:

The average cost is determined from the total salary expense and travel costs during the quarter for the enforcement investigators assigned to lottery investigation completion (excluding supervisory salaries and salary benefits costs) divided by the number of approved completed Lottery investigations completed within the quarter.

Data Limitations:

Costs per completed investigation are difficult to project based on current economical fluctuations and legislative changes. Additionally, the location of the investigation, suspect or witnesses may, in some cases, impact the costs of performing investigations.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.4. Security

Efficiency Measure A.1.4.c: Average Time to Complete Lottery Background Investigations (Days)

Short Definition:

This measure reports the average time for each Lottery Background investigation to be completed by the Enforcement Division within the quarter.

Purpose/Importance:

This measure allows the Enforcement Division the ability to identify problem areas on the efficiency and timely completion of lottery background investigations. It also provides specific data to help identify patterns of activity, develop pro-active measures and/or allocate staffing and resources appropriately.

Source/Collection of Data:

A completed lottery background investigation is noted on the investigative report as approved. The number of days to complete an investigation from the date assigned until approved is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Method of Calculation:

This measure is calculated by recording the number of days from the date each lottery background investigation is assigned to an investigator until closed for approval by the Enforcement Division Director or designee divided by the total number of lottery background investigations completed for the quarter. The date a lottery background investigation is assigned to an investigator and approved by the Enforcement Division Director is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Data Limitations:

Delay in the receipt of information and the request and receipt of documents from internal and outside sources may affect the time and number of investigations completed.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Lower than target

Goal A: Lottery

Strategy A.1.8. Mass Media Advertising Contract(s)

Output Measure A.1.8.a: Dollar Amount of Advertising Budget Spent on Print Advertising (Millions)

Short Definition:

This performance measure reflects the number of dollars the Texas Lottery Commission spends on print advertising, including point-of-sale.

Purpose/Importance:

Texas Lottery Commission advertising creates awareness and impacts sales of all Texas Lottery products.

Source/Collection of Data:

The media and production expenditures for print advertising are obtained from the Lottery's Financial Accounting System.

Method of Calculation:

This measure is calculated in the 1st, 2nd and 3rd quarter by taking the current actual amount expended on lottery division media and production services associated with print advertising for the reporting periods. The 4th quarter is calculated by taking the current actual amount expended and encumbered for lottery division media and production services associated with print advertising.

Data Limitations:

Estimated targets are based on projected annual advertising plans which are subject to change, based on product modifications, product introduction schedules and media optimization efforts. Targets are also estimated using current year appropriations which can vary each fiscal year.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.8. Mass Media Advertising Contract(s)

Output Measure A.1.8.b: Dollar Amount of Advertising Budget Spent on Radio Advertising (Millions)

Short Definition:

This performance measure reflects the number of dollars the Texas Lottery Commission spends on radio advertising.

Purpose/Importance:

Texas Lottery Commission advertising creates awareness and impacts sales of all Texas Lottery products.

Source/Collection of Data:

The media and production expenditures for radio advertising are obtained from the Lottery's Financial Accounting System.

Method of Calculation:

This measure is calculated in the 1st, 2nd and 3rd quarter by taking the current actual amount expended on lottery division media and production services associated with radio advertising for the reporting periods. The 4th quarter is calculated by taking the current actual amount expended and encumbered for lottery division media and production services associated with radio advertising.

Data Limitations:

Estimated targets are based on projected annual advertising plans which are subject to change, based on product modifications, product introduction schedules and media optimization efforts. Targets are also estimated using current year appropriations which can vary each fiscal year.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Lower than target

Goal A: Lottery

Strategy A.1.8. Mass Media Advertising Contract(s)

Output Measure A.1.8.c: Dollar Amount of Advertising Budget Spent On TV Advertising (Millions)

Short Definition:

This performance measure reflects the number of dollars the Texas Lottery Commission spends on television advertising.

Purpose/Importance:

Texas Lottery Commission advertising creates awareness and impacts sales of all Texas Lottery products.

Source/Collection of Data:

The media and production expenditures for television advertising are obtained from the Lottery's Financial Accounting System.

Method of Calculation:

This measure is calculated in the 1st, 2nd and 3rd quarter by taking the current actual amount expended on lottery division media and production services associated with television advertising for the reporting periods. The 4th quarter is calculated by taking the current actual amount expended and encumbered for lottery division media and production services associated with television advertising.

Data Limitations:

Estimated targets are based on projected annual advertising plans which are subject to change, based on product modifications, product introduction schedules and media optimization efforts. Targets are also estimated using current year appropriations which can vary each fiscal year.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal A: Lottery

Strategy A.1.8. Mass Media Advertising Contract(s)

Output Measure A.1.8.d: Dollar Amount of Advertising Budget Spent On Other Advertising (Millions)

Short Definition:

This performance measure shows the number of dollars the Texas Lottery Commission spends on vendor account management and administration fees, as well as media and production expenditures for all types of advertising (digital, experiential, billboard, etc.) not included in the print, radio or television categories.

Purpose/Importance:

Texas Lottery Commission advertising creates awareness and impacts sales of all Texas Lottery products.

Source/Collection of Data:

Vendor account management and administration fee expenditures as well as media and production expenditures for all other types of advertising not included in the print, radio or television categories which are obtained from the Lottery's Financial Accounting System.

Method of Calculation:

This measure is calculated in the 1st, 2nd and 3rd quarter by taking the current actual amount expended on vendor account management and administration fees expenditures as well as media and production services for all other types of lottery division specific advertising not included in the print, radio or television categories for the reporting periods. The 4th quarter is calculated by taking the current actual amount expended and encumbered for vendor account management and administration fees, as well as media and production services for all other types of lottery division specific advertising not included in the print, radio or television categories.

Data Limitations:

Estimated targets are based on projected annual advertising plans which are subject to change, based on product modifications, product introduction schedules and media optimization efforts. Targets are also estimated using current year appropriations which can vary each fiscal year.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Lower than target

Goal A: Lottery

Strategy A.1.8. Mass Media Advertising Contract(s)

Efficiency Measure A.1.8.a: Percentage of Adult Texans Aware of Lottery Advertising

Short Definition:

This performance measure is intended to show that the Lottery makes a concerted effort to track the awareness of Texas Lottery game advertising.

Purpose/Importance:

This measure provides a gauge of Texas Lottery advertising awareness among the adult Texas population.

Source/Collection of Data:

The Lottery's Market Research Services vendor conducts quarterly tracking surveys that include questions measuring Texas lottery advertising awareness. The survey data reported by the contractor are compiled and maintained by the Lottery's Research Section.

Method of Calculation:

Results from the quarterly tracking surveys are used to provide the number of respondents each quarter that recalled seeing or hearing any Texas Lottery advertising (in English or Spanish) in the past 3 months and the total number of people surveyed. The measure is calculated by dividing the total number of respondents that recalled seeing or hearing any Texas Lottery advertising for the quarter by the total number of people surveyed for the quarter.

Data Limitations:

The percentage is based on self-reported data.

Calculation Type:

Non-cumulative

New Measure:

Revised

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Outcome Measure B.1.a: Percentage of Licensees with No Recent Violations

Short Definition:

This measure reports the ratio (in percent) of Bingo organizations that have not incurred violation for the fiscal year to the total number of Bingo organizations that were licensed. A violation is defined as any violation of the Bingo Enabling Act and/or the Charitable Bingo Administrative Rules noted during an Inspection, Review, Game Observation, Investigation or Audit. A bingo organization is considered licensed if it is active on the last day of the fiscal year.

Purpose/Importance:

This measure provides an indication of the effectiveness of taxpayer education through audits and inspection of the taxpayer's books and records.

Source/Collection of Data:

This data will be captured from the Bingo Operating Services System (BOSS).

Method of Calculation:

This measure reports the ratio (in percent) of currently licensed Bingo organizations that have not incurred a violation for the fiscal year to the total number of Bingo organizations currently licensed.

Data Limitations:

External Factors: General market and economic conditions, statutory changes, available resources and changes in the number of persons licensed are key variables that impact the measure.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal B: Charitable Bingo**Outcome Measure B.1.b: Percentage of Bingo Audits Referred for Disciplinary Action****Short Definition:**

This measure reports the ratio (in percent) of Bingo Audits referred for disciplinary action to the total number of Bingo Audits completed for the fiscal year.

Purpose/Importance:

The measure is intended to show the extent to which the agency exercises its regulatory authority in proportion to the number of audits completed. It is important that both the public and licensees have an expectation that the agency will work to ensure fair and effective enforcement of the Bingo Enabling Act (Act) and Charitable Administrative Rules (Rules) and this measure seeks to indicate agency responsiveness to this expectation.

Source/Collection of Data:

This data will be captured from the Bingo Operating Services System (BOSS) for the number of audits completed and the number of audits which identified violations of the Act or Rules and have been referred for disciplinary action.

Method of Calculation:

Total number of Bingo Audits referred for disciplinary action divided by the total number of Bingo Audits completed for the fiscal year. Disciplinary action includes agreed orders, settlement agreements, warnings, suspensions, revocation, and/or administrative penalties. An audit is considered completed on the day the final audit report is issued.

Data Limitations:

There may be a period of time (days) between the issuance of the final audit report and the referral to Legal Services Division. Additionally, voluntary compliance by the organizations audited would have an impact on this percentage.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Outcome Measure B.1.c: Percent of Complaints Referred for Disciplinary Action

Short Definition:

This measure reports the ratio (in percent) of complaints referred for disciplinary action to the total number of complaints completed for the fiscal year.

Purpose/Importance:

The measure is intended to show the extent to which the agency exercises its regulatory authority in proportion to the number of complaint investigations completed. It is important that both the public and licensees have an expectation that the agency will work to ensure fair and effective enforcement of the Bingo Enabling Act (Act) and Charitable Administrative Rules (Rules) and this measure seeks to indicate agency responsiveness to this expectation.

Source/Collection of Data:

This data is captured in the Compliance Activity Monitoring Program (CAMP) case management tracking system for the number of complaint investigations completed and the number of complaint investigations which identified violations of the Act or Rules and have been referred for disciplinary action.

Method of Calculation:

The ratio (in percentage) of Bingo complaint investigations referred to the Legal Division for some form of disciplinary action divided by the total number of complaints completed for the fiscal year. Disciplinary action includes agreed orders, settlement agreements, warnings, suspensions, revocation, and/or administrative penalties. A complaint investigation is considered completed on the day the final investigative report is issued.

Data Limitations:

The agency has no control over the number of complaints it receives, nor does it have any control over the substance of that complaint, and whether disciplinary action is justified based upon jurisdiction and evidence. There may be a period of time (days) between the issuance of the Bingo final audit report, the Enforcement investigative report and the referral to Legal Services Division. Additionally, voluntary compliance by the organizations would have an impact on this percentage.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal B: Charitable Bingo**Outcome Measure B.1.d: Percent of Documented Complaints Completed Within Six Months****Short Definition:**

This measure reports the percentage of Bingo complaint investigations completed within six months, by the Charitable Bingo Operations Division and Enforcement Division.

Purpose/Importance:

The purpose of this measure is to assure that complaints are quickly and efficiently addressed.

Source/Collection of Data:

This data is captured in the Compliance Activity Monitoring Program (CAMP) system for Bingo complaints investigated by either the Enforcement Division, Licensing Services or Audit Services.

Method of Calculation:

The measure is calculated by dividing the number of Bingo complaint investigations completed within six months or less by the total number of Bingo complaint investigations completed for the fiscal year. The data for this measure is collected and maintained in the CAMP system.

Data Limitations:

The complexity of the allegations(s) made may affect the number of days it takes to resolve an investigation. Additionally, the availability of the complainant, suspect or witnesses may also affect the number of investigations resolved.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Outcome Measure B.1.e: Net Bingo Games Revenue Received by Charitable Organizations (in Millions)

Short Definition:

This measure captures the amount of dollars (expressed in millions) reported as distributed by licensed conductors of bingo games from their bingo bank account for charitable purposes during a reporting period.

Purpose/Importance

This measure provides the amount of dollars used by licensed conductors for charitable purposes in Texas, which is the purpose of charitable bingo.

Source/Collection of Data:

The data is reported by the licensee to the Commission on the quarterly report and is noted as “Charitable distributions”. Quarterly reports submitted are recorded in the division’s Bingo Operating Services System (BOSS). The data for this measure is extracted from BOSS computer application system.

Method of Calculation:

Currently, bingo licensees report on a calendar quarter basis. As such, the third and fourth quarters from the preceding calendar year, as well as the first and second calendar quarters of the current calendar year will be utilized for this measure. The data reported will be rounded to the nearest hundred thousand and reported in the following format: \$XX.X.

Data Limitations:

This information is obtained from licensed authorized organizations self-reporting the amount of net proceeds used for a charitable purpose. Therefore, this performance measure is dependent upon organizations submitting their reports accurately and timely. The ultimate amount distributed is dependent on the licensee’s ability to efficiently operate its Bingo games, control expenses and comply with the provisions of the Bingo Enabling Act and Rules. The number of licensed authorized organizations and their ability to control authorized expenses may have an impact on this measure. Additionally, there is reliance on the licensee to report correct information.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal B: Charitable Bingo

Outcome Measure B.1.f: Percentage of Organizations Who Met the Statutory Charitable Distribution Requirement

Short Definition:

This measure reports the ratio (in percent) of organizations who met their required charitable distribution.

Purpose/Importance:

This measure will help determine the percentage of organizations in compliance with the Bingo Enabling Act, Section 2001.457.

Source/Collection of Data:

The data is captured from the Bingo Operating Services System (BOSS) – 4 Quarter Distribution.

Method of Calculation:

Currently, bingo licensees report on a calendar quarter basis. As such, the third and fourth quarters from the preceding calendar year, as well as the first and second calendar quarters of the current calendar year will be utilized for this measure. This measure is calculated by dividing the number of organizations meeting the required minimum charitable distribution by the number of authorized organizations licensed during the year.

Data Limitations:

This information is obtained from licensed authorized organizations self-reporting the amount of net proceeds used for a charitable purpose. Therefore, this performance measure is dependent upon organizations submitting their reports accurately and timely.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Outcome Measure B.1.g: Percentage of Organizations Receiving an Audit

Short Definition:

This measure reports the ratio (in percent) of organizations on which an Audit is performed during the fiscal year. An organization is a licensed authorized organization or licensed commercial lessor.

Purpose/Importance:

This outcome is intended to measure the degree of coverage achieved by auditors during the fiscal year. Adequate coverage is deemed important because of the deterrent effect of the expectation of an audit.

Source/Collection of Data:

The data will be captured from the Bingo Operating Services System (BOSS).

Method of Calculation:

This measure is calculated by dividing the number of organizations for which an audit is completed by the total number of authorized organizations and commercial lessors holding a license during the fiscal year.

Data Limitations:

None

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal B: Charitable Bingo**Outcome Measure B.1.h: Percentage of Organizations Receiving an Inspection****Short Definition:**

This measure reports the ratio (in percent) of organizations on which an Inspection is performed during the fiscal year. An Inspection can be a Game Inspection, Books & Records Inspection, or Complaint Investigation. An organization is a licensed authorized organization or licensed commercial lessor.

Purpose/Importance:

This outcome is intended to measure the degree of coverage achieved by auditors, inspectors, and investigators during the fiscal year. Adequate coverage is deemed important because of the deterrent effect of the expectation of an inspection.

Source/Collection of Data:

This data is captured in the Compliance Activity Monitoring Program (CAMP) case management tracking system for complaint investigations and in the Bingo Operating Services System (BOSS) for inspections.

Method of Calculation:

This measure is calculated by dividing the number of organizations for which an inspection is completed by the total number of authorized organizations and commercial lessors holding a license during the fiscal year.

Data Limitations:

None

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal B: Charitable Bingo

Strategy B.1.1. Bingo Licensing

Output Measure B.1.1.a: Number of Licenses Issued

Short Definition:

This measure reports the number of licenses issued to worker registrants and Manufacturers, Distributors, Lessors and Conductors of Bingo operations for a Charitable Bingo activity in this state.

Purpose/Importance:

This measure provides data relating to the number of worker registrants and Manufacturers, Distributors, Lessors and Conductors of Bingo operations desiring to be licensed under the Bingo Enabling Act during the reporting period.

Source/Collection of Data:

The Commission's Bingo Operating Services System (BOSS) provides the licensing information through the Application Processing Statistics report.

Method of Calculation:

Total of all licenses issued to worker registrants and Conductors, Lessors, Manufacturers, and Distributors, including Conductor temporary licenses, during the reporting period.

Data Limitations:

The ultimate number of licenses issued is dependent on the number of individuals and organizations requesting a license as well as the completeness of the application, outstanding tax liability, etc.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Higher than target

Goal B: Charitable Bingo**Strategy B.1.1. Bingo Licensing****Output Measure B.1.1.b: Number of Applications Processed****Short Definition:**

This measure reports the number of applications processed for all Bingo licenses. This includes applications for worker registrants and original, renewal, amended and temporary licenses for Manufacturers, Distributors, Lessors and Conductors of Bingo operations. An application is considered processed when a license is issued or the application is denied, withdrawn, or discontinued.

Purpose/Importance:

This measure provides data relating to the total number of applications received from entities desiring to be licensed or added to the registry of bingo workers under the Bingo Enabling Act.

Source/Collection of Data:

The Commission's Bingo Operating Services System (BOSS) provides the application information through the Application Issued, Denied, Withdrawn, or Discontinued Report.

Method of Calculation:

The Commission's Bingo Operating Services System (BOSS) provides the application information, through the Applications Issued, Denied, Withdrawn, or Discontinued report. The number of applications for worker registrants and original, renewal, amended and temporary licenses for Manufacturers, Distributors, Lessors and Conductors of Bingo operations is totaled and those that have been denied, withdrawn or discontinued are added to the total.

Data Limitations:

The ultimate number of applications processed is dependent on the number of entities requesting a license or to be added to the worker registry.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Higher than target

Goal B: Charitable Bingo

Strategy B.1.1. Bingo Licensing

Output Measure B.1.1.c: Number of Worker Registry Applications Approved

Short Definition:

This measure reports the number of individuals submitting an original or renewal application for inclusion on the Worker Registry who have been approved.

Purpose/Importance:

This measure provides data relating to the total number of applications received from individuals desiring and approved to be listed on the Registry of Bingo Workers under the Bingo Enabling Act.

Source/Collection of Data:

The Commission's Bingo Operating Services System (BOSS) captures the information.

Method of Calculation:

The number of Applications for Registry of Approved Bingo Workers received from individuals that have been approved are totaled.

Data Limitations:

The ultimate number of applications approved is dependent on the number of individuals requesting to be listed on the Registry of Approved Bingo Workers.

Calculation Type:

Cumulative

New Measure:

New

Desired Performance:

Higher than target

Goal B: Charitable Bingo

Strategy B.1.1. Bingo Licensing

Efficiency Measure B.1.1.a: Average Bingo License (New) Processing Time (Days)

Short Definition:

Reports the average length of time, in days, that it takes the Charitable Bingo Division to issue a new license to conduct bingo or lease premises for the conduct of bingo.

Purpose/Importance:

This measure reflects the responsiveness of the Licensing Section staff to our customers' needs. It is an indicator of our efficiency.

Source/Collection of Data:

The data for this measure is obtained from the division's Bingo Operating Services System (BOSS) computer application system through the report "Average Turnaround Time for License Issued."

Method of Calculation:

The total number of new licenses issued during the period for conductors times the average number of days to issue plus the total number of new licenses issued during the period for lessors times the average number of days to issue divided by the total number of new licenses issued to conductors and lessors equals the average processing time in days.

Data Limitations:

Factors that can influence this figure include: completeness of the application and the responsiveness of the applicant to requests for additional information.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal B: Charitable Bingo

Strategy B.1.1. Bingo Licensing

Efficiency Measure B.1.1.b: Average Bingo License (Renewal) Processing Time (Days)

Short Definition:

Reports the average length of time, in days, that it takes the Charitable Bingo Division to issue an amendment or renewal license to conduct bingo or lease premises for the conduct of bingo.

Purpose/Importance:

This measure reflects the responsiveness of the Licensing Section staff to our customers' needs. It is an indicator of our efficiency.

Source/Collection of Data:

The data for this measure is obtained from the division's Bingo Operating Services System (BOSS) computer application system through the report "Average Turnaround Time for License Issued".

Method of Calculation:

The total number of renewals licenses and amendments issued during the period for conductors times the average number of days to issue plus the total number of renewal licenses and amendments issued during the period for lessors times the average number of days to issue divided by the total number of renewal licenses and amendments issued to conductors and lessors equals the average processing time in days.

Data Limitations:

Factors that can influence this figure include: completeness of the application, the responsiveness of the applicant to requests for additional information and non-compliance issues.

Calculation Type:

Non-cumulative

New Measure:

New

Desired Performance:

Lower than target

Goal B: Charitable Bingo**Strategy B.1.1. Bingo Licensing****Efficiency Measure B.1.1.c: Average Cost Per Application Processed****Short Definition:**

This measure reports the cost of processing an application or an amendment to a license.

Purpose/Importance:

This measure reflects the responsiveness of the Licensing Section staff to our customers' needs and is an indicator of our efficiency.

Source/Collection of Data:

Bingo Operating Services System (BOSS).

Method of Calculation:

It is calculated by dividing the number of applications and amendments to licenses processed into the total estimated costs associated with processing applications and amendments within the Charitable Bingo Division. Calculate the percentage of time spent by licensing examiners entering, reviewing and processing applications and amendments. Multiply that percentage by the licensing examiner's salary. Total the percentage of monthly salaries for the Data Entry Clerk, Accounting Services staff, and Licensing Examiners. Multiply the sum by three for the three months in the quarter. Add the postage for mailing renewal notices and other licensing mail. Divide the sum by the total number of applications and amendments processed for the quarter. This figure represents the average cost per license processed for the current quarter.

Data Limitations:

None

Calculation Type:

Non-cumulative

New Measure:

New

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Strategy B.1.1. Bingo Licensing

Efficiency Measure B.1.1.d: Average Bingo Worker Registrant Processing Time (Days)

Short Definition:

Reports the average length of time, in days, that it takes the Charitable Bingo Division to process an original and renewal worker registry application.

Purpose/Importance:

This measure reflects the responsiveness of the Licensing Section staff to our customers' needs. It is an indicator of our efficiency.

Source/Collection of Data:

The data for this measure is obtained from the division's Bingo Operating Services System (BOSS) computer application system.

Method of Calculation:

The total number of original worker registry applications processed during the period times the average number of days to process plus the total number of renewal worker registry applications processed during the period times the average number of days to process divided by the total number of original and renewal worker registry applications processed equals the average processing time in days.

Data Limitations:

Factors that can influence this figure include: completeness of the application, the responsiveness of the applicant to requests for additional information and non-compliance issues.

Calculation Type:

Non-cumulative

New Measure:

Yes

Desired Performance:

Lower than target

Goal B: Charitable Bingo**Strategy B.1.1. Bingo Licensing****Explanatory Measure B.1.1.a: Number of Annual License Holders****Short Definition:**

This measure reports the number of organizations that held an active bingo license during the fiscal year.

Purpose/Importance:

This measure identifies the number of licensees who can renew.

Source/Collection of Data:

The Bingo Operating Services System (BOSS) provides a report of active organizations at the end of the fiscal year and of those organizations, whose license was surrendered, revoked or application for a renewal was denied during the fiscal year.

Method of Calculation:

The total number of conductors, lessors, manufacturers, and distributors holding an active license on August 31st each year plus those organizations, whose license was surrendered, revoked, expired, withdrawn, and application for a renewal was denied during the fiscal year.

Data Limitations:

None

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal B: Charitable Bingo

Strategy B.1.1. Bingo Licensing

Explanatory Measure B.1.1.b: Number of Annual Worker Registrants

Short Definition:

This measure reports the number of approved worker registrants at the end of the fiscal year.

Purpose/Importance:

This measure identifies the number of approved bingo workers.

Source/Collection of Data:

The Bingo Operating Services System (BOSS) provides a report of active bingo workers at the end of the fiscal year.

Method of Calculation:

The total number of approved worker registrants on August 31st of each year.

Data Limitations:

None

Calculation Type:

Non-cumulative

New Measure:

Yes

Desired Performance:

Higher than target

Goal B: Charitable Bingo

Strategy B.1.2. Bingo Education and Development

Output Measure B.1.2.a: Number of Individuals Receiving Education

Short Definition:

This measure reports the number of individuals completing the Bingo Training Program via in person, video, website, or other interactive modes.

Purpose/Importance:

The number and frequency of administrative actions and compliance actions as a result of violations of the Bingo Enabling Act and Administrative Rules should be positively impacted as more individuals complete the Bingo Training program.

Source/Collection of Data:

Information maintained in the Bingo Operating Services System (BOSS).

Method of Calculation:

The number of individuals recorded as completing the Bingo Training Program (BTP).

Data Limitations:

Yes; information timely submitted by individuals that complete the BTP training via means other than seminars provided by staff members.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Strategy B.1.2. Bingo Education and Development

Efficiency Measure B.1.2.a: Average Cost of Bingo Training Class

Short Definition:

This measure reports the costs associated with presenting a Bingo Training class which include but is not limited to staff hours, travel expenses, supplies, materials, postage and equipment.

Purpose/Importance:

The average cost of each class must be identified to determine the impact on Charitable Bingo Operations Division's budget as a result of increased travel costs and salaries.

Source/Collection of Data:

Information maintained in the Bingo Operating Services System (BOSS).

Method of Calculation:

Cumulative cost of Bingo Training Program (staff hours, travel expenses, supplies, materials, postage and equipment) divided by the total number of Bingo Training Programs conducted, in dollars.

Data Limitations:

None

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal B: Charitable Bingo**Strategy B.1.3. Bingo Law Compliance Field Operations****Output Measure B.1.3.a: Number of Inspections Conducted****Short Definition:**

This measure reports the total number of Bingo inspections, including Game Inspections, Site Systems Access Inspections, Complaint Investigations, and Book and Records inspections conducted and reported to headquarters by Audit or Enforcement staff for the fiscal year.

Purpose/Importance:

The measure provides an assessment of compliance with the Act and Rules and whether bingo games are being conducted fairly by organizations.

Source/Collection of Data:

This data is captured in the Compliance Activity Monitoring Program (CAMP) case management tracking system for complaint investigations and in the Bingo Operating Services System (BOSS) for inspections.

Method of Calculation:

The total number of inspections conducted and reported to headquarters by Audit staff and Enforcement staff for the fiscal year.

Data Limitations:

None

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Strategy B.1.3. Bingo Law Compliance Field Operations

Output Measure B.1.3.b: Number of Bingo Audits and Reviews Completed

Short Definition:

This measure reports the total number of Bingo audits and reviews completed for the period.

Purpose/Importance:

An audit is a more detailed examination of a Bingo licensee in which the auditor determines if the Bingo licensee is in compliance with the Bingo Enabling Act and/or Charitable Bingo Administrative Rules, Texas Bingo Quarterly Report information submitted to the Commission is reasonably accurate, bingo proceeds are used for authorized purposes, and bingo is conducted fairly.

Source/Collection of Data:

This data will be captured from the Bingo Operating Services System (BOSS).

Method of Calculation:

The total number of audits completed by Audit staff for the fiscal year. An audit is considered completed on the day the final audit report is issued.

Data Limitations:

None

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

Goal B: Charitable Bingo**Strategy B.1.3. Bingo Law Compliance Field Operations****Output Measure B.1.3.c: Number of Bingo Complaints Completed****Short Definition:**

This measure reports the number of Bingo complaints completed by the Charitable Bingo Operations Division and the Enforcement Division during the reporting period.

Purpose/Importance:

This measure is important because it allows the Charitable Bingo Operations Division the ability to identify problem areas and allocate resources.

Source/Collection of Data:

The number of bingo complaint investigations completed by either the Charitable Bingo Operations Division or Enforcement Division is stored in the Compliance Activity Monitoring Program (CAMP).

Method of Calculation:

This measure is calculated by recording the number of Bingo complaints completed during the period. An investigation is considered completed on the day the final audit or investigative report is approved.

Data Limitations:

The complexity of the allegation(s) made may affect the number of investigations resolved within the quarter. Additionally, the number of complaints received and the availability of the complainant, suspect or witnesses may also affect the number of investigations resolved.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Strategy B.1.3. Bingo Law Compliance Field Operations

Output Measure B.1.3.d: Dollar Amount of Adjustments to Charitable Distributions by Audit and Inspection

Short Definition:

This measure reports the dollar amount of adjustments made to the Charitable Distribution as reported on the Conductor Quarterly Report as a result of an Audit or Inspection.

Purpose/Importance:

This measure reflects effectiveness of inspection activities and impacts the extent of compliance by the licensed organizations.

Source/Collection of Data:

This data will be captured from the Bingo Operating Services System (BOSS).

Method of Calculation:

Total dollar amount of adjustments to the amount of Charitable Distributions reported by licensed organizations identified as a result of Audits Inspections, and Complaint Investigations completed during the reporting period.

Data Limitations:

The reporting accuracy by licensed authorized organizations and the allowable uses of proceeds from the conduct of bingo for a charitable purpose.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal B: Charitable Bingo**Strategy B.1.3. Bingo Law Compliance Field Operations****Output Measure B.1.3.e: Number of Bingo Background Investigations Completed****Short Definition:**

This measure reports the number of bingo background investigations completed by the Enforcement Division. Bingo background investigations are conducted on licensees and others identified in the Bingo Enabling Act (BEA). Bingo background investigations are referred by the Charitable Bingo Division in order to determine the eligibility requirements for licensing or placement in the Bingo Worker Registry as indicated by the BEA.

Purpose/Importance:

This measure assists in determining the total number of bingo background investigations completed by the Enforcement Division.

Source/Collection of Data:

A completed bingo investigation is noted on the investigative report as approved. The number of completed investigations with the approval dates is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Method of Calculation:

This measure is calculated by recording the number of completed bingo background investigations that are closed by approval by the Enforcement Division Director or designee regardless of when the case was actually opened. The approval dates of the investigation are recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Data Limitations:

Delay in receiving required information and documentation from government entities to complete background investigations may impact the total number of bingo background investigations.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Higher than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Strategy B.1.3. Bingo Law Compliance Field Operations

Efficiency Measure B.1.3.a: Average Time for Bingo Complaint Completion (Days)

Short Definition:

This measure reports the average time for Bingo complaints completed by the Charitable Bingo Operations Division and the Enforcement Division.

Purpose/Importance:

This measure is important because it serves as a gauge to measure the efficiency and timeliness of complaint investigations and completions.

Source/Collection of Data:

A resolved investigation is noted in the Bingo Operating Services System (BOSS) and Compliance Activity Monitoring Program (CAMP) case management tracking system when completed.

Method of Calculation:

The average time is measured by the number of days from the date each Bingo complaint case is assigned to an individual until the investigation is completed, divided by the total number of complaint investigations completed for the quarter.

Data Limitations:

The complexity of the allegation(s) made may impact the number of days it takes to resolve an investigation. Additionally, the availability of complainant, suspect and witness ability may also affect the length of time it takes to resolve an investigation.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal B: Charitable Bingo**Strategy B.1.3. Bingo Law Compliance Field Operations****Efficiency Measure B.1.3.b: Average Cost per Bingo Complaint Completed****Short Definition:**

This measure reports the average cost per Bingo complaint completed by the Charitable Bingo Operations Division and the Enforcement Division.

Purpose/Importance:

This measure allows division management to better allocate and monitor the division's funds.

Source/Collection of Data:

The number of investigations completed by the Charitable Bingo Operation Division and Enforcement Division and the travel cost per investigation is stored in the Compliance Activity Monitoring Program (CAMP) case management tracking system.

Method of Calculation:

The average cost is determined from the total salary expense and travel costs during the quarter, for the individuals assigned to bingo complaints, divided by the number of completed Bingo complaint investigations within the quarter.

Data Limitations:

Costs per completed investigations are difficult to project based on current economical fluctuations and legislative changes. Additionally, the location of the investigation, suspect or witnesses may in some cases, impact the costs of performing investigations.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Strategy B.1.3. Bingo Law Compliance Field Operations

Efficiency Measure B.1.3.c: Average Time to Conduct Audit (Hours)

Short Definition:

This measure reports the average number of hours spent by an auditor preparing, conducting and finalizing an audit.

Purpose/Importance:

The average number of hours spent on verifying taxpayer compliance with the Bingo Enabling Act and/or Charitable Bingo Administrative Rules.

Source/Collection of Data:

The data will be captured from the Bingo Operating Services System (BOSS).

Method of Calculation:

The total number of hours spent to complete an audit divided by the total number of audits completed. An audit is considered completed on the day the final audit report is issued.

Data Limitations:

None

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal B: Charitable Bingo

Strategy B.1.3. Bingo Law Compliance Field Operations

Efficiency Measure B.1.3.d: Average Time to Complete Bingo Background Investigations (Days)

Short Definition:

This measure reports the average time for each bingo background investigation to be completed by the Enforcement Division within the quarter.

Purpose/Importance:

This measure assists in determining the efficiency and timely completion of bingo background investigations completed by the Enforcement Division.

Source/Collection of Data:

A completed bingo investigation is noted on the investigative report as approved. The number of days to complete an investigation from the date assigned until the approval date is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Method of Calculation:

This measure is calculated by recording the number of days from the date each bingo background investigation is assigned to an investigator until the investigation is closed by approval by the Enforcement Division Director or designee divided by the total number of bingo background investigations completed for the quarter. The date a bingo background investigation is assigned to an investigator and approved by the Enforcement Director is recorded in the Compliance Activity Monitoring Process (CAMP) case management tracking system.

Data Limitations:

Delay in receiving required information and documentation from government entities to complete background investigations may impact the number of days to complete background investigations.

Calculation Type:

Cumulative

New Measure:

Revised

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Strategy B.1.3. Bingo Law Compliance Field Operations

Efficiency Measure B.1.3.e: Average Cost per Bingo Audit Completed

Short Definition:

This measure reports the average cost per Bingo audit completed by the Charitable Bingo Operations Division.

Purpose/Importance:

This measure allows division management to better allocate and monitor the division's funds.

Source/Collection of Data:

The number of audits completed by the Charitable Bingo Operations Division, the travel costs per audit, and the hours per audit are stored in the Bingo Operating Services System (BOSS).

Method of Calculation:

The average cost is determined from the total salary expense and travel costs during the quarter, for the individuals performing the audits, divided by the number of completed Bingo audits within the quarter.

Data Limitations:

Costs per completed audit are difficult to project based on current economical fluctuations and legislative changes. Additionally, the location of the audits, condition of the records, responsiveness of the taxpayer, suspect or witnesses may in some cases, impact the costs of performing audits.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal B: Charitable Bingo**Strategy B.1.4. Bingo Prize Fee Collection and Accounting****Output Measure B.1.4.a: Number of Days to Allocate Payments to Local Jurisdictions****Short Definition:**

This measure determines the actual number of business days between the first day of the month following the Texas Bingo Quarterly Report (report) due date and the date the allocation payments are released to local jurisdictions.

Purpose/Importance:

Prize fee allocation is one of the primary functions performed in this division. We have a responsibility to local jurisdictions to return local prize fees collected in the most efficient and effective manner possible. This measure provides an indicator of how timely the allocation is returned.

Source/Collection of Data:

The division utilizes the Bingo Allocations Memo from the Bingo Operations Services System to determine the number of business days from the first day of the month following the report due date to the date the allocation payments are released to local jurisdictions.

Method of Calculation:

Each quarter, the actual number of business days is counted between the first day of the month following the Texas Bingo Conductor's Quarterly return due date to the date the allocation payments are released to local jurisdictions.

Data Limitations:

None

Calculation Type:

Non-cumulative

New Measure:

Revised

Desired Performance:

Lower than target

SUPPLEMENTAL SCHEDULE B

Goal B: Charitable Bingo

Strategy B.1.4. Bingo Prize Fee Collection and Accounting

Output Measure B.1.4.b: Percentage of Licensees Who Fail to Pay Timely

Short Definition:

This measure reports the ratio (in percent) of lessors and conductors who fail to timely pay prize fees and taxes by the due date.

Purpose/Importance:

This measure will help the Licensing Services Department determine those licensees that do not comply with the Bingo Enabling Act.

Source/Collection of Data:

The data is captured in the Bingo Operating Services System (BOSS)– Percent of Licensees that Fail to Pay Discoverer Report and the Number of Reports Processed Discoverer Report.

Method of Calculation:

This measure is calculated by dividing the number of lessors and conductors who fail to pay the correct amount of prize fee or rental tax due by the due date or having a check returned as NSF by the number of original reports processed.

Data Limitations:

This information is obtained from licensed authorized organizations self-reporting the amount of prizes awarded and gross rental receipts received. The number of organizations required to file a return and pay timely may have an impact on this measure. Additionally, there is reliance on the licensee to report correct information.

Calculation Type:

Non-cumulative

New Measure:

No

Desired Performance:

Lower than target

Goal B: Charitable Bingo**Strategy B.1.4. Bingo Prize Fee Collection and Accounting****Output Measure B.1.4.c: Number of Bingo Reports Processed****Short Definition:**

This measure reports the number of Bingo quarterly reports processed. Data includes all quarterly reports and any estimated, amended or adjusted reports for the quarter.

Purpose/Importance:

This measure provides data relating to the total number of reports received from individuals and organizations required to file a report under the Bingo Enabling Act.

Source/Collection of Data:

The Commission's Bingo Operating Services System (BOSS) provides this information through the Total Returns Processed Report.

Method of Calculation:

This measure is calculated by totaling the number of reports processed for the quarter.

Data Limitations:

The total number of returns processed is dependent on the total number of individuals, organizations, and number of organizations in a unit holding a license.

Calculation Type:

Cumulative

New Measure:

No

Desired Performance:

Higher than target

HISTORICALLY UNDERUTILIZED BUSINESS PLAN

I. HUB GOALS

GOAL: To promote fair and competitive opportunities which maximize the inclusion of Historically Underutilized Businesses (HUB) in contracts with the Texas Lottery Commission and its primary vendors.

OBJECTIVE: To meet or exceed the Commission's annual procurement utilization goals in the categories related to the Commission's current strategies and programs:

Procurement Categories*	FY 2016 Agency HUB Goals**
Special Trade Construction	10.2%
Professional Services Contracts	23.7%
Other Services Contracts	26.0%
Commodity Contracts	21.1%

* The Commission does not have any strategies or programs relating to "Heavy Construction" or "Building Construction."

**In accordance with Texas Government Code 2161.123, the Agency establishes HUB goals at the beginning of each fiscal year.

OUTCOME MEASURE: Total percentage of direct and subcontracting expenditures paid to HUBs for the procurement categories that apply to the Commission.

STRATEGY: Implement and maintain policies and procedures, in accordance with the HUB Rules, to guide the agency in increasing the use of HUBs through direct contracting and/or subcontracting.

OUTPUT MEASURES:

1. The total amount of direct HUB expenditures
2. The total amount of HUB subcontracting
3. The total number of contracts awarded to HUBs
4. The total number of bids received from HUBs

II. INTERNAL HUB ASSESSMENT FOR FISCAL YEARS 2014-2015

In accordance with Article IX, Sections 7.06 and 7.07, the following report on the Texas Lottery Commission's internal HUB Assessment for Fiscal Years 2014-2015 was submitted to the Legislative Budget Board December 1, 2015.

The Texas Lottery Commission makes a good faith effort to provide fair and competitive opportunities for HUBs interested in contracting with the agency and/or subcontracting with its vendors.

A. Highlights of Texas Lottery Commission's Good Faith Efforts during FY 2014 – 2015:

- Implementing new requirements to include service-disabled veterans in the agency's HUB program;
- Estimating total value of contract awards and establishing internal agency HUB goals annually;

- Reviewing contract solicitations with an expected value of \$100,000 or more, to determine the probability of HUB subcontracting, prior to releasing solicitation documents;
- Conducting pre-bid and pre-proposal conferences to educate bidders/proposers about the agency's HUB policy and Hub Subcontracting Plan (HSP) requirements;
- Assisting bidders/proposers with the HSP process by offering one-on-one workshops and review of draft HSPs;
- Participating in the HUB Discussion Workgroup, which is composed of state agency HUB Coordinators who meet to share information and provide proactive feedback to the Texas Procurement and Support Services Division of the Comptroller of Public Accounts;
- Establishing and monitoring two Mentor Protégé relationships in accordance with 34 TAC 20.28;
- Participating in economic opportunity forums and HUB-related outreach events throughout the state to provide bid opportunities and information about the agency's procurements;
- Hosting a successful annual agency HUB forum, to provide an opportunity for HUBs to meet and network with key agency staff and contract vendors;
- Providing procurement, HUB information and helpful links on the Texas Lottery Commission's website;
- Assisting eligible vendors with HUB certification through the Comptroller of Public Accounts;
- Advertising in minority publications; and
- Providing updates to Texas Lottery Commissioners and Executive Management regarding the agency's HUB participation.

B. HUB Strategic Plan Progress Report

The table below reflects the Texas Lottery Commission's HUB Strategic Plan Progress Report for FY 2014 and 2015, based on the agency's internal HUB goals.

REPORT CATEGORY	HUB % FY 2014	HUB % FY 2015
HEAVY CONSTRUCTION*	N/A	N/A
BUILDING CONSTRUCTION*	N/A	N/A
SPECIAL TRADE CONSTRUCTION	0.26%	18.09%
PROFESSIONAL SERVICES	89.11%	74.76%
OTHER SERVICES	28.21%	12.88%
COMMODITIES	52.00%	55.50%

Source: Comptroller of Public Accounts Statewide HUB Reports

* The Texas Lottery Commission does not have strategies or programs related to either Heavy Construction or Building Construction.

C. Overview of HUB Participation during FY 2014 and 2015

During FY 2014, the Texas Lottery Commission spent over \$44.8 million with HUBs, and achieved an overall HUB participation rate of 28.98%. The agency exceeded three of its four applicable internal HUB goals. Special Trade Construction is a challenging category for the Texas Lottery Commission because the agency leases building space, and therefore, the majority of contract decisions for renovations and lease improvements are not subject to the agency's control.

During FY 2015, the Texas Lottery Commission spent over \$22.2 million with HUBs, and achieved an overall HUB participation rate of 14.20%. The agency exceeded three of its four applicable internal HUB goals. A decrease in the Other Services category was largely due to one of the agency's major HUB contractors graduating from the program just prior to FY 2015. This resulted in a reduction of approximately **\$21.6 million** in HUB credit during the reporting period. HUB subcontracting dollars associated with this contract were captured and included in the statewide report.

III. TEXAS LOTTERY COMMISSION HUB PLAN

The Texas Lottery Commission is submitting the following plan for maintaining future HUB program compliance, which addresses the required elements outlined in Article IX, Section 7.07, Sections A-F, and provides future initiatives.

A. Statistical disparities by race, ethnicity and gender classification in current HUB utilization, particularly in prime contracting:

The Texas Lottery Commission will focus on the two HUB report categories which present current challenges to meeting HUB goals:

Special Trade Construction Contracts:

The Texas Lottery Commission leases its building space; therefore, the majority of contract decisions for renovations and lease improvements which fall into this category are not subject to the agency's control. The agency encourages its lessors to solicit HUBs whenever possible, and during FY 2015, was able to report \$77,624 of subcontracting dollars in connection with a major remodeling project.

Other Services Contracts:

The Texas Lottery Commission has several specialized large dollar contracts that fall within the report category of Other Services. There are a very limited number of vendors worldwide that provide lottery operations services and instant ticket manufacturing services; as a result, there are no opportunities to use HUBs as prime vendors for these contracts. The agency's lottery operations and services contract and three instant ticket manufacturing contracts account for a large percentage of the agency's spending in this category.

In FY 2014, the Texas Lottery Commission expended over \$112.1 million on these four contracts, which was 74 percent of all spending in the Other Services category. In FY 2015, the total of these

four contracts was \$114.6 million, which accounted for 75 percent of Other Services spending. In addition, during FY 2015, the agency's performance in the Other Services category was affected by the graduation of a previously HUB-certified contractor in August 2014. The graduation occurred because the Texas Lottery Commission's contract increased the company's revenues beyond the limit for HUB qualification. HUB subcontracting expenditures associated with this contract were captured and reported during FY 2015.

Initiative:

The Texas Lottery Commission will continue working to identify contracting and subcontracting opportunities for HUBs in both of these report categories.

B. Statistical disparities by race, ethnicity and gender classification in the private marketplace, particularly in the area of utilization of women- and minority-owned firms in commercial construction:

A conclusion from *A Historically Underutilized Business Disparity Study of State Contracting* by MGT of America, Inc., March 30, 2010 (*Texas Disparity Study*), Section 6.0, "Private Sector Utilization and Disparity Analysis," (page 6-52), states that in the area of commercial construction, "...substantial M/WBE underutilization was evident and particularly egregious in the private sector." With the exception of Special Trade Construction, the Texas Lottery Commission does not expend funds on commercial construction. The area of Special Trade Construction is addressed in A) above.

C. Statistical disparities in firm earnings by race, ethnicity and gender classification:

The Texas Lottery Commission does not have access to specific data that demonstrates statistical disparities in firm earnings by race, ethnicity and gender. However, a conclusion from Section 6.0 of the *Texas Disparity Study*, "Private Sector Utilization and Disparity Analysis," (page 6-32), states, "Firms owned by women and minorities were small portions of the marketplace in construction, professional services and other services and generally earned substantially less revenue per firm, between 20 percent and 55 percent of the market place average. Disparities were evidenced for all minority and female groups and all business categories."

Initiative:

The Texas Lottery Commission believes that statistical disparities in firm earnings were addressed by the Comptroller of Public Accounts in calculating the statewide HUB goals, which also form the basis for calculating the agency's internal HUB goals. The Texas Lottery Commission will continue to calculate its annual internal HUB goals based on the methodology provided by the Comptroller of Public Accounts.

D. Anecdotal testimony of disparate treatment as presented by business owners in interviews, surveys, public hearings and focus groups:

The conclusion of Section 7.0, "Anecdotal Analysis," of the *Texas Disparity Study*, (page 7-30), states, "There was a consensus from persons who gave testimony that although the state has a HUB program, HUB firms are not experiencing improvement in the amount of business conducted

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with the state. It was stressed that if there were no HUB subcontractor goals, non-minority prime contractors would not use minority- or woman-owned firms.”

Initiative:

The Texas Lottery Commission will continue to make subcontracting determinations for all procurements expected to exceed \$100,000 over the life of the contract. All Texas Lottery Commission RFPs or IFBs which contain a HUB Subcontracting Plan include a goal for utilizing HUB subcontractors.

In addition, page 7-30 of the *Texas Disparity Study* reports: “Participants overwhelmingly agree that the HUB program will not be successful without stringent monitoring, consistency in application, and greater accountability.”

The Texas Lottery Commission’s HUB program was audited by the State Auditor in 2010 and was found to be substantially compliant (SAO Report 11-027, March 2011). Following the audit, the agency implemented changes to address audit findings.

Initiative:

The Texas Lottery Commission will continue to monitor its program, and to follow the HUB rules and guidelines issued by the Texas Procurement and Support Services Division of the Comptroller of Public Accounts.

E. Details of the agency’s outreach plan:

Outreach activities make up one of the most important components of the Texas Lottery Commission’s HUB Program. The purpose of these activities is to inform 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 agency’s HUB Coordinator may also assist in planning and co-sponsoring statewide events in cooperation with other state agencies. In addition, the agency conducts an annual HUB Forum to inform HUB vendors about the agency’s procurement processes and to provide networking opportunities.

Initiative:

The Texas Lottery Commission will continue to participate in outreach events throughout the state, and to conduct its own annual HUB forum to provide information and networking opportunities to HUBs.

F. Proper staffing of the agency’s HUB department:

The Texas Lottery Commission employs one full-time HUB Coordinator, who functions as part of the agency’s Administration Division, and whose work-related activities are 100 percent dedicated to the agency’s HUB program.

Initiative:

The Texas Lottery Commission will continue to fully staff its HUB program.

STATEWIDE CAPITAL PLAN

(NOT APPLICABLE)

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**HEALTH AND HUMAN SERVICES
STRATEGIC PLAN**

(NOT APPLICABLE)

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AGENCY WORKFORCE PLAN

I. OVERVIEW

AGENCY VISION

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

AGENCY MISSION

Texas Lottery: 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 standards of security and integrity, set and achieve challenging goals, provide quality customer service and utilize a TEAM approach.

Charitable Bingo: 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.

AGENCY CORE VALUES

Integrity and Responsibility - The Texas Lottery works hard to maintain the public trust by protecting and ensuring the security of our lottery games, systems, drawings and operational facilities. We value and require ethical behavior by our employees, licensees and vendors. We promote the integrity of charitable bingo in Texas for the benefit of charitable organizations.

Innovation - We strive to incorporate innovation into our products to provide the citizens of Texas with the best entertainment experience available through our products. We pursue the use of technology that enhances the services that we provide to our customers and reduces our operating expenses. All proposed innovations must be authorized by Texas law, and do not include video lottery, casino gaming, internet-based lottery sales, fantasy sports, or any other activities not authorized by law.

Fiscal Accountability - We emphasize fiscal accountability by ensuring that all expenditures directly or indirectly generate revenue, enhance security, fulfill regulatory requirements, improve customer service, and/or boost productivity. We recognize our responsibility in generating revenue for the state of Texas without unduly influencing players to participate in our games. We maximize benefits to charities through the continual examination and review of charitable bingo operations.

Customer Responsiveness - The Texas Lottery takes pride in providing exemplary service to the people of Texas through the courteous dissemination of clear and accurate information about our products,

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services and regulatory functions. We seek and respond to feedback expressed by our employees, retailers, licensees and the playing and non-playing public. We apply this feedback in the development of our products and in the services that we provide.

Teamwork - We are committed to creating an environment of mutual respect where open, honest communication is our cornerstone. We embrace the diversity of our team and individual perspectives in working together to achieve our common goals.

Excellence - We strive for excellence by taking a position of leadership on issues that impact the Commission and achieve challenging goals by focusing on our core values.

STRATEGIC GOALS AND OBJECTIVES:

A. GOAL: Operate Lottery. Generate revenue for the state of Texas through the responsible management and sale of entertaining lottery products, while incorporating the highest standards of security and integrity.

OBJECTIVE: Promote and maintain an eligible, effective and productive retailer base in order to produce revenue for the state; maintain ticket sales and awareness of lottery products to produce revenue for the state; administer all games with the utmost security and integrity; and oversee major contractual obligations unique to a state lottery operation.

B. GOAL: Enforce Bingo Laws. Timely and fairly enforce all statutes and regulations relating to charitable bingo to determine that all proceeds derived from bingo are used for a lawful purpose and charitable bingo games are conducted fairly.

OBJECTIVE: Process, investigate and evaluate all bingo applications efficiently; promote voluntary compliance with all applicable bingo statutes and regulations; process all quarterly reports and payments filed by licensees, and assign disciplinary action to violators of the statutes and regulations.

FUNCTIONS

The Texas Lottery Commission has two main functions:

The Texas Lottery Commission is charged under the State Lottery Act with administering Texas Lottery games in an efficient and secure manner using appropriate marketing tools and innovative technology to generate revenue for the state of Texas while enhancing public confidence in the integrity and fairness of the games.

The Charitable Bingo Operations Division is charged under the Bingo Enabling Act with the regulation and administration of all charitable bingo-related activities in the state of Texas and contributes to the

regulatory and tax and revenue collection functions of the agency. The division licenses all bingo-related activities; collects taxes and prize fees generated from the conduct of charitable bingo; audits bingo licensees; conducts tests on bingo products intended for use in Texas, such as bingo paper, pull-tabs and electronic equipment; and makes quarterly allocations to local units of government for their share of the prize fees collected.

STRUCTURE

The five-member Texas Lottery Commission sets policy, promulgates rules for the agency, and performs all other duties required by law. The Governor appoints Commission members, with the advice and consent of the state Senate, to staggered six-year terms. One member must have experience in the bingo industry.

Texas Lottery Commission members serve without salary, but are entitled to reimbursement for actual and necessary expenses incurred in performing Commission member duties, subject to any applicable limitation in the General Appropriations Act.

The Executive Director and the Director of Charitable Bingo Operations are appointed by and report to the five-member Commission. The Texas Lottery Commission Executive Director provides leadership to nine divisions within the agency, ensuring that staff carries out applicable state law and Commission policies. The Director of Charitable Bingo Operations is responsible for the day-to-day operations relating to the regulation of charitable bingo, ensuring that the staff carries out applicable state law and Commission policies.

The agency is divided into 10 divisions: Administration, Charitable Bingo Operations, Enforcement, Executive, Governmental Affairs, Human Resources, Legal Services, Lottery Operations, Media Relations, and the Office of the Controller.

**TABLE F-1
POSITION ALLOCATION BY DIVISION**

DIVISION	FTE
ADMINISTRATION	73
CHARITABLE BINGO OPERATIONS	45
ENFORCEMENT	16
EXECUTIVE	3
GOVERNMENTAL AFFAIRS	4
HUMAN RESOURCES	7
LEGAL SERVICES	15.5
LOTTERY OPERATIONS	134
MEDIA RELATIONS	6
OFFICE OF THE CONTROLLER	23
TOTAL	326.5

Source: Texas Lottery Commission

ANTICIPATED CHANGES TO THE MISSION, STRATEGIES, AND GOALS

The Texas Lottery Commission anticipates no major changes to its mission, strategies and goals over the next five years. However, the agency stands ready to adapt to any changes that may be required by legislation.

II. Current Workforce Profile (Supply Analysis)

A. Critical Workforce Skills

The Texas Lottery Commission has 326.50 full-time equivalent (FTE) positions allocated to accomplish the work performed in its divisions. Although the agency has many talented and qualified employees, there are knowledge bases, skill sets, and abilities that are critical to the agency's key business functions, and that also are critical to the Texas Lottery's mission. These are listed below:

- Leadership and management skills
- Ability to effectively communicate
- Sense of teamwork
- Innovative thinking
- Strategic planning expertise
- Ability to analyze and solve problems
- Interpersonal skills
- Customer service orientation
- Proficiency in negotiation strategies and techniques
- Contract management skills
- Financial management, financial analysis and accounting theory expertise
- Competency in state purchasing and procurement
- General and state agency auditing capabilities
- Expertise in regulation and enforcement of licensees, including processing of licensee applications and fees
- Ability to monitor legislation and serve as a resource to the Texas Legislature
- Computer literacy
- Software proficiency
- Web development and maintenance expertise
- Application development capabilities
- Business continuity planning expertise
- Facility operations and security skills
- Advertising and promotions expertise
- Proficiency in research and analysis
- General and administrative law expertise
- Investigative skills
- Ability to interpret and enforce statutes, administrative rules, policies and procedures

B. Workforce Demographics

The Texas Lottery takes pride in the diversity of its workforce, which is illustrated in Tables F-2, F-3 and F-4. The agency's workforce composition at the end of FY 2015 was: 12 percent African American, 30 percent Hispanic, 53 percent White, 4 percent Asian, and 1 percent American Indian. During the same time period, the agency's staff was 60 percent female and 40 percent male, and 82 percent of the workforce was more than 40 years of age.

TABLE F-2
AGE OF EMPLOYEES
(AS OF 8/31/2015)

LESS THAN 30	1%
BETWEEN 30 AND 40	17%
BETWEEN 40 AND 50	31%
BETWEEN 50 AND 60	37%
MORE THAN 60	14%

Source: Uniform Statewide Payroll/Personnel System (USPS)

TABLE F-3
EMPLOYEE ETHNIC AND GENDER REPRESENTATION (FY 2015)

GENDER	AFRICAN AMERICAN	HISPANIC	WHITE	ASIAN	AMERICAN INDIAN	TOTAL
FEMALES	9%	20%	29%	2%	0	60%
MALES	3%	10%	24%	2%	1%	40%
TOTAL	12%	30%	53%	4%	1%	100%

Source: Uniform Statewide Payroll/Personnel System (USPS)

TABLE F-4
WORKFORCE DIVERSITY DATA (FY 2015)

JOB CATEGORY	AFRICAN AMERICAN	HISPANIC	FEMALE
OFFICIALS AND ADMINISTRATORS	5%	16%	37%
ADMINISTRATIVE SUPPORT	22%	40%	82%
PROFESSIONALS	11%	21%	62%
PARAPROFESSIONALS	12%	38%	63%
TECHNICIANS	6%	21%	32%

Source: Uniform Statewide Payroll/Personnel System (USPS)

C. Employee Turnover

The Texas Lottery remains mindful of employee turnover and its effect on the cost of operations. The agency's turnover rate has been below that of the state's average. Table F-5 compares the agency's turnover rates with that of the state average turnover rate for the past five years.

**TABLE F-5
TURNOVER RATES**

YEARS	2011	2012	2013	2014	2015
TEXAS LOTTERY	5.3 %	9.3%	10.1%	11.4%	9.9%
STATEWIDE	16.8%	17.3%	17.6%	17.5%	18.0%

Source: SAO Electronic Classified Employee Turnover

D. Retirement Eligible Employees

In FY 2017 through 2021, approximately 103 current employees are projected to be eligible to retire based on the rule of 80 (years of age and years of service adding up to 80, with at least 10 years of state service). In addition, one current employee with at least 10 years of service is eligible to retire at age 65 with health insurance benefits. Currently, there are no Texas Lottery employees with a minimum of five years of state service that are projected to retire at age 60 without health insurance.

III. FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)

A. Expected Workforce Changes

With technological advances, the information needs and expectations of the public continue to expand. The Texas Lottery must continue to develop the skills of current workers and identify future workforce skill sets necessary to serve these needs. In addition, the Texas Lottery will continue to use technology to revise and streamline work processes and provide Web-related services. Any additional legislative changes could expand or modify the workforce needs and FTE requirements of the agency.

B. Future Critical Functions

The Texas Lottery does not currently anticipate changes to the current critical functions needed to achieve the goals of the 2017-2021 Strategic Plan. However, legislative changes could affect Texas Lottery functions by having an impact on lottery game offerings or charitable bingo initiatives. As new technology is applied to agency processes, certain job functions may be performed differently.

C. Future Workforce Skills Needed

All of the current critical skills listed in Section II will continue to be needed and, as technology moves ahead, advanced competencies in these skills will need to be obtained and maintained.

D. Anticipated Increase in Number of Employees to Do the Work

If additional programs or responsibilities are added to the functions of the agency, then additional staffing levels and workforce composition might need to be considered. If some new initiatives are added, additional skills and staff might be required. The agency will need to adapt to any changes required by the legislature.

IV. GAP ANALYSIS

The Texas Lottery has sufficient staff and expertise to accomplish the agency's current mission, goals and objectives. Any legislative changes to the current programs of the Texas Lottery Commission would require a reexamination of the agency's workforce to identify gaps in knowledge, experience and resources. The Texas Lottery does not anticipate any changes occurring that would require a reduction in current skill sets.

V. STRATEGY DEVELOPMENT

It is the policy of the Texas Lottery to encourage all employees to continually improve their job skills; to be more productive and knowledgeable within their current job assignment; and to prepare for the possibility of future assignments.

The Texas Lottery trains its workforce to acquire and implement the skills outlined in Section II of this appendix. Additional competency gaps identified for existing staff will be addressed through internal and external training, and continuing education programs offered through colleges and universities.

Employee retention is of equal importance. The Texas Lottery maintains a number of programs to retain qualified employees, including alternative work schedules, tuition reimbursement, merit salary increases, employee service recognition, and continuing education programs. The agency's Tuition Reimbursement Program provides financial assistance to employees who wish to improve or supplement their knowledge and skills by attending classes at colleges, community colleges, universities or technical schools.

Recruitment strategies such as participation in WorkinTexas.com for Internet job posting, and listing selected jobs in on-line job boards and in metropolitan job market newspapers are used to ensure broad-based applicant pools.

Conclusion:

The Texas Lottery Commission evaluates and attempts to forecast future shortages and surpluses in agency skills requirements. Whenever possible, the Texas Lottery's management adjusts to these skill requirement changes in an appropriate and timely manner, to ensure that staff and skills are appropriately matched to agency needs.

SUMMARY OF 2016 SURVEY OF EMPLOYEE ENGAGEMENT

The Texas Lottery Commission participated in the Survey of Employee Engagement in 2016, and achieved the agency's highest ever overall score.

The Texas Lottery has been participating in the survey since 1994. One of the values of participating in multiple iterations of the Survey of Employee Engagement (SEE) is the opportunity to measure organizational change over time. The employee response rate for the 2016 survey was 82 percent, a rate that was equal to or above the 2014 benchmark participation rates for all participating state agencies, including those with a similar mission and size. A high response rate shows positive employee involvement, and denotes a high degree of confidence that the survey results accurately reflect employee attitudes.

The SEE measures employee perceptions about the workplace through a series of statements that employees respond to on a scale of one to five. The Texas Lottery's overall survey score was also equal to or higher than those of its benchmark peer groups. Responses are grouped into 12 statistical constructs. Agency-wide results show that employees perceived all the measured issues more positively than negatively.

In particular, agency-wide scores indicated that employees intrinsically like their jobs, their benefits, their physical work environment, and their opportunities for career and personal development. They are willing to go above and beyond what is expected, feel committed to the organization and are very engaged in their work.

Management has applied a proactive approach in responding to the results of these surveys, including identifying strategies to improve on identifiable elements contributing to the lower scoring constructs. This year, as in past years, the results of the SEE were posted on the Texas Lottery's intranet. All levels of staff are invited to discuss and comment on the survey results. Management has consistently shown a willingness to use the survey results when making changes that are intended to continuously improve operations and the working environment at the Texas Lottery.

TEXAS LOTTERY COMMISSION

2016 REPORT ON CUSTOMER SERVICE

The Texas Lottery Commission administers and markets lottery games to generate revenue for the state of Texas, and regulates charitable bingo-related activities in the state of Texas. The agency's mission statements reflect our commitment to maintaining the public trust and operating with full accountability to the citizens of Texas.

AGENCY MISSION

Texas Lottery: 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 standards of security and integrity, set and achieve challenging goals, provide quality customer service and utilize a TEAM approach.

Charitable Bingo: 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.

REPORT ON CUSTOMER SERVICE

In keeping with our Compact with Texans, approved in April 2000, the Texas Lottery Commission believes the performance and attitude of its staff directly impact the attitude of its customers toward the agency. A key to our continued success is establishing and reinforcing an image as helpful, knowledgeable, informative, courteous, and efficient professionals.

We maintain outstanding customer satisfaction levels and enhance public confidence by providing quality customer service.

I. EXTERNAL CUSTOMERS AND SERVICES PROVIDED

A. Customers

The Texas Lottery's external customers include lottery and charitable bingo players, lottery retailers, charitable bingo licensees, vendors and the general public.

Lottery and Charitable Bingo Players

The Texas Lottery player base consists primarily of adult Texans 18 years and older, as well as similarly-aged players from surrounding states and Mexico who travel to Texas to purchase Texas Lottery tickets. The charitable bingo player base consists primarily of adult Texans 18 years and older; however, it is not required that a bingo player be 18 if accompanied by a parent or guardian.

Lottery Retailers

Lottery retailers represent the key delivery channel through which the agency sells tickets to generate revenue for the state. To achieve the agency's mission of generating revenue to support Texas education and veterans' assistance programs, it is critical that lottery products are conveniently and widely available at a variety of locations where a broad diversity of consumers are offered the opportunity to purchase lottery tickets. At the end of fiscal year (FY) 2015, the Texas Lottery had over 17,000 licensed retailers. Although the retailer base contains a variety of trade styles, convenience and grocery stores are the dominant lottery segments in Texas; both are considered to be traditional lottery trade styles. Together, these two categories comprise more than 88 percent of licensed locations and over 96 percent of Texas Lottery sales. The next largest category "beer, wine and liquor stores" represents almost 5 percent of the retailer base and just over 1 percent of sales.

The Texas Lottery is invested in growing the licensed retailer base through sustained and strategic recruitment efforts allowing for greater product accessibility for the public and the potential for

increased revenue to the state. As the retailer base is ever-changing, with multiple sales and acquisitions of locations, the Texas Lottery continues to streamline the licensing processes for retailers to make it easier for them to meet licensing requirements and to maintain updated records. Examples of agency initiatives include offering retailers the option to submit license renewals and general information updates via the Internet. There is also an ongoing effort to consolidate license expiration dates so that all licenses for multi-location retailers have a common renewal date. The Texas Lottery also has created retailer-focused, web-based services to provide lottery financial and ticket inventory reporting to retailers. Working with retailers and industry associates to standardize lottery financial statements is a continuing initiative.

Charitable Bingo Licensees

The Charitable Bingo Operations Division (CBOD) licenses bingo conductors, lessors, manufacturers and distributors. In 2015, there were 1,344 bingo licensees. Of these, 1,000 were charitable bingo conductors in Texas, comprising nonprofit organizations such as veteran organizations, religious societies, fraternal organizations, volunteer fire departments, and groups supporting medical research programs. There were 319 commercial lessors, which are individuals, corporations, authorized organizations, or associations of authorized organizations that lease property where bingo is conducted. There were 14 manufacturers and 11 distributors of bingo products.

Texas Citizens

Texas citizens benefit from the creation of jobs resulting from the conduct of the *Games of Texas*. Texas families benefit from the Texas Lottery's net revenue contributions to the Foundation School Fund, which totaled more than \$19 billion as of March 2016, and from lottery prize money that is returned to the state from winners who are delinquent in child support payments, student loan payments, or other taxes and moneys owed to the state.

In addition, from FY 1995 through March 2016, more than \$995 million in unclaimed Texas Lottery prize funds reverted to the state to be appropriated for health care and other programs authorized by the state legislature.

The Texas Legislature enacted legislation in 2009 requiring the agency to create and sell a scratch game to benefit the Fund for Veterans' Assistance, which is managed by the Texas Veterans Commission. The agency now offers a veterans' scratch game on an ongoing basis in support of the fund. Since the introduction of the first game in FY 2010, these games have generated more than \$60 million in revenue through March 2016.

B. Services Provided to Customers

Texas Lottery Customer Services Hotline (800-375-6886)

The Texas Lottery's Retailer Services Department responds to customer contacts through the toll-free hotline. Hotline staff answer questions about retailer licensing, retailer accounting and general regulatory issues. They also answer questions from the general public and Texas Lottery players, and direct callers to other sources if their questions are not related to one of these subject areas. Hotline staff also communicate with retailers, game players and the general public via email and written correspondence. The department is responsible for tracking, routing and responding to correspondence, and for ensuring timely responses on matters directed to the agency, the executive director and the commissioners.

Retailer Licenses

The Retailer Services Department also is responsible for processing new retailer license applications and license renewal applications. Department staff enter and monitor retailer information; coordinate ownership transfers and lottery terminal moves; perform license terminations; perform retailer records maintenance; and evaluate retailer compliance with Americans with Disabilities Act (ADA)

requirements. The department interacts daily with retailers on Electronic Funds Transfers (EFTs); sweep amounts; account adjustments; account reconciliations; and final balances due. The department works with retailers who have experienced a non-sufficient fund EFT bank account sweep to ensure prompt payment. When appropriate, the department conducts collection and enforcement activities through the preparation of notices and evidence required for adverse licensing actions. The department tracks and manages delinquent retailer accounts using various collection methods, including bank account freezes, levies, and property liens.

Claim Centers

The agency's claim centers provide another point of contact for Texas Lottery customers in 16 locations throughout Texas. Claim center staff process ticket claims for payment; respond by telephone and in person to player and general public information inquiries; represent the agency at local public events; conduct retailer site inspections for ADA compliance related to complaints; and conduct Retailer Research Surveys to gather marketing data and feedback on agency and lottery operator service levels.

Retailer Hotline (800-458-0884)

IGT (formerly GTECH), contracted by the Texas Lottery to operate the games, provides support to retailers through the Retailer Hotline. Trained hotline operators provide retailers with toll-free assistance seven days a week, with the goal of avoiding any interruption in daily sales. Hotline staff help resolve technical issues related to terminals and provide current information about scratch tickets, draw game functions, promotions, system enhancements, procedural changes, terminal repairs and other operational issues.

Charitable Bingo Customer Service

CBOD staff assist licensees and the general public by providing information about the conduct and regulation of charitable bingo. In all interactions with licensees, the bingo-playing public, and the

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general public, CBOD staff strive for total quality customer service. This quality is achieved through the reduction of unnecessary procedures; the use of technology like the Bingo Operations Services System and Bingo Service Portal to provide better, faster and less cumbersome service; solicitation of input from customers and feedback from Bingo Training Program attendees; and by making changes based on that input, where appropriate.

Charitable Bingo Hotline

800-BINGO-77 (800-246-4677)

Email: (bingo.services@lottery.state.tx.us)

This toll-free number and email address is staffed by employees who can answer inquiries and provide assistance both to licensees and the general public on issues related to the regulation and licensing of charitable bingo in Texas.

Publications

The Texas Lottery regularly produces and distributes a wide variety of publications that provide information about the Texas Lottery, Texas Lottery games and corresponding rules, Texas Lottery winners, retailer strategies, charitable bingo, and the agency's business practices.

Publications include the following:

- *Agency Strategic Plan* – a report that is required of all state agencies; it is produced every other year and provides a multiyear view of objectives and strategies for the accomplishment of agency goals, and sets the direction for all agency operations. It is available in hard copy and on the Texas Lottery website at txlottery.org.
- *Comprehensive Business Plan and Annual Report* – an annual report and business plan that provides the Governor, legislators, oversight agencies, agency staff, citizens and other interested parties with financial information and an overview of the agency's operations, and which guides the agency's major initiatives to ensure their cost effectiveness. The Annual Report and Business Plan is updated yearly to ensure the agency is meeting objectives for major initiatives. It is available on the agency's website.
- "End of Game" Notices – one-page fliers that provide close dates and the last date that players can claim prizes for each scratch game. These notices are provided to retailers, published in newspapers and are available on the agency's website.
- "How-to-play" Product Brochures – informational brochures about the agency's draw games and how they are played. The brochures are available in hard copy and on the agency's website.
- *Minority Business Participation Report* – an annual report of the level of minority business participation in both the agency's contracts and the licensing of sales agents. It is available in hard copy and on the agency's website.
- Product Point-of-Sale Materials – game-specific marketing pieces displayed at retailer locations.
- "Play Responsibly" Brochure – an informational brochure available to players and retailers that affirms the Texas Lottery's core value of responsibility for educating players, retailers and the general public about responsible gaming. The brochure lists the signs of a gambling problem and provides contact information for resources for assisting anyone who may have a gambling problem.
- Retailer Manual – a reference manual for licensed lottery retailers.
- *RoundUp* – a monthly newsletter designed for and distributed to retailers throughout Texas free of charge. It is also available online at the Texas Lottery's Retailer Services Center.
- "Sell-In" Sheets – produced for all new draw games and game changes introduced, detailing game features, prize amounts, play instructions and retailer information.
- *TLC TEAM News* – a quarterly, electronic employee newsletter that provides staff with agency news and information.
- *Where the Money Goes* – a graphic showing how each dollar from Texas Lottery sales is used and identifying

ing the Foundation School Fund as the recipient of revenue from Texas Lottery sales. The graphic explains that unclaimed lottery prize funds revert to other programs authorized by the Texas Legislature.

- *Winners!* – a bimonthly newsletter for Texas Lottery players that provides information about Texas Lottery winners. The newsletter is distributed to retailers throughout Texas, and is available free of charge to players. It is also available on the agency's website.
- The CBOD Directors Message – a quarterly newsletter for the bingo community that provides licensees information about tips on operating successful bingo for profit, education and training, important dates, as well as highlights from charitable organizations on how they spent their bingo funds on their charitable purposes.

Internet Sites

The Texas Lottery website (**txlottery.org**) provides the public, lottery retailers and the media with up-to-date information on the *Games of Texas*, from drawing results for the draw games to end-of-game notices for scratch tickets. In addition, the website provides users with access to information about Texas Lottery governing rules and meetings, published reports, winners and news releases. Players can see drawings online (live and/or archived), check their numbers, inform themselves about responsible gambling, and get information about lottery scams. More than 5.5 million visitors a month go to **txlottery.org** for this news and information. Visitors may also email questions, comments and concerns directly to the Texas Lottery.

In 2008, the Texas Lottery added a Retailer Locator to the website. This search feature allows players to locate lottery retail locations by city or zip code and provides a map of each location. The Retailer Locator also allows players to find where their favorite scratch ticket games are available for purchase. The feature was expanded to allow players to search for retail locations where they can check the winning status

of lottery tickets and the type of self-check equipment available at each location. Users of the Retailer Locator may also search for lottery locations by smoking status, to determine if a particular retailer permits smoking inside the business.

In 2015, the Texas Lottery launched the Lottery Services Portal (LSP) website, providing existing and potential Texas Lottery retailers with the convenience and efficiency of secure, online access to lottery reports and functions. LSP, which replaced the Retailer Services Center website, was designed with both current and potential retailers in mind by continuing to provide familiar inventory and accounting reports as well as offering new reports and features. Licensed Texas Lottery retailers registered on LSP are able to log in and access robust functionality such as the ability to manage their LSP account and view/download reports on lottery sales, ticket validations, pack settlements and inventory. Retailers are able to renew their lottery sales license(s) online and submit changes to their current license information. For the first time, potential Texas Lottery retailers have the ability to apply online for a Texas Lottery sales license. Users benefit from a convenient message board on the LSP home screen where the Texas Lottery alerts users to any action they need to take in the licensing process.

The Charitable Bingo website (**txbingo.org**) provides licensees and the public with access to the Bingo Enabling Act, Charitable Bingo Administrative Rules, interactive forms and applications, information on the Bingo Training program and online registration for the program, regional office locations, information on the Registry of Approved Bingo Workers, legal notices, bingo advisory opinions, frequently asked questions, and other important information.

The Bingo Service Portal (BSP) was implemented in 2015 to allow licensees online access to important information related to the management of their licenses, and bingo workers access to manage their worker registry information. Additionally, a variety of statewide reports and a bingo hall locator are available as information tools for everyone. These features have been well received by both licensees and the general public. This is a comprehensive and frequently updated system.

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II. INFORMATION-GATHERING METHODS

The Texas Lottery Commission has conducted numerous research studies since its inception, both by contracting with independent firms and by using staff or agency publications to gather data. All research is coordinated by the Research Section of the Administration Division.

The table below summarizes the methods by which customer service data are collected. More detailed descriptions of each method follow.

METHOD	PURPOSE/IMPORTANCE	DATA COLLECTION TIME FRAME
A. LOTTERY PLAYERS		
DEMOGRAPHIC STUDY OF TEXAS LOTTERY PLAYERS	Meet statutory requirement. Provide independent measurement of citizen participation rates, the distribution and frequency of lottery play, and the demographic profiles of past-year lottery players and non-players.	Required biannually, but is conducted annually in the fall.
ANNUAL SEGMENTATION AND MONTHLY TRACKING STUDIES	Monitor key policy questions, spending pattern shifts, game/advertisement awareness, public perception of the lottery, and shifts in game player profiles.	Segmentation – annually during the first quarter of the fiscal year. Tracking – quarterly during the 2nd, 3rd, and 4th quarters of the fiscal year.
FOCUS GROUPS (OFTEN IN COMBINATION WITH PLAYER SURVEYS AND DISCRETE CHOICE TESTING)	Develop or improve products or services by obtaining reactions, feelings, and opinions from players and non-players on ticket concepts, ticket designs, media and advertising concepts, and other lottery-related topics.	About two times a year
PLAYER SURVEYS	Further explore the appeal of scratch ticket concepts.	About two times a year
DISCRETE CHOICE TESTING	Measure the relative importance of game features that drive players' choices for scratch games and identify the combinations of ticket features that are most effective in driving players' choices.	As needed
INTERNET-BASED SURVEYS	Varied purposes, e.g., scratch ticket concept research studies, draw game brand equity studies, and draw game change studies.	As needed
B. LOTTERY RETAILERS		
RETAILER RESEARCH SURVEYS	Gather retailer opinions and measure retailers' satisfaction with services provided by the Texas Lottery and lottery operator.	Monthly
RETAILER ROUNDUP SURVEYS	Query retailers on current issues related to Texas Lottery operations.	Bi-monthly
FOCUS GROUPS	Gather retailer reactions and opinions regarding potential game changes, scratch ticket concepts and marketing ideas.	As needed
C. CHARITABLE BINGO		
BINGO TRAINING SURVEYS	Survey charitable bingo conductor licensees about the quality of customer service received from the Texas Lottery.	<ul style="list-style-type: none"> • Included with license renewal applications, and • Near the conclusion of the in-person Bingo Training Program.

A. Lottery Players

Demographic Study of Texas Lottery Players

Texas Statute (Section 466.021, Texas Government Code) mandates that the Texas Lottery's Executive Director contract with an independent firm to conduct a demographic study of Texas Lottery players every two years. In 2005, the Texas Lottery decided to have the study conducted annually. The Hobby Center for Public Policy at the University of Houston conducted the most recent state-mandated study, the *2015 Demographic Survey of Texas Lottery Players*, in November 2015. In addition to surveying by telephone as in previous years, the 2015 study included mailed surveys, utilizing the U.S. Postal Service's Computerized Delivery Sequence (CDS) File.

Data Collection Time Frame/Cycle: Conducted every year, typically beginning in the summer and continuing into fall.

Data Limitations: Based on a sample and subject to sampling errors that could skew results. All data are self-reported by the respondents, and results are dependent on honest, accurate reporting.

Number of Customers Surveyed: Approximately 1,700 per study. In 2015, a total of 1,979 self-reported players and non-players were surveyed.

Margin of Error: The margin of error is ± 2.4 percent for a sample of 1,700 at the 95 percent level of confidence.

Customer Groups Excluded: Persons without cell phones or telephones in their homes and whose home addresses are not part of the U. S. Postal Service's CDS File.

Justification for Exclusion: Based on the Census 2014 American Community Survey, 98 percent of Texas households had telephone service available. In addition, USPS's database covers nearly 100 percent of all households in the United States.

Consequently, only a very small percentage of adult Texans are excluded from the possibility of receiving a survey.

Annual Segmentation & Monthly Tracking Studies

This research allows the Texas Lottery to monitor key policy questions, spending pattern shifts, game and advertisement awareness, public perception of the lottery, attitudinal shifts within customer segments, shifts in game player profiles and any changes in the size or composition of the segments.

An independent research firm conducts the Segmentation and Monthly Tracking studies, using Internet-based surveys to solicit input from players and non-players. Both studies include a standard item bank of questions, in addition to questions exploring topics deemed relevant by the Texas Lottery at that time.

The Texas Lottery Annual Segmentation and Monthly Tracking surveys have been conducted on a regular basis since November 1992.

Data Collection Time Frame/Cycle: The tracking surveys are conducted on quarterly basis. The segmentation study is conducted annually during the first quarter of the fiscal year.

Data Limitations: Conducted only with adult Texans (age 18+) who have access to the Internet. All data are self-reported. Because Internet surveys are non-probability samples, sample results cannot be generalized to the adult Texan population, which is possible only with probability samples, such as those in Random Digit Dialing (RDD) telephone surveys.

Number of Customers Surveyed: Approximately 3,200 for the Annual Segmentation Study and 2,400 per quarter for the Tracking Surveys, with additional surveys completed as needed to supplement under-represented customer segments.

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Margin of Error: Cannot be calculated for a non-probability sample.

Customer Groups Excluded: Adults without Internet access.

Justification for Exclusion: Based on the Census 2014 American Community Survey, 73 percent of Texas households had Internet service, so about one in four Texans is excluded from the possibility of receiving a survey. However, because Internet-based surveys are considerably less expensive than telephone-based surveys, it is possible to obtain much larger samples than are possible with telephone surveying, at a lesser cost.

Focus Groups

Since the Texas Lottery's inception, focus groups have been conducted to evaluate potential new instant game concepts and to receive feedback from players on general game issues such as ticket designs, play styles and themes.

This testing (which includes a spending exercise and an evaluation exercise) continues with those player segments that represent the greatest potential for this product line. Focus group testing is done on an as-needed basis to assess scratch and draw game changes and additions, scratch and draw game media concepts, and related topics.

Data Collection Time Frame/Cycle: Data are typically collected over a two- to three-day period during four to six individual sessions in different Texas cities, e.g., in Houston and San Antonio.

Data Limitations: Due to the qualitative nature of focus group research, and the small sample sizes, the results obtained may not be representative of the population.

Number of Customers Surveyed: Approximately 40 – 60 per study.

Margin of Error: Not measured because of the qualitative nature of the data.

Customer Groups Excluded: Persons without telephones in their homes are excluded because groups are solicited via random telephone calling. Also excluded are persons who do not play lottery games and persons who do not meet the pre-determined criteria for the specific project (spend levels, game preferences, etc.).

Justification for Exclusion: Based on the Census 2014 American Community Survey, 98 percent of Texas households had telephone service available, so only a small percentage of adult Texans are excluded from the possibility of participating in the focus groups.

Player Surveys

In most cases, focus group research with players conducted on behalf of the Texas Lottery is combined with player surveys. A larger sample of players than those in focus groups is surveyed in order to explore the appeal of scratch ticket concepts further. For example, in evaluating 45 new \$5 scratch ticket concepts in October 2014, 600 on-line surveys with \$5 scratch players in Texas were conducted over an approximate 2-week time frame.

Data Collection Time Frame/Cycle: Data are collected within a week or two during one to three nightly sessions.

Number of Customers Surveyed: Approximately 150-600, depending on the scope of the project.

Data Limitations: All data are self-reported by respondents.

Margin of Error: Margin of error for surveys depends on the sample size for the specific project, and can be calculated only for probability samples. The margin of error is ± 4.0 percent for a probability sample of 600 at the 95 percent confidence level (based on an estimated population of 19,840,732 adults in Texas from the U. S. Census as of 7/1/2014).

Customer Groups Excluded: Persons without telephones in their homes are excluded because

groups are solicited via telephone. Also excluded are persons who do not play lottery games and persons who do not meet the pre-determined criteria for the specific project (spend levels, game preferences, etc.).

Justification for Exclusion: Based on the Census 2014 American Community Survey, 98 percent of Texas households had telephone service available, so only a small percentage of Texans are excluded from the surveys.

Discrete Choice Testing

Discrete choice testing is also a common feature in evaluating new scratch game concepts. Discrete choice testing is used to measure the relative importance of game features that drive players' choices for scratch games and to identify the combinations of ticket features that are most effective in driving players' choices. Discrete choice research involves participants completing a survey on which they are asked to choose between multiple ticket concepts with different combinations of features.

This type of research is conducted as needed, but normally no more than once annually.

Data Collection Time Frame/Cycle: Employing a mini-lab setting (e.g., a classroom), data are typically collected within a week during three- to four-night sessions. Discrete choice tests conducted via in-person intercepts at retailer locations or via Internet-based surveys can take longer than a week, depending on the sample size involved.

Data Limitations: All data are self-reported by the respondents.

Number of Customers Surveyed: As many as 500, depending on the nature of the study.

Margin of Error: The margin of error depends on the sample size of the specific project. The margin of error for a probability sample size of 500 is ± 4.4 percent at the 95 percent confidence level.

Customer Groups Excluded: Persons who do not play lottery games and persons who do not meet the pre-determined criteria for the specific project (spend levels, game preferences, etc.) are excluded. Also, persons without telephones in their homes are excluded if participants are recruited over the phone.

Justification for Exclusion: Based on the Census 2014 American Community Survey, 98 percent of Texas households had telephone service available, so only a small percentage of Texans are excluded from the possibility of being selected to participate.

Internet-Based Surveys

The Texas Lottery has used Internet-based surveys for quantitative draw ticket concept research studies, draw game brand equity studies, and an online game change study. Internet surveys are typically more cost-effective than other methods, such as telephone surveys and focus groups. They also allow for the use of graphics, which telephone research does not. As the use of the Internet grows among players, this research tool is becoming a preferred method for administering surveys.

An Internet survey approach was used at the beginning of 2013 to collect information about the behavior of the emerging market for lottery products, that is, players between the ages of 18-34. A sample of 2,750 players and non-players was surveyed, and respondents were asked about their participation in the lottery, technology and the Internet, media habits, shopping habits, their views of gaming, and their personal philosophy.

Data Collection Time Frame/Cycle: Time frame will vary dependent on the nature of the study and the response rate of invited participants.

Data Limitations: All data are self-reported by the respondents. In addition, because respondents are volunteers they constitute a non-probability sample. Calculation of error rate is possible only for probability samples, such as those in RDD telephone surveys.

SUPPLEMENTAL SCHEDULE G

Number of Customers Surveyed: The number will depend on the specific research project.

Margin of Error: Cannot be calculated for a non-probability sample.

Customer Groups Excluded: These projects would exclude anyone without Internet access.

Justification for Exclusion: Although the number of players who have Internet access is likely lower than the number of players with telephones, Internet surveys are typically more cost-effective than phone surveys and can reach larger samples than phone surveys. In addition, Internet surveys may incorporate graphical representations of lottery games.

B. Lottery Retailers

Retailer Research

The primary objective of these surveys is to measure retailers' interactions and overall satisfaction with various Texas Lottery and lottery operator support services and functions.

The Research Section of the Administration Division creates the survey instrument and incorporates revisions annually based on recommendations from the Lottery Operations Division. This instrument is forwarded to the 16 claim centers for their staff to conduct the survey on a monthly basis. Retailers are divided according to claim center and lottery operator district areas. Each claim center has annual goals, and numbers vary depending on the geographic region. The survey includes both an opinion and an observational component; therefore, every retailer surveyed is visited in person.

The survey gathering process occurs during the first three weeks of the month. Claim center staff forward all surveys to the Research Section. From there they are forwarded to an independent research contractor who tabulates the results and provides the Texas Lottery with monthly reports

and data sets. Results from specific questions are forwarded to the lottery operator on a monthly basis for follow-up at the retailer level. The Research Section summarizes the results of the actions taken by the operator's lottery service representatives and produces a report which is disseminated to the operator's district sales managers and lottery staff, including Retailer Services and claim center staff. The Research Section produces a semi-annual report, which is disseminated to lottery staff.

Data Collection Time Frame/Cycle: Data collection is monthly. Reports are produced on a semi-annual basis.

Data Limitations: All data are self-reported. Some retailers surveyed may not have English as a first language.

Number of Customers Surveyed: Approximately 350 retailers are visited in one month (one-fourth of the total number of retailers, divided by 12 months), with survey completion rates of ± 95 percent. The Texas Lottery's goal is to survey all retailers in a four-year period.

Margin of error: The margin of error will depend on the sample size of a particular report. For the first two quarters of FY 2016, 2,224 completed surveys from a population of 17,521 is a margin of error of ± 1.79 percentage points.

Customer Groups Excluded: Excluded retailers include those who refuse to participate in the survey, those for whom there is a language barrier, and those who are not in operation at the time of the survey.

Justification for Exclusion: Retailer surveys are voluntary and are not a requirement for a licensed sales agent. All attempts are made to survey every licensed retailer within a four-year period.

Retailer RoundUp Surveys

The Texas Lottery's monthly publication, *RoundUp*, provides retailers with news of upcoming draw game and scratch game promotions, the latest retailer incentive and retailer bonus information, answers to frequently asked questions, and placement of point-of-sale materials. Once or more a quarter, *RoundUp* includes a printed survey to query retailers on current issues related to Texas Lottery operations. These brief surveys typically consist of three to six questions. Due to low response rates, the information collected from the *RoundUp* surveys is used mainly for directional purposes.

Beginning in August 2015, *RoundUp* surveys were supplemented with surveys directed to retailers through their lottery terminals. Terminal surveys have the same questions as *RoundUp* surveys, and the results are combined.

Data Collection Time Frame/Cycle: Surveys are printed in the retailer publication at least once a quarter. Terminal surveys are generated as needed.

Data Limitations: All data are self-reported. Data collection must rely on retailers' willingness to complete the survey, either the published or the terminal version, and return it to the Texas Lottery. Because of limited space, terminal surveys can contain about three questions, and when they are used in conjunction with *RoundUp* surveys, the number of questions in the published survey is limited to the same number. Response rates for the published surveys are low, with a typical survey resulting in 50-75 responses. Response rates for the combined *RoundUp* and terminal surveys are higher, ranging from 300 to 400 responses.

Number of Customers Surveyed: All retailers receiving the publication survey and the terminal survey have the opportunity to respond.

Margin of Error: Not measured

Customer Groups Excluded: No retailer is purposely excluded. Retailers may exclude themselves because they do not read the publication or they choose not to respond to the terminal survey.

Justification for Exclusion: Retailer response is strictly voluntary and is not a requirement as a licensed sales agent.

Focus Groups

As with focus groups involving players, focus groups have also been conducted with retailers to gather their reactions and opinions regarding potential game changes, scratch ticket concepts and marketing ideas.

Data Collection Time Frame/Cycle: Data are typically collected over a two- to three-day period during two to four individual sessions in different Texas cities, e.g., in Houston and San Antonio.

Data Limitations: Due to the qualitative nature of focus group research, the results obtained may not be representative of the population. Also, it is difficult to persuade retailers to leave their businesses, particularly during the day, to participate in focus groups.

Number of Customers Surveyed: Approximately 15 – 30 per study.

Margin of Error: Not measured because of the qualitative nature of the data.

Customer Groups Excluded: No retailer is purposely excluded. Retailers may exclude themselves because they do not have time or are not interested in participating. In scheduling, efforts are made to hold the groups at times when retailers can conveniently leave their businesses to participate (lunch time or early evening).

Justification for Exclusion: Retailer response is strictly voluntary and is not a requirement as a licensed sales agent.

C. Charitable Bingo

Bingo Training Surveys

The CBOD's efforts to increase communication with licensees through initiatives such as the Bingo Training Programs have resulted in favorable ratings in the quality of customer service provided by the division. The division routinely surveys charitable bingo conductor licensees about their opinions of the quality of customer service they receive. The survey includes the question, "How would you rate the quality of services you receive from the CBOD?" and is given to each individual attending the Bingo Training Program.

III. LEVELS OF CUSTOMER-DETERMINED QUALITY

A. Lottery Customer Satisfaction

The FY 2016 figure for player satisfaction in Table A is taken from the quarterly tracking studies from the first and second quarters of the fiscal year. The figure for retailer satisfaction is taken from the Retailer Research Surveys conducted during the first and second quarters of the fiscal year.

B. Bingo Customer Satisfaction

Table B shows results of the responses to the survey question rating the quality of customer service provided by the CBOD by calendar year.

C. Service Timeliness

The Texas Lottery's Retailer Services Department responds to customer contacts through the toll-free hotline. Hotline staff strives to maintain an average answer speed of 20 seconds or less. As shown in Table C, the goal for abandoned calls, when the caller hangs up before the operator answers, is to maintain an average speed of 20 seconds or less. The agency has made a concerted effort to minimize wait time by providing customers with applications and forms with clearly written instructions and a user-friendly design. Whenever possible, minimum processing time is published on the application or form.

TABLE A

MEASURE	FY 2016 YTD
*PLAYERS SATISFIED WITH THE TEXAS LOTTERY	79%
** RETAILERS SATISFIED WITH THE TEXAS LOTTERY	95%

* Player question: "Overall, how satisfied are you with the games provided by the Texas Lottery?" Scale: 1 (Not at all satisfied) to 7 (Very satisfied); Measure: Percentage of total responding 5, 6, or 7

** Retailer question: "Overall, how would you rate the services provided by the Texas Lottery?" Scale: Very Poor, Poor, Fair, Good, Excellent; Measure: Percentage of total responding "Excellent" or "Good"

TABLE B

CALENDAR YEAR	RESPONDENTS	RESPONDING "EXCELLENT" OR "GOOD"
2015	335	97%
2014	204	99%
2013	306	98%
2012	364	99%
2011	374	97.1%
2010	328	95.7%
2009	1,325	91%
2008	1,126	96%

TABLE C

MEASURE	STANDARD	PERFORMANCE
AVERAGE SPEED OF ANSWERING TELEPHONE	20 SECONDS	10.0 SECONDS
AVERAGE ABANDONED CALL SPEED (CALLER HANGS UP BEFORE ANSWERED) (2.3% OF ALL INCOMING CALLS ABANDONED)	20 SECONDS	6.4 SECONDS
PERCENTAGE OF INCOMING TELEPHONE CALLS ANSWERED IN LESS THAN 20 SECONDS	80%	94%
AVERAGE RESPONSE TIME TO CORRESPONDENCE	2-5 WORKING DAYS	4 WORKING DAYS
AVERAGE RESPONSE TIME TO E-MAIL	2-5 WORKING DAYS	3 WORKING DAYS
AVERAGE CALL LENGTH		2:33

IV. ANALYSIS

A. Lottery Customer Satisfaction

Lottery Player Satisfaction

During the first two quarters of FY 2016, 79 percent of players (who had played any game in the past year) reported being satisfied with the games provided by the Texas Lottery. This measure could be influenced by the perceived lack of winning experiences, or of knowledge of lottery game winners.

The Texas Lottery embraces the importance of the public trust and makes certain that the lottery games are administered in a secure manner to guard that trust. The Texas Lottery is committed to ensuring that the lottery games are run in a manner that enhances public confidence in the integrity and fairness of the games. Fundamental to that premise is the ability for the public to inquire who is receiving public funds in the form of Texas Lottery prize payments.

Accordingly, the agency will continue to evaluate the importance and effectiveness of its Winner Awareness campaigns and other avenues that identify for the public that “real people” play and “real people” win.

Lottery Retailer Satisfaction

The “retailer satisfaction” measure continues to rate at or above 95 percent “good to excellent,” and less than one percent in the “poor to very poor” rating categories.

In recent years, several initiatives have been implemented to provide enhanced customer service to licensed retailers. In 2015, the Texas Lottery launched the Lottery Services Portal (LSP) website, available to retailers at tx.gtechlsp.com. LSP provides existing and potential Texas Lottery retailers with the convenience and efficiency of secure, online access to lottery reports and functions, including the ability to submit license applications online.

When a license application is submitted online through the LSP, the user is now notified immediately that the application has been received. In an effort to facilitate prospective licensees’ access to information on becoming a lottery retailer, a Spanish-language recruitment brochure was introduced in November 2011 and added to the variety of English-language information already available on the Texas Lottery website.

The implementation of player ticket self-check technology reduces retailer labor transaction time in processing ticket inquiries and validations by minimizing player questions about the prize amount of potential winning tickets. Additionally, Texas Lottery and lottery operator personnel continue to reach out to retailers in small group settings called Retailer Links meetings, held throughout the state each year, reaching retailers in more than 80 cities and towns in over 100 meetings from CY 2006 through 2016. Links meetings provide retailers the most current information on Texas Lottery policies and game initiatives, while offering an open forum for soliciting feedback and addressing retailer concerns. Retailers view these meetings as a positive means of furthering communication between the Texas Lottery, the lottery operator and lottery retailers.

B. Bingo Customer Satisfaction

Though surveys consistently show a very high customer-service rating, the management and staff of the CBOD strive to continuously provide and maintain high standards of customer service in all interactions with licensees.

V. PERFORMANCE MEASURE INFORMATION

A. Customer Service Providers and Standards

Communications Services Hotline

Communication Specialists strive to respond to general Internet email messages within two business days, and within five business days to messages requiring research to respond. Correspondence is answered within an average of five business days or less, and general requests for public information are processed within 24 hours.

Retailer license application procedures vary depending upon the type of business (independent, chain or corporate account) and according to the type of application.

Typically, a properly completed Texas Lottery Ticket Sales License Application will be completed within seven to 10 business days of receipt of the application in the Retailer Services section. The Electronic Funds Transfer (EFT) system connects retailer bank accounts with the Treasury Operations Division of the Comptroller's Office through an electronic computer network. It reduces retailer paperwork and streamlines the accounting process required to deposit Texas Lottery ticket sales revenue into the Texas State Treasury. EFT transfers are done weekly.

Claim Centers

Wait times for processing and issuance of prize checks vary depending on many factors, including but not limited to: completeness and accuracy of the submitted claim form; the condition of the apparent winning ticket; and/or any debts owed to the state of Texas by the claimant. Barring any problems with these items, the standard wait time for a claimant to receive a prize check in a claim center is 10 to 15 minutes.

Retailer Hotline

The goal of the Hotline operators is to answer 100 percent of incoming calls within an average of 45

seconds. Inquiries needing additional research are generally answered within two business days, or the appropriate party will be notified of any further delay within that time period.

Charitable Bingo

Wait times for processing applications and issuance of licenses varies depending on many factors, including but not limited to: completeness and accuracy of the submitted application and required supporting documentation; existence of financial liabilities; existence of a pending compliance case; audit in progress; results of criminal background checks of individuals on the organization's bingo record; and the existing backlog of applications.

Conductor quarterly reports are due the 25th of the month following the end of the calendar quarter. Prize fee allocations are processed for the local jurisdictions by the 6th day of the month following the quarterly report due date.

B. Complaint Processing

CAMP

The agency continues to receive, track and address jurisdictional concerns from the public via the Compliance Activity Monitoring Program (CAMP) hotline, established in 2004. Awareness of the hotline is supported through placement of the toll-free 800 number on the website, in retail locations, and in venues where bingo games are conducted. The Compliance Hotline Section of the Retailer Services Department is responsible for monitoring the life cycle of complaints and violations of the Bingo Enabling Act, State Lottery Act and administrative rules. The Compliance Hotline Section is a centralized intake unit

unit for complaints, and also monitors violations that are identified internally. Compliance staff is responsible for maintaining the standards set by the Texas Lottery relating to complaints.

An automated system has been developed which provides the ability to track all complaints and violations from initial intake or discovery to final disposition by allowing the Compliance Hotline Section to monitor the compliance resolution process as work flows between the Enforcement, Legal Services, CBOD, and/or Lottery Operations Divisions. The section maintains a comprehensive database on complaints, violations and disposition to facilitate trend analysis and reporting. The information allows the agency to make informed decisions relating to licensees by reviewing compliance history when considering license issuance and/or administrative action.

Communications Services

The Communications Services Section of Retailer Services receives customer and retailer questions and complaints, in both English and Spanish, via telephone, written correspondence, email, fax or in person. Communication Specialists handle customer service complaints and concerns from Texas Lottery retailers and prospective retailers and customer service complaints, questions and concerns raised by players and the general public. The calls are routed to the different groups based on caller input on the Interactive Voice Response system (IVR) of the agency telephone system. Periodically, one-on-one meetings with a complainant are held at the agency. Communications Services tracks, routes and responds to correspondence, and is responsible for ensuring timely responses on matters directed to the agency, the executive director and the commissioners.

Retailer Hotline

Issues and concerns raised by retailers regarding stolen tickets, missing packs, ticket deliveries, retailers, equipment difficulties or other issues are resolved by Texas Lottery operator hotline staff, and may be handled by dispatching a technician to the retailer location or forwarding the issue to the appropriate Texas Lottery division for resolution.

Charitable Bingo

Jurisdictional complaints related to the conduct of charitable bingo in Texas are handled by the Compliance Section of the Texas Lottery. A jurisdictional complaint is one in which the Texas Lottery has the authority to interpret and apply the law in accordance with the Bingo Enabling Act or Charitable Bingo Administrative Rules. The process tracks and monitors the status of complaints from the time they are submitted through the final disposition. The centralized process enables the agency to rapidly identify problem areas of compliance activity or complaint trends.

When an increase in a particular type of violation or complaint is seen and the complaints or violations are determined to be valid, steps are taken to remedy the situation. Educational information designed to prevent the complaints or violations are incorporated into the training program.

Complaints must be submitted in writing, and complainants are encouraged to submit complaints on an official Texas Lottery complaint form. The forms are available on the website at **txbingo.org**, from the regional offices, or by contacting the Texas Lottery by telephone, fax, email, or in writing. Once filed, complainants are informed of the status of their complaints every 90 days, or when the complaint case is closed.

C. Customer Service-Related Performance Measures: Lottery

CUSTOMER SERVICE PERFORMANCE MEASURES	TARGETED FY 2016 PERFORMANCE
OUTCOME MEASURES PERCENTAGE OF RETAILERS SATISFIED LOTTERY COMMISSION <i>The percentage of respondents to the Retailer Research Surveys that rate the Texas Lottery's services as "Good" or Excellent," with "Uncertain" responses removed.</i> PERCENTAGE OF ELIGIBLE PLAYERS SERVED <i>The percentage of respondents to the Monthly Tracking Surveys that report participating in any Texas Lottery game during the last month.</i>	95% 36%
OUTPUT MEASURES NUMBER OF RETAILER SURVEYS COMPLETED <i>The percentage of Retailer Research Surveys completed.</i> NUMBER NEWSLETTERS DISTRIBUTED TO RETAILERS <i>The number of newsletters distributed annually to active retailers and chain retailer headquarter offices.</i> NUMBER OF RETAILER VISITS <i>The number of retailer visits conducted annually by the lottery operator sales representatives.</i>	4,200 annually 106,400 450,658
EFFICIENCY MEASURES AVERAGE COST PER SURVEY ISSUED <i>Estimated employee hours required to prepare, administer, enter data, analyze and summarize data and cost of materials utilized.</i>	\$2.00

D. Customer Service-Related Performance Measures: Charitable Bingo

CUSTOMER SERVICE PERFORMANCE MEASURES	TARGETED FY 2016 PERFORMANCE
OUTCOME MEASURES PERCENT OF SURVEYED CUSTOMER RESPONDENTS EXPRESSING OVERALL SATISFACTION WITH SERVICES RECEIVED <i>This data is collected via the participants in the Operator Training Program, and at license renewal.</i>	95%
OUTPUT MEASURES NUMBER OF CUSTOMERS SURVEYED <i>Representatives of licensed organizations are surveyed when they attend the Operator Training Program. Representatives of licensed organizations are also provided a survey to complete when their bingo license renewal is mailed to them at renewal time.</i>	1,000
EFFICIENCY MEASURES AVERAGE COST PER SURVEY ISSUED <i>Estimated employee hours required to prepare, administer, enter data, analyze and summarize surveys and cost of materials utilized.</i>	\$1.00

**ASSESSMENT OF
ADVISORY COMMITTEES**

(NOT APPLICABLE)

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2017-2021



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