



LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS 2014 AND 2015

Submitted to the
Governor's Office of Budget, Planning and Policy
and the Legislative Budget Board

by

Texas Lottery Commission

August 30, 2012

Legislative Appropriations Request

for Fiscal Years 2014 and 2015

Submitted to the
Governor's Office of Budget, Planning and Policy
and the Legislative Budget Board

by

Texas Lottery Commission

Commission Members

Mary Ann Williamson
J. Winston Krause
Cynthia Tauss Delgado

Dates of Term

October 7, 2008 – February 1, 2015
March 27, 2009 – February 1, 2013
September 22, 2011 – February 1, 2017

Hometown

Weatherford, Texas
Austin, Texas
League City, Texas

Submitted: August 30, 2012

Submitted by:



Gary Grief, Executive Director

Approved by:



Mary Ann Williamson, Chairman

**Legislative Appropriations Request
for Fiscal Years 2014 and 2015
Texas Lottery Commission**

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Names	Terms of Office	Hometowns of Commission Members
Mary Ann Williamson	October 7, 2008 – February 1, 2015	Weatherford
J. Winston Krause	March 27, 2009 – February 1, 2013	Austin
Cynthia Tauss Delgado	September 22, 2011 – February 1, 2017	League City

Texas Lottery Sales and Revenue

The Texas Lottery has generated well over \$20.3 billion for the state of Texas since the first ticket was sold in 1992. Prior to 1997, the proceeds were allocated to the General Revenue Fund. Since 1997, Texas Lottery proceeds have been transferred to the Foundation School Fund to support public education in our state. The Texas Lottery has contributed more than \$14 billion to the Foundation School Fund, and of that total, over \$1 billion will be contributed in fiscal year 2012, making it the eighth time the agency has reached the \$1 billion mark since 1998. The Commission's revenue transfer for FY 2012 is based on overall sales greater than \$4 billion, the highest level of total sales in the agency's twenty year history.

Other Texas Lottery funds such as unclaimed prizes revert back to the state for programs authorized by the Texas Legislature. In Fiscal Year 2011 Texas Lottery proceeds from specific instant ticket games also benefited the Fund for Veterans Assistance in the amount of \$8.7 million.

In addition to transfers to the Foundation School Fund and the Texas Veterans Commission, the Texas Lottery Commission also contributed revenue from other sources such as unclaimed prizes and collection of debts owed to the state. During FY 2011, the Commission transferred \$53.7 million in unclaimed prizes to the state. This brings the total to \$687.1 million since the first statutory change addressing unclaimed prizes in 1999. The biggest beneficiary to date has been the General Revenue Fund, which has received \$332.2 million in unclaimed prizes. The Commission also assists in collecting debts owed to the state of Texas. Before the Commission pays a claimant his or her prize, agency staff checks to ensure that the winner does not have outstanding debts to the state. This effort has garnered more than \$4 million for the state over the past three years to satisfy debt that might have otherwise gone unpaid.

Charitable Bingo Revenue and Business Activities

Since the first licenses were issued in 1982, charitable bingo has had positive benefits for charities, players, and state, county and municipal governments in Texas. Gross receipts from the conduct of charitable bingo total more than \$16 billion, bingo prizes awarded have been in excess of \$11 billion, allocations to local jurisdictions have totaled approximately \$262.9 million, and contributions to the General Revenue Fund totaled \$352.6 million. By the end of calendar year 2011, the total amount of charitable distributions from the conduct of bingo totaled \$1.0 billion.

Lottery Administrative Expenses

The sale of lottery tickets is used to pay for all costs of Texas Lottery operations. This includes the payment of prizes to the holders of winning tickets, retailer commissions, and all other costs incurred in the operation and administration of the lottery. The State Lottery Act limits the combined total of retailer compensation and agency administration to no more than 12 percent of gross ticket revenues. Of this 12 percent, the State Lottery Act mandates that no less than five percent be allocated to retailers as commissions, with the remaining seven percent of ticket sales allowed to be expended on administration of the Texas Lottery. The Commission returns any "unspent administrative funds" to the Foundation School Fund.

A major part of the agency's budget is concentrated in the Lottery Operations Division budget, which accounts for the commission paid to the lottery operator. The lottery operator contract was effective September 1, 2011, and includes a compensation rate to the lottery operator of 2.2099 percent of gross sales. The contract expires August 31, 2020. This is by far the largest contract managed by the agency.

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Exceptional Items

The Commission has submitted 3 Exceptional Items amounting to \$4.9 million. The Exceptional Items have been prioritized in accordance with the agency's goal structure to allow for continued regulatory and revenue generating functions, provide essential services and allow for potential growth in Lottery revenue. A summary of each Exceptional Item follows:

Exceptional Item 1, New Draw Game.

In order to retain player interest and continue generating revenue for the Foundation School Fund, the Texas Lottery must drive innovation within its portfolio of traditional lottery games. The agency continually explores potential new games and game enhancements in the interest of ongoing revenue generation. The Agency Business Plan has identified a potential new draw game opportunity in FY 2014 that will require necessary capital and staff investments. The introduction of this new game would require the agency to procure new drawings equipment and ball sets, as well as expand and remodel the existing draw studio. Funding of this project would provide an additional 3.0 FTEs and appropriation authority of \$1,058,598 in FY 2014 and \$140,498 in FY 2015. It is important to note that with this request the agency would not exceed its FY 2012-2013 base appropriation but only needs the FTE and Capital Budget authority.

Exceptional Item 2, Bingo Additional FTEs.

Funding for this exceptional item would provide additional General Revenue in the amount of \$612,438 and 14 FTE's for each year of the biennium in the Bingo Law Compliance Field Operations strategy. The increase in GR appropriation would be supported by fee increases to Bingo Operators and Lessors.

The Commission regulates charitable bingo with the intent to ensure fair conduct of bingo games, oversee the proper distribution of proceeds to charities, and enforce the collection and distribution of state and local bingo revenues. Funding for the regulation of Charitable Bingo has been significantly reduced over time. For the 2012-2013 biennium, the Bingo Division's budget was reduced by 26% as compared to the 2010-2011 appropriations due to required Legislative budget reductions. The impact of these reductions to the division has been substantial, resulting in reduced frequency of inspections and audits as well as lengthened processing time for license applications. Without state oversight, bingo games, which operate on a cash basis, would be more susceptible to theft and fraud and the State would be vulnerable to financial loss of state bingo revenues.

The functions of the Bingo Law Compliance Field Operations Program include regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). Utilizing a system of enforcement by conducting inspections, reviews, audits and complaint investigations, the Charitable Bingo Operations Division (CBOD) may take appropriate disciplinary action when necessary. The CBOD also conducts testing on bingo products for use in the state of Texas. The goal for the Bingo Law Compliance Field Operations Program is to conduct its activities consistently and fairly.

If funding is not granted, there would be continued fewer audits, inspections, and investigations of license holders. This could result in bingo activities being conducted that are not in compliance with the Act and/or Rules. Some areas that could be affected would be the amount of prize fees and rental taxes remitted to the state as well as ensuring proceeds are used for an authorized purpose.

Exceptional Item 3, Automated Charitable Bingo System (ACBS) Redesign.

This project in the amount of \$2.5 million will redesign the Automated Charitable Bingo System (ACBS). Since implementation, there have been numerous changes to business processes including system application changes. The current toolset used to support ACBS will be out of support in 2013. Because of the requirement to

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convert to another toolset, and in order to meet the ongoing needs of the Charitable Bingo Program, it is necessary to redesign and convert the existing system. The ACBS is used daily by agency staff for the administration and management of the Charitable Bingo program.

This increase in General Revenue (GR) appropriation would be supported by a portion of the GR Bingo Prize Fee collected pursuant to Texas Occupations Code, Section 2001.504 that is deposited and retained by the state. Historical Bingo Prize Fee collections have been in the range of \$25.2 - \$27.4 million each year with approximately \$12 million allocated to local governments as required by Texas Occupations Code, Section 2001.503. Between \$13 million and \$14 million has been retained by the state as unappropriated revenue.

Rider Revisions

The Commission is requesting deletion of Rider 6, Limitation: Out of Country and Out of State Travel and would comply with the Limitation on Travel Expenditures referenced under Article IX, Section 5.08 of the General Appropriations Act.

A revision to Rider 7, Appropriations Limited to Revenue Collections is revised to clarify that the use of bingo rental taxes as a source of revenue to cover the cost of appropriations.

The Commission has included a revision to Rider 10 to provide a biennial appropriation and clarify the authority to use any unexpended balance authority between fiscal years of the biennium for the Sales Performance Retailer Commission program.

A new Rider outlined as New Rider 702 is requested to transfer Bingo receipts to the General Revenue Lottery Dedicated Account to fund the cost of indirect support provided to the Bingo program from lottery proceeds. This Rider is in reference to Recommendation 4.6 of the agency's Sunset Report.

The Commission is requesting deletion of Strategy B.1.5, Bingo Prize Fee Allocation and Rider 9 and to account for the local prize fee activities under a new Rider that would appropriate prize fees by Rider appropriation. This modification outlined in New Rider 703 is in reference to Recommendation 4.1 of the agency's Sunset Report.

New Rider 704 is requested to appropriate the Commission the third party reimbursements collected by the Bingo division in accordance with Texas Occupations Code Section 2001.205(b), 2001.209(b), 2001.437(e) and 2001.560(d).

New Rider 705 is contingent upon the approval of Exceptional Item 2 relating to staffing increases for the Bingo division. This rider would appropriate funds from a fee increase to the Bingo Operators and Lessors.

10% General Revenue-Related Base Reduction

In order to achieve a 10% General Revenue Base Reduction the Commission would reduce a total of 25.0 FTEs of the current 33.0 FTEs in Bingo to generate sufficient savings. Concurrent with LBB directive, the agency funded the entire 10% reduction from the Bingo administrative strategies, exempting the Bingo Prize Fee Allocation from the reduction. Excluding the Bingo Prize Fee Allocation appropriation, 88% of Bingo's budget is salary related.

ADMINISTRATOR'S STATEMENT

8/16/2012 12:13:17PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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The Bingo Law Compliance Field Operations Program includes regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). In addition, it also conducts testing on bingo products for use in the state of Texas. The Bingo Licensing Program includes the licensing of persons identified pursuant to the Act and the registration of individuals on the Registry of Approved Bingo Workers. The impact of such a reduction would severely limit the operating capabilities of the Bingo Division of the Texas Lottery Commission. This reduction would eliminate the audit and investigation function which regulate licensees' compliance with the Bingo Enabling Act and increase the amount of time to process bingo tax revenue and process license applications. Revenues would be negatively affected with the lack of operating budget capabilities and staff available to perform current daily operations.

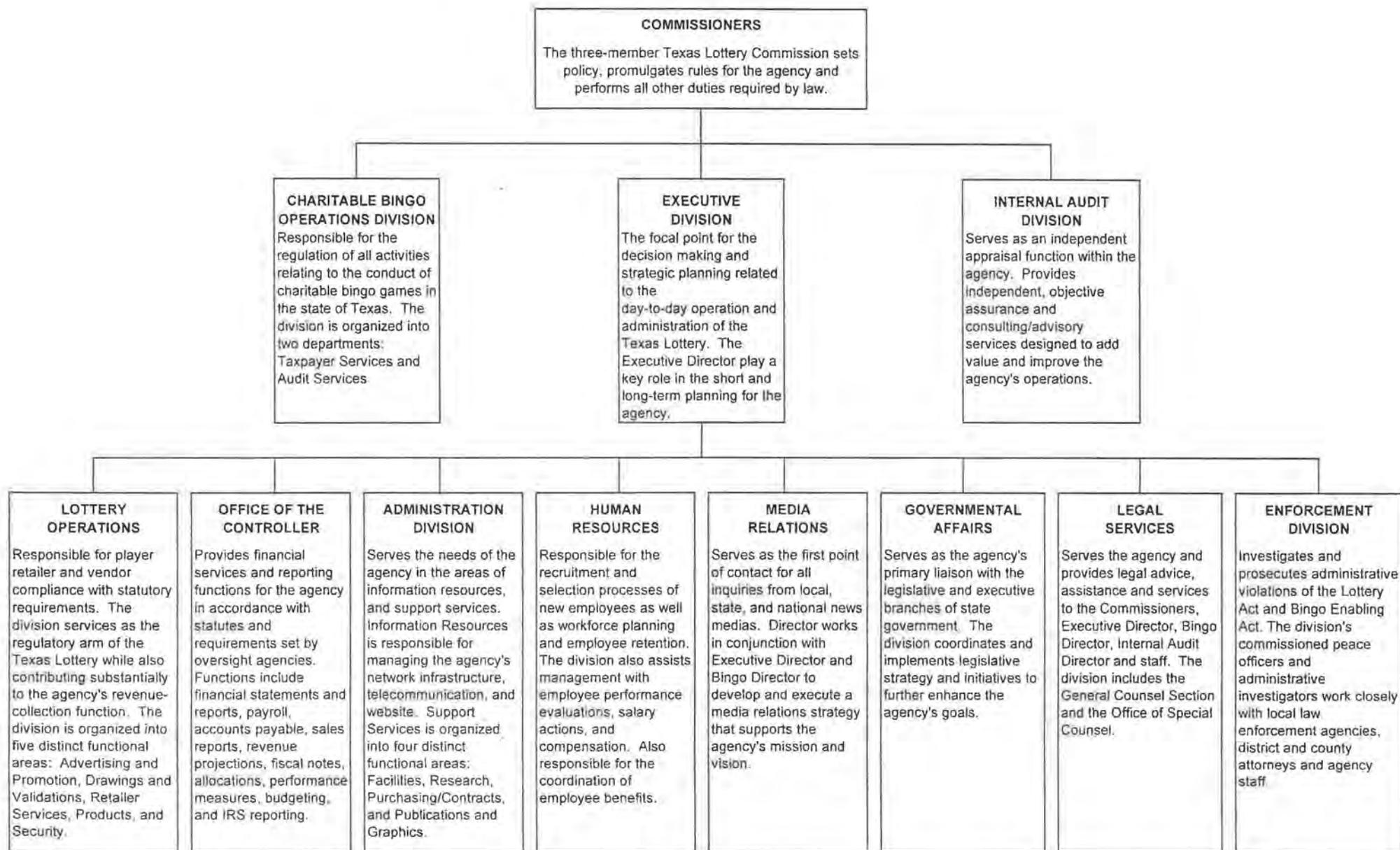
Agency's Exempt Position

The current rate for the Executive Director position in the agency's Schedule of Exempt Positions is a Salary Group 6, \$185,350. In order to be flexible in its recruitment and retention of an Executive Director, it is important to maintain a competitive salary rate for this position.

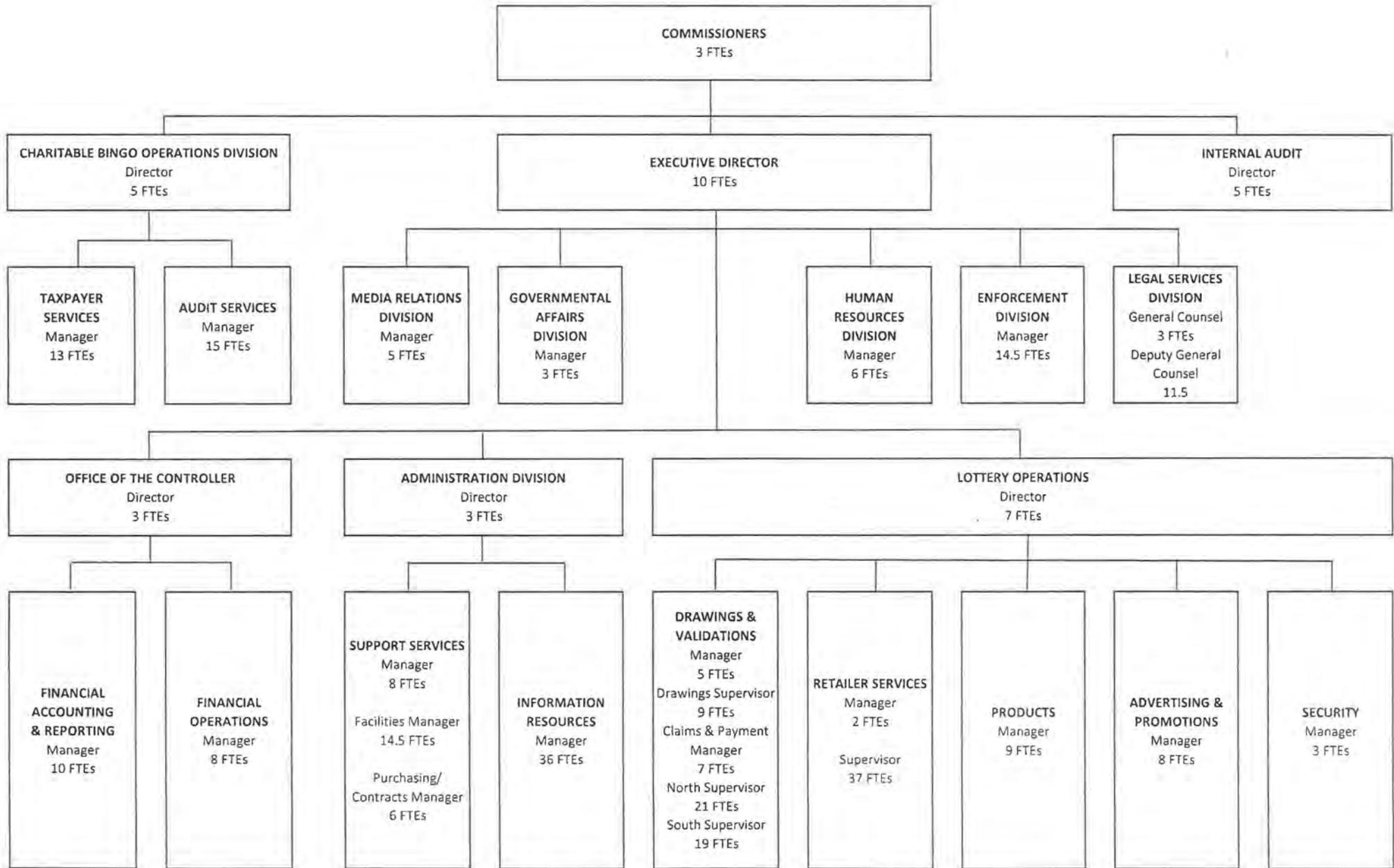
Agency Statutory Authority to Conduct Background Checks

The Commission's Enforcement Division conducts background investigations of Texas Lottery applicants, bingo workers, bingo and lottery licensees, contract vendors, and contract vendor employees. Authority is granted to the Commission under Chapters 411, 466 and 467 of the Texas Government Code and the Bingo Enabling Act, Occupations Code, Chapter 2001.

TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE
Descriptions



TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE
 AGENCY FTEs 309.5





CERTIFICATE

Agency Name: Texas Lottery Commission

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning and Policy (GOBPP) is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 7.01 (2012-13 GAA).

Handwritten signature of Gary Grief in black ink.

Gary Grief
Executive Director

8-21-12

Date

Handwritten signature of Mary Ann Williamson in black ink.

Mary Ann Williamson
Chairman

8-21-12

Date

Handwritten signature of Kathy Pyka in black ink.

Kathy Pyka
Controller

8-21-2012

Date

2.A. SUMMARY OF BASE REQUEST BY STRATEGY

8/16/2012 12:15:01PM

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

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Goal / Objective / STRATEGY	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
1 Run Self-supporting, Revenue-producing, and Secure Lottery					
1 <i>Generate Revenue through Ticket Sales</i>					
1 LOTTERY OPERATIONS	6,774,629	7,136,622	7,296,076	7,037,374	7,040,711
2 LOTTERY FIELD OPERATIONS	2,470,755	2,573,466	2,643,216	2,592,271	2,592,942
3 MARKETING AND PROMOTION	4,011,829	4,781,255	5,117,030	5,054,864	5,055,508
4 SECURITY	4,185,444	4,504,331	5,197,336	5,660,388	5,680,454
5 CENTRAL ADMINISTRATION	11,347,883	12,478,645	13,122,150	13,039,635	13,142,004
6 LOTTERY OPERATOR CONTRACT(S)	98,375,374	91,158,375	85,081,150	85,081,150	85,081,150
7 INSTANT TICKET PRODUCT. CONTRACT(S)	16,354,119	18,750,000	22,500,000	22,500,000	22,500,000
8 MASS MEDIA ADVERTISING CONTRACT(S)	31,541,500	33,622,908	32,000,000	32,000,000	32,000,000
9 DRAWING & BROADCAST CONTRACT(S)	1,473,541	1,482,466	2,979,455	3,665,699	2,945,571
10 MARKET RESEARCH CONTRACT(S)	534,750	745,920	931,170	745,920	745,920
11 RETAILER BONUS	21,448,402	24,825,000	23,450,000	23,450,000	23,450,000

2.A. SUMMARY OF BASE REQUEST BY STRATEGY

8/16/2012 12:15:07PM

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

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Goal / Objective / STRATEGY	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
TOTAL, GOAL 1	\$198,518,226	\$202,058,988	\$200,317,583	\$200,827,301	\$200,234,260
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully					
1 Curtail Violations of Bingo Laws/Rules					
1 BINGO LICENSING	792,572	745,011	748,273	748,273	748,273
2 BINGO EDUCATION AND DEVELOPMENT	138,342	140,528	135,781	135,781	135,781
3 BINGO LAW COMPLIANCE FIELD OPER	1,192,131	1,058,515	1,058,515	1,058,515	1,058,515
4 BINGO PRIZE FEE COLLECTION & ACCT	242,985	177,252	178,737	178,737	178,737
5 BINGO PRIZE FEE ALLOCATIONS	12,516,894	12,635,500	12,635,500	12,635,500	12,635,500
TOTAL, GOAL 2	\$14,882,924	\$14,756,806	\$14,756,806	\$14,756,806	\$14,756,806
TOTAL, AGENCY STRATEGY REQUEST	\$213,401,150	\$216,815,794	\$215,074,389	\$215,584,107	\$214,991,066
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$213,401,150	\$216,815,794	\$215,074,389	\$215,584,107	\$214,991,066

2.A. SUMMARY OF BASE REQUEST BY STRATEGY

8/16/2012 12:15:07PM

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Goal / Objective / STRATEGY	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	14,882,924	14,756,806	14,756,806	14,756,806	14,756,806
SUBTOTAL	<u>\$14,882,924</u>	<u>\$14,756,806</u>	<u>\$14,756,806</u>	<u>\$14,756,806</u>	<u>\$14,756,806</u>
General Revenue Dedicated Funds:					
5025 Lottery Acct	198,518,226	202,058,988	200,317,583	200,827,301	200,234,260
SUBTOTAL	<u>\$198,518,226</u>	<u>\$202,058,988</u>	<u>\$200,317,583</u>	<u>\$200,827,301</u>	<u>\$200,234,260</u>
TOTAL, METHOD OF FINANCING	<u>\$213,401,150</u>	<u>\$216,815,794</u>	<u>\$215,074,389</u>	<u>\$215,584,107</u>	<u>\$214,991,066</u>

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

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE

8/16/2012 12:15:22PM

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362

Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
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GENERAL REVENUE

1 General Revenue Fund

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2010-11 GAA)

\$15,390,676	\$0	\$0	\$0	\$0
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Regular Appropriations from MOF Table (2012-13 GAA)

\$0	\$16,006,806	\$16,006,806	\$0	\$0
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Original Appropriation

\$0	\$0	\$0	\$14,756,806	\$14,756,806
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RIDER APPROPRIATION

Art IX, Sec 8.03, Reimbursements and Payments (2010-11 GAA)

\$48,863	\$0	\$0	\$0	\$0
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Art IX, Sec 17.44, Contingency Appn for HB1474 (2010-11 GAA)

\$129,604	\$0	\$0	\$0	\$0
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Art IX, Sec 18.32, Contingency HB 2728 (2012-13 GAA)

\$0	\$41,151	\$37,687	\$0	\$0
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2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE

8/16/2012 12:15:30PM

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362 Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
<u>GENERAL REVENUE</u>					
<i>SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS</i>					
HB 4, 82nd Leg, R.S., GR Reductions (Art IX, Sec 17.11, 50-f)	\$(388,007)	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2010-11 GAA)	\$(298,212)	\$0	\$0	\$0	\$0
Rider 15, Contingent Revenue (2012-13 GAA)	\$0	\$(1,250,000)	\$(1,250,000)	\$0	\$0
Article IX, Section 18.32, Contingency HB 2728 (2012-13 GAA)	\$0	\$(41,151)	\$(37,687)	\$0	\$0
TOTAL, General Revenue Fund	\$14,882,924	\$14,756,806	\$14,756,806	\$14,756,806	\$14,756,806
TOTAL, ALL GENERAL REVENUE	\$14,882,924	\$14,756,806	\$14,756,806	\$14,756,806	\$14,756,806

GENERAL REVENUE FUND - DEDICATED

5025 GR Dedicated - Lottery Account No. 5025

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE

8/16/2012 12:15:30PM

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362

Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
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GENERAL REVENUE FUND - DEDICATED

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2010-11 GAA)

\$179,785,075	\$0	\$0	\$0	\$0
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Regular Appropriations from MOF Table (2012-13 GAA)

\$0	\$172,880,148	\$174,234,238	\$0	\$0
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Original Appropriation

\$0	\$0	\$0	\$181,137,402	\$180,544,361
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RIDER APPROPRIATION

Rider 10, Retailer Commission (2010-11 GAA)

\$19,338,200	\$0	\$0	\$0	\$0
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Rider 11, Lottery Operator Contract (2010-11 GAA)

\$8,614,574	\$0	\$0	\$0	\$0
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Rider 12, Appropriation of Increased Revenue (2010-11 GAA)

\$4,754,145	\$0	\$0	\$0	\$0
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2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE

8/16/2012 12:15:30PM

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362

Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art IX, Sec 8.03, Reimbursements and Payments(2010-11 GAA)	\$801,049	\$0	\$0	\$0	\$0
Rider 10, Retailer Commission (2012-13 GAA)	\$0	\$20,625,000	\$19,250,000	\$0	\$0
Rider 11, Lottery Operator Contract (2012-13 GAA)	\$0	\$7,712,551	\$1,193,346	\$0	\$0
Rider 12, Appropriation of Increased Revenue (2012-13 GAA)	\$0	\$5,200,100	\$0	\$0	\$0
Art IX, Sec 8.03, Reimbursements and Payments(2012-13 GAA)	\$0	\$841,289	\$439,899	\$0	\$0
Art IX, Sec 18.15, Payments to the Department of Information Resources	\$2,348	\$18,641	\$0	\$0	\$0
Rider 10, Retailer Commission	\$0	\$0	\$0	\$19,250,000	\$19,250,000

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE

8/16/2012 12:15:30PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362		Agency name: Texas Lottery Commission				
METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015	
<u>GENERAL REVENUE FUND - DEDICATED</u>						
Art IX, Sec. 8.03, Reimbursements and Payments	\$0	\$0	\$0	\$439,899	\$439,899	
<i>LAPSED APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2010-11 GAA)	\$(14,774,817)	\$0	\$0	\$0	\$0	
Art IX, Sec 18.15, Payments to the Department of Information Resources	\$(2,348)	\$(18,641)	\$0	\$0	\$0	
<i>UNEXPENDED BALANCES AUTHORITY</i>						
Rider 12, Appropriation of Increased Revenue (2012-13 GAA)	\$0	\$(5,200,100)	\$5,200,100	\$0	\$0	
TOTAL, GR Dedicated - Lottery Account No. 5025	\$198,518,226	\$202,058,988	\$200,317,583	\$200,827,301	\$200,234,260	
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	\$198,518,226	\$202,058,988	\$200,317,583	\$200,827,301	\$200,234,260	
TOTAL, GR & GR-DEDICATED FUNDS	\$213,401,150	\$216,815,794	\$215,074,389	\$215,584,107	\$214,991,066	

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE

8/16/2012 12:15:30PM

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362 Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
GRAND TOTAL	\$213,401,150	\$216,815,794	\$215,074,389	\$215,584,107	\$214,991,066

FULL-TIME-EQUIVALENT POSITIONS

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2010-11 GAA)	318.5	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2012-13 GAA)	0.0	309.5	309.5	0.0	0.0
Regular Appropriations	0.0	0.0	0.0	309.5	309.5

RIDER APPROPRIATION

Art IX, Sec 18.32, Contingency HB 2728(2012-13 GAA)	0.0	1.0	1.0	0.0	0.0
Art IX, Sec 17.44, Contingency Appn for HB1474(2010-11 GAA)	3.0	0.0	0.0	0.0	0.0

UNAUTHORIZED NUMBER OVER (BELOW) CAP

	(5.1)	(1.0)	(1.0)	0.0	0.0
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TOTAL, ADJUSTED FTES	316.4	309.5	309.5	309.5	309.5
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2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE

8/16/2012 12:15:30PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 362	Agency name: Texas Lottery Commission				
METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
NUMBER OF 100% FEDERALLY FUNDED FTEs	0.0	0.0	0.0	0.0	0.0

2.C. SUMMARY OF BASE REQUEST BY OBJECT OF EXPENSE

8/16/2012 12:15:46PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

OBJECT OF EXPENSE	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1001 SALARIES AND WAGES	\$18,947,435	\$18,943,370	\$19,725,674	\$19,725,675	\$19,725,674
1002 OTHER PERSONNEL COSTS	\$680,147	\$492,390	\$494,520	\$494,520	\$494,520
2001 PROFESSIONAL FEES AND SERVICES	\$4,724,501	\$5,339,538	\$7,524,170	\$8,181,460	\$7,678,492
2002 FUELS AND LUBRICANTS	\$5,555	\$4,000	\$4,000	\$4,000	\$4,000
2003 CONSUMABLE SUPPLIES	\$131,793	\$154,250	\$155,095	\$155,095	\$155,095
2004 UTILITIES	\$438,007	\$493,748	\$468,624	\$468,624	\$468,624
2005 TRAVEL	\$338,643	\$443,669	\$470,893	\$470,893	\$470,893
2006 RENT - BUILDING	\$3,086,086	\$3,326,630	\$3,357,154	\$3,441,072	\$3,443,590
2007 RENT - MACHINE AND OTHER	\$1,186,285	\$1,355,710	\$1,060,680	\$1,060,680	\$1,060,680
2009 OTHER OPERATING EXPENSE	\$171,339,154	\$173,371,458	\$169,103,079	\$168,646,588	\$168,853,998
4000 GRANTS	\$12,516,894	\$12,635,500	\$12,635,500	\$12,635,500	\$12,635,500
5000 CAPITAL EXPENDITURES	\$6,650	\$255,531	\$75,000	\$300,000	\$0
OOE Total (Excluding Riders)	\$213,401,150	\$216,815,794	\$215,074,389	\$215,584,107	\$214,991,066
OOE Total (Riders)					
Grand Total	\$213,401,150	\$216,815,794	\$215,074,389	\$215,584,107	\$214,991,066

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

8/16/2012 12:16:11PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

362 Texas Lottery Commission

Goal/ Objective / Outcome	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1 Run Self-supporting, Revenue-producing, and Secure Lottery					
1 Generate Revenue through Ticket Sales					
KEY 1 Percent of Retailers Satisfied with Lottery Commission					
	96.45%	95.00%	95.00%	95.00%	95.00 %
2 Per Capita Net Lottery Sales					
	152.29	162.34	149.24	147.01	144.81
3 % of Net Lottery Sales Spent on Agency Administration					
	5.18%	4.90%	5.22%	5.14%	5.14 %
4 Percentage of Bad Debt to Lottery Sales					
	0.01%	0.02%	0.02%	0.02%	0.02 %
5 Ratio of Advertising Expense to Net Lottery Sales					
	0.84%	0.82%	0.83%	0.83%	0.83 %
KEY 6 State Revenue Received Per Advertising Dollar Expended					
	32.05	33.91	33.26	33.26	33.26
7 Percent of Licensees with No Recent Violations					
	98.84%	98.00%	98.00%	98.00%	98.00 %
8 Percentage of Retailer Surveys Completed					
	86.06%	85.00%	85.00%	85.00%	85.00 %
9 Percentage of Eligible Players Served					
	33.33%	34.00%	34.00%	34.00%	34.00 %

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

8/16/2012 12:16:18PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

362 Texas Lottery Commission

Goal/ Objective / Outcome	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully					
1 Curtail Violations of Bingo Laws/Rules					
1 Percent of Licensees with No Recent Violations	92.76%	93.54%	93.00%	93.00%	93.00 %
2 Percentage of Bingo Audits Referred for Disciplinary Action	70.83%	60.00%	60.00%	60.00%	60.00 %
KEY 3 Percent of Complaints Referred for Disciplinary Action	16.04%	10.00%	10.00%	10.00%	10.00 %
4 Percent of Documented Complaints Completed within Six Months	86.10%	82.00%	82.00%	82.00%	82.00 %
KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)	30.94	28.00	27.00	26.00	26.00
KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req	98.74%	97.00%	97.00%	96.00%	96.00 %
7 Percentage of Organizations Receiving an Audit	1.40%	2.40%	2.40%	2.40%	2.40 %
8 Percentage of Organizations Receiving an Inspection	21.54	21.54	21.54	21.54	21.54

2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME : 12:16:37PM

Agency code: 362

Agency name: Texas Lottery Commission

Priority	Item	2014			2015			Biennium	
		GR and GR/Dedicated	All Funds	FTEs	GR and GR/Dedicated	All Funds	FTEs	GR and GR/Dedicated	All Funds
1	New Draw Games	\$1,058,598	\$1,058,598	3.0	\$140,498	\$140,498	3.0	\$1,199,096	\$1,199,096
2	Bingo Additional FTEs	\$612,438	\$612,438	14.0	\$612,438	\$612,438	14.0	\$1,224,876	\$1,224,876
3	ACBS Redesign	\$1,250,000	\$1,250,000		\$1,250,000	\$1,250,000		\$2,500,000	\$2,500,000
Total, Exceptional Items Request		\$2,921,036	\$2,921,036	17.0	\$2,002,936	\$2,002,936	17.0	\$4,923,972	\$4,923,972

Method of Financing

General Revenue	\$1,862,438	\$1,862,438		\$1,862,438	\$1,862,438		\$3,724,876	\$3,724,876
General Revenue - Dedicated	1,058,598	1,058,598		140,498	140,498		1,199,096	1,199,096
Federal Funds								
Other Funds								
	\$2,921,036	\$2,921,036		\$2,002,936	\$2,002,936		\$4,923,972	\$4,923,972

Full Time Equivalent Positions

17.0 17.0

Number of 100% Federally Funded FTEs

0.0 0.0

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/16/2012
 TIME : 12:16:57PM

Agency code: 362 Agency name: Texas Lottery Commission

<i>Goal/Objective/STRATEGY</i>	Base 2014	Base 2015	Exceptional 2014	Exceptional 2015	Total Request 2014	Total Request 2015
1 Run Self-supporting, Revenue-producing, and Secure Lottery						
1 <i>Generate Revenue through Ticket Sales</i>						
1 LOTTERY OPERATIONS	\$7,037,374	\$7,040,711	\$775,000	\$0	\$7,812,374	\$7,040,711
2 LOTTERY FIELD OPERATIONS	2,592,271	2,592,942	0	0	2,592,271	2,592,942
3 MARKETING AND PROMOTION	5,054,864	5,055,508	0	0	5,054,864	5,055,508
4 SECURITY	5,660,388	5,680,454	283,598	140,498	5,943,986	5,820,952
5 CENTRAL ADMINISTRATION	13,039,635	13,142,004	0	0	13,039,635	13,142,004
6 LOTTERY OPERATOR CONTRACT(S)	85,081,150	85,081,150	0	0	85,081,150	85,081,150
7 INSTANT TICKET PRODUCT. CONTRACT(S)	22,500,000	22,500,000	0	0	22,500,000	22,500,000
8 MASS MEDIA ADVERTISING CONTRACT(S)	32,000,000	32,000,000	0	0	32,000,000	32,000,000
9 DRAWING & BROADCAST CONTRACT(S)	3,665,699	2,945,571	0	0	3,665,699	2,945,571
10 MARKET RESEARCH CONTRACT(S)	745,920	745,920	0	0	745,920	745,920
11 RETAILER BONUS	23,450,000	23,450,000	0	0	23,450,000	23,450,000
TOTAL, GOAL 1	\$200,827,301	\$200,234,260	\$1,058,598	\$140,498	\$201,885,899	\$200,374,758

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/16/2012
 TIME : 12:17:03PM

Agency code: 362 Agency name: Texas Lottery Commission

Goal/Objective/STRATEGY	Base 2014	Base 2015	Exceptional 2014	Exceptional 2015	Total Request 2014	Total Request 2015
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Law						
<i>1 Curtail Violations of Bingo Laws/Rules</i>						
1 BINGO LICENSING	\$748,273	\$748,273	\$1,250,000	\$1,250,000	\$1,998,273	\$1,998,273
2 BINGO EDUCATION AND DEVELOPMENT	135,781	135,781	0	0	135,781	135,781
3 BINGO LAW COMPLIANCE FIELD OPER	1,058,515	1,058,515	612,438	612,438	1,670,953	1,670,953
4 BINGO PRIZE FEE COLLECTION & ACCT	178,737	178,737	0	0	178,737	178,737
5 BINGO PRIZE FEE ALLOCATIONS	12,635,500	12,635,500	0	0	12,635,500	12,635,500
TOTAL, GOAL 2	\$14,756,806	\$14,756,806	\$1,862,438	\$1,862,438	\$16,619,244	\$16,619,244
TOTAL, AGENCY STRATEGY REQUEST	\$215,584,107	\$214,991,066	\$2,921,036	\$2,002,936	\$218,505,143	\$216,994,002
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$215,584,107	\$214,991,066	\$2,921,036	\$2,002,936	\$218,505,143	\$216,994,002

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/16/2012
 TIME : 12:17:03PM

Agency code: 362 Agency name: Texas Lottery Commission

<i>Goal/Objective/STRATEGY</i>	Base 2014	Base 2015	Exceptional 2014	Exceptional 2015	Total Request 2014	Total Request 2015
General Revenue Funds:						
1 General Revenue Fund	\$14,756,806	\$14,756,806	\$1,862,438	\$1,862,438	\$16,619,244	\$16,619,244
	\$14,756,806	\$14,756,806	\$1,862,438	\$1,862,438	\$16,619,244	\$16,619,244
General Revenue Dedicated Funds:						
5025 Lottery Acct	200,827,301	200,234,260	1,058,598	140,498	201,885,899	200,374,758
	\$200,827,301	\$200,234,260	\$1,058,598	\$140,498	\$201,885,899	\$200,374,758
TOTAL, METHOD OF FINANCING	\$215,584,107	\$214,991,066	\$2,921,036	\$2,002,936	\$218,505,143	\$216,994,002
FULL TIME EQUIVALENT POSITIONS	309.5	309.5	17.0	17.0	326.5	326.5

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

Date : 8/16/2012

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Time: 12:17:15PM

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome

	BL 2014	BL 2015	Excp 2014	Excp 2015	Total Request 2014	Total Request 2015
1 Run Self-supporting, Revenue-producing, and Secure Lottery						
1 <i>Generate Revenue through Ticket Sales</i>						
KEY 1 Percent of Retailers Satisfied with Lottery Commission						
	95.00%	95.00%			95.00%	95.00 %
2 Per Capita Net Lottery Sales						
	147.01	144.81			147.01	144.81
3 % of Net Lottery Sales Spent on Agency Administration						
	5.14%	5.14%			5.14%	5.14 %
4 Percentage of Bad Debt to Lottery Sales						
	0.02%	0.02%			0.02%	0.02 %
5 Ratio of Advertising Expense to Net Lottery Sales						
	0.83%	0.83%			0.83%	0.83 %
KEY 6 State Revenue Received Per Advertising Dollar Expended						
	33.26	33.26			33.26	33.26
7 Percent of Licensees with No Recent Violations						
	98.00%	98.00%			98.00%	98.00 %
8 Percentage of Retailer Surveys Completed						
	85.00%	85.00%			85.00%	85.00 %

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

Date : 8/16/2012
Time: 12:17:21PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome

	BL 2014	BL 2015	Excp 2014	Excp 2015	Total Request 2014	Total Request 2015
9 Percentage of Eligible Players Served						
	34.00%	34.00%			34.00%	34.00 %
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully						
1 <i>Curtail Violations of Bingo Laws/Rules</i>						
1 Percent of Licensees with No Recent Violations						
	93.00%	93.00%	91.00%	91.00%	91.00%	91.00 %
2 Percentage of Bingo Audits Referred for Disciplinary Action						
	60.00%	60.00%	65.00%	65.00%	65.00%	65.00 %
KEY 3 Percent of Complaints Referred for Disciplinary Action						
	10.00%	10.00%	8.00%	8.00%	8.00%	8.00 %
4 Percent of Documented Complaints Completed within Six Months						
	82.00%	82.00%	85.00%	85.00%	85.00%	85.00 %
KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)						
	26.00	26.00	25.00	25.00	25.00	25.00
KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req						
	96.00%	96.00%			96.00%	96.00 %
7 Percentage of Organizations Receiving an Audit						
	2.40%	2.40%	21.39%	21.39%	21.39%	21.39 %

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

Date : 8/16/2012

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Time: 12:17:21PM

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome

	BL 2014	BL 2015	Excp 2014	Excp 2015	Total Request 2014	Total Request 2015
8 Percentage of Organizations Receiving an Inspection	21.54	21.54	31.35	31.35	31.35	31.35

3.A. STRATEGY REQUEST
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/16/2012 12:17:32PM

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 1 Lottery Operations Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
KEY 1	Number of Retailer Business Locations Licensed	16,817.00	16,900.00	17,000.00	17,100.00	17,100.00
2	Number of Denials or Revocations of Licenses	195.00	210.00	210.00	210.00	210.00
3	Dollars Collected via the Debt Set-off Program (Thousands)	1,621,363.67	1,100,000.00	1,100,000.00	1,200,000.00	1,200,000.00
4	# New Licenses Issued to Individual Retailers	2,040.00	2,600.00	2,500.00	2,400.00	2,400.00
5	# Licenses Renewed to Individual Retailers	7,741.00	7,500.00	7,500.00	7,500.00	7,500.00
Efficiency Measures:						
1	Average Cost Per Retailer Location License Issued	134.51	116.00	138.00	142.00	147.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,769,125	\$2,793,533	\$2,833,571	\$2,833,571	\$2,833,571
1002	OTHER PERSONNEL COSTS	\$81,218	\$82,680	\$84,480	\$84,480	\$84,480
2001	PROFESSIONAL FEES AND SERVICES	\$3,350	\$12,436	\$8,000	\$8,000	\$8,000
2002	FUELS AND LUBRICANTS	\$5,555	\$4,000	\$4,000	\$4,000	\$4,000
2003	CONSUMABLE SUPPLIES	\$113,810	\$121,765	\$121,200	\$121,200	\$121,200
2004	UTILITIES	\$104,351	\$130,466	\$118,038	\$118,038	\$118,038
2005	TRAVEL	\$18,601	\$32,000	\$13,000	\$13,000	\$13,000
2006	RENT - BUILDING	\$2,897,660	\$2,947,283	\$2,974,349	\$3,058,267	\$3,060,785
2007	RENT - MACHINE AND OTHER	\$449,328	\$487,736	\$257,332	\$257,332	\$257,332

3.A. STRATEGY REQUEST
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/16/2012 12:17:39PM

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 1 Lottery Operations Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2009	OTHER OPERATING EXPENSE	\$331,631	\$524,723	\$882,106	\$539,486	\$540,305
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$6,774,629	\$7,136,622	\$7,296,076	\$7,037,374	\$7,040,711
Method of Financing:						
5025	Lottery Acct	\$6,774,629	\$7,136,622	\$7,296,076	\$7,037,374	\$7,040,711
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$6,774,629	\$7,136,622	\$7,296,076	\$7,037,374	\$7,040,711
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$7,037,374	\$7,040,711
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$6,774,629	\$7,136,622	\$7,296,076	\$7,037,374	\$7,040,711
FULL TIME EQUIVALENT POSITIONS:		58.3	57.4	55.8	55.8	55.8
STRATEGY DESCRIPTION AND JUSTIFICATION:						

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	1	Lottery Operations	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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Activities relating to this strategy include vendor and retailer compliance with Texas Government Code Chapters 466 and 467 and applicable administrative rules. The strategy ensures the needs of the Commission and its customers are met in certain areas of vendor compliance, instant ticket warehousing/distribution, retailer services, prize payments, retailer inspections and support services.

The strategy goals are met by providing necessary services to our players and retailers along with overseeing certain key activities of the Lottery Operator. Communication and education of players and retailers are done through the use of the agency web site, newsletters, brochures, public seminars retailer training and visits as well as through a toll-free hotline. The strategy oversees recruitment of new retailers and monitors retailer satisfaction with lottery operations and services. The strategy encourages voluntary compliance from our retailers and players regarding licensing rules and prize payment policies. The strategy also provides oversight of the Lottery Operator in the areas of ticket warehousing/distribution, retailer service levels, instant game accounting and on-line terminal installations. Finally, this strategy provides for certain agency-wide functions such as facilities support, mail center functions, and certain administrative services.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, Texas Occupational Code Chapter 2001, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	1	Lottery Operations	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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External factors impacting this strategy include: 1) The number of lottery retailer locations licensed and/or applying for licenses; 2) The sales level of lottery tickets; 3) Potential change of the Lottery Operator and/or change in scope of Lottery Operator contract; 4) Changes to the agency's enabling statutes and/or administrative rules; 5) The number of licensed retailer and the desire of new retailers to obtain Lottery sales agent licenses; 6) The propensity of lottery retailers and players to adhere to the Lottery Act and/or the agency's applicable rules; 7) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the agency; 8) Decisions made by local law enforcement authorities; 9) Natural disaster or other catastrophic event; and 10) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) The number and scope of contracted services brought in-house; 3) Staff turnover; 4) The ability of the staff to react quickly and responsively to changes in the external factors; 5) Organizational restructuring; 6) Retailer recruitment efforts; and 7) Long-range business planning.

3.A. STRATEGY REQUEST

8/16/2012 12:17:39PM

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 2 Lottery Field Operations Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
	1 Number of Prize Checks Processed from Claim Centers (Thousands)	63,762.00	60,000.00	55,000.00	55,000.00	55,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,267,503	\$2,281,343	\$2,321,476	\$2,321,476	\$2,321,476
1002	OTHER PERSONNEL COSTS	\$94,355	\$75,210	\$74,380	\$74,380	\$74,380
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$14,000	\$14,000	\$14,000	\$14,000
2003	CONSUMABLE SUPPLIES	\$772	\$2,340	\$4,000	\$4,000	\$4,000
2005	TRAVEL	\$77,622	\$85,000	\$85,000	\$85,000	\$85,000
2006	RENT - BUILDING	\$0	\$3,200	\$2,800	\$2,800	\$2,800
2007	RENT - MACHINE AND OTHER	\$0	\$250	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$30,503	\$112,123	\$141,560	\$90,615	\$91,286
TOTAL, OBJECT OF EXPENSE		\$2,470,755	\$2,573,466	\$2,643,216	\$2,592,271	\$2,592,942
Method of Financing:						
5025	Lottery Acct	\$2,470,755	\$2,573,466	\$2,643,216	\$2,592,271	\$2,592,942
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$2,470,755	\$2,573,466	\$2,643,216	\$2,592,271	\$2,592,942

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	2	Lottery Field Operations	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$2,592,271	\$2,592,942
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,470,755	\$2,573,466	\$2,643,216	\$2,592,271	\$2,592,942
FULL TIME EQUIVALENT POSITIONS:		50.8	50.0	50.9	50.9	50.9

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include player and retailer compliance with Texas Government Code Chapters 466 and 467 and applicable administrative rules. The strategy ensures the needs of the Commission and the public are met in the areas of customer service, payment of prizes and retailer support in communities throughout the State.

The strategy goals are met by providing customer service and educational information to our players and retailers via the field claim center locations. Field personnel also gather survey data from retailer licensees in support of the agency's Marketing and Customer Service efforts. Through such communication and education, the strategy encourages voluntary compliance from our players regarding prize payment policies. Lottery Field Operations coordinates with Headquarters Claim Center Operations, Lottery Operations Security Department and Enforcement Division staff when violations are detected.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST

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83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	2	Lottery Field Operations	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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External factors impacting this strategy include: 1) The sales level of lottery tickets; 2) Changes to the agency's enabling statutes and/or administrative rules; 3) The propensity of lottery retailers and players to adhere to the Lottery Act and/or the agency's applicable rules; 4) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the agency; and 5) Natural disaster or other catastrophic event; and 6) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) Staff turnover; 3) The ability of the staff to react quickly and responsively to changes in the external factors; 4) Changes to the number and location of field claim center locations; 5) Organizational restructuring; and 6) Long-range business planning.

3.A. STRATEGY REQUEST
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362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 3 Marketing and Promotion Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
1	Number of Newsletters Distributed to Retailers	103,272.00	104,000.00	104,600.00	105,200.00	105,200.00
2	Number of Retailer Visits	514,749.00	439,400.00	442,000.00	444,600.00	444,600.00
Efficiency Measures:						
KEY 1	Average Cost Per Survey Issued	2.19	1.76	1.76	1.76	1.76
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,069,895	\$2,021,266	\$2,225,496	\$2,225,497	\$2,225,496
1002	OTHER PERSONNEL COSTS	\$77,746	\$52,120	\$55,080	\$55,080	\$55,080
2001	PROFESSIONAL FEES AND SERVICES	\$13,503	\$30,000	\$25,000	\$25,000	\$25,000
2003	CONSUMABLE SUPPLIES	\$1,602	\$4,200	\$4,200	\$4,200	\$4,200
2004	UTILITIES	\$0	\$0	\$150	\$150	\$150
2005	TRAVEL	\$87,144	\$122,392	\$158,500	\$158,500	\$158,500
2006	RENT - BUILDING	\$179,217	\$366,352	\$370,060	\$370,060	\$370,060
2007	RENT - MACHINE AND OTHER	\$84,664	\$129,000	\$116,500	\$116,500	\$116,500
2009	OTHER OPERATING EXPENSE	\$1,498,058	\$2,047,425	\$2,162,044	\$2,099,877	\$2,100,522
5000	CAPITAL EXPENDITURES	\$0	\$8,500	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$4,011,829	\$4,781,255	\$5,117,030	\$5,054,864	\$5,055,508

3.A. STRATEGY REQUEST
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GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 3 Marketing and Promotion Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Method of Financing:						
5025	Lottery Acct	\$4,011,829	\$4,781,255	\$5,117,030	\$5,054,864	\$5,055,508
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$4,011,829	\$4,781,255	\$5,117,030	\$5,054,864	\$5,055,508
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$5,054,864	\$5,055,508
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$4,011,829	\$4,781,255	\$5,117,030	\$5,054,864	\$5,055,508
FULL TIME EQUIVALENT POSITIONS:		31.4	30.9	32.3	32.3	32.3

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include lottery product development, market research, promotional and sales functions of the Texas Lottery Commission. Staff performs activities that determine the interests, opinions, awareness levels and purchase behaviors of adult Texans in order to facilitate the planning, development, and implementation of effective and entertaining games. Other activities include introducing lottery products to adult Texans across the State of Texas; educating players and providing opportunities to learn about lottery products; communicating game information, marketing ideas and operational information to Lottery retailers.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST

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362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 3 Marketing and Promotion Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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External factors impacting this strategy include: 1) The general impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the agency; 2) The willingness of the general public to learn about and participate in lottery games; 3) The number of licensed retailers and the desire of new retailers to obtain Lottery sales agent licenses; 4) The willingness of retailers and players to participate in research; 5) Natural disaster or other catastrophic event; and 6) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) The effective dissemination of information within the agency and to the general public; 3) Organizational restructuring; 4) Staff turnover; 5) Long-range business planning; and 6) Research and development of emerging technologies and product lines.

3.A. STRATEGY REQUEST

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362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 4 Security Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
1	Number of Lottery Investigations Initiated	1,259.00	1,065.00	1,085.00	1,085.00	1,085.00
2	Number of Lottery Investigations Completed	543.00	605.00	545.00	545.00	545.00
3	Number of Lottery Background Investigations Completed	759.00	415.00	545.00	545.00	545.00
Efficiency Measures:						
1	Average Time to Complete Investigations (Days)	43.78	38.91	60.00	60.00	60.00
2	Average Cost Per Complete Investigation	255.29	210.15	260.00	260.00	260.00
3	Average Time to Complete Lottery Background Investigations (Days)	12.95	13.29	40.00	40.00	40.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,060,181	\$2,176,802	\$2,348,035	\$2,348,035	\$2,348,035
1002	OTHER PERSONNEL COSTS	\$94,983	\$35,360	\$36,020	\$36,020	\$36,020
2001	PROFESSIONAL FEES AND SERVICES	\$1,128,389	\$1,025,982	\$1,777,834	\$1,934,130	\$2,151,290
2003	CONSUMABLE SUPPLIES	\$4,525	\$6,500	\$6,500	\$6,500	\$6,500
2005	TRAVEL	\$53,005	\$60,207	\$53,500	\$53,500	\$53,500
2006	RENT - BUILDING	\$22	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$213,434	\$212,352	\$222,436	\$222,436	\$222,436
2009	OTHER OPERATING EXPENSE	\$630,905	\$762,128	\$678,011	\$759,767	\$862,673

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	4	Security	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
5000	CAPITAL EXPENDITURES	\$0	\$225,000	\$75,000	\$300,000	\$0
TOTAL, OBJECT OF EXPENSE		\$4,185,444	\$4,504,331	\$5,197,336	\$5,660,388	\$5,680,454
Method of Financing:						
5025	Lottery Acct	\$4,185,444	\$4,504,331	\$5,197,336	\$5,660,388	\$5,680,454
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$4,185,444	\$4,504,331	\$5,197,336	\$5,660,388	\$5,680,454
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$5,660,388	\$5,680,454
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$4,185,444	\$4,504,331	\$5,197,336	\$5,660,388	\$5,680,454
FULL TIME EQUIVALENT POSITIONS:		34.1	35.4	34.7	34.7	34.7

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include protecting and maintaining the security and integrity of lottery games, systems and drawings, assures the physical security of all commission operating sites, and investigates possible regulatory and criminal violations related to both lottery and bingo. Investigate complaints, conduct background investigations on prospective employees, applicants of licenses under the State Lottery Act and Bingo Enabling Act and Texas Lottery vendors. Investigators also act as liaison with local law enforcement agencies.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, Texas Occupations Code Chapter 2001, and Texas Constitution Article III, Section 47 (b), (c), and (e).

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	4	Security	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the Lottery and/or the regulation and administration of charitable bingo; 2) Other types of gaming; 3) Natural disaster or other catastrophic event; and 4) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) The ability of the staff to react quickly and responsively to changes in the external factors; 3) New lottery games and variations to existing games; 4) Changes in or elimination of contracted services; 5) Organizational restructuring; 6) Staff turnover; 7) Long-range business planning; and 8) Changes to the agency's policies, procedures, rules or regulations.

3.A. STRATEGY REQUEST
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362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	5	Central Administration	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Objects of Expense:						
1001	SALARIES AND WAGES	\$7,723,368	\$7,880,774	\$8,195,825	\$8,195,825	\$8,195,825
1002	OTHER PERSONNEL COSTS	\$231,337	\$185,100	\$182,900	\$182,900	\$182,900
2001	PROFESSIONAL FEES AND SERVICES	\$1,460,710	\$1,914,734	\$1,676,711	\$1,676,711	\$1,676,711
2003	CONSUMABLE SUPPLIES	\$9,659	\$18,145	\$17,895	\$17,895	\$17,895
2004	UTILITIES	\$330,582	\$360,845	\$349,836	\$349,836	\$349,836
2005	TRAVEL	\$66,941	\$111,741	\$127,478	\$127,478	\$127,478
2006	RENT - BUILDING	\$9,187	\$9,795	\$9,945	\$9,945	\$9,945
2007	RENT - MACHINE AND OTHER	\$422,022	\$509,534	\$452,357	\$452,357	\$452,357
2009	OTHER OPERATING EXPENSE	\$1,087,427	\$1,465,946	\$2,109,203	\$2,026,688	\$2,129,057
5000	CAPITAL EXPENDITURES	\$6,650	\$22,031	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$11,347,883	\$12,478,645	\$13,122,150	\$13,039,635	\$13,142,004
Method of Financing:						
5025	Lottery Acct	\$11,347,883	\$12,478,645	\$13,122,150	\$13,039,635	\$13,142,004
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$11,347,883	\$12,478,645	\$13,122,150	\$13,039,635	\$13,142,004

3.A. STRATEGY REQUEST
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362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	5	Central Administration	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$13,039,635	\$13,142,004
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$11,347,883	\$12,478,645	\$13,122,150	\$13,039,635	\$13,142,004
FULL TIME EQUIVALENT POSITIONS:		104.0	102.8	102.8	102.8	102.8

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include the executive and support functions of the Texas Lottery Commission through executive management, financial services, information technology, legal services, governmental affairs, human resources, and internal audit.

The primary functions carried out through this strategy are agency management, providing legal advice, counsel and assistance to agency staff and Commissioners; responding to open records request; agency records management; media relations; and providing human resources support to staff and employment recruitment. Additional functions include operation and maintenance of the agency's information technology infrastructure; financial services, and acting as liaison with the Texas Legislature and other governmental entities.

The Internal Audit Division is responsible for identifying, assessing, and monitoring internal controls to minimize risk exposure of the agency's operations to ensure the security and integrity of the games.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, Texas Occupations Code Chapter 2001, and Texas Constitution Article III, Section 47 (b), (c), and (e).

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GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	5	Central Administration	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) Changes to the agency's enabling statutes and other applicable laws; 2) The level of lottery ticket sales and revenues to the state; 3) The number of lottery players and prize winners; 4) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the lottery and/or the regulation and administration of charitable bingo; 5) Technology developments which require changes to the agency's information technology infrastructure; and 6) Lottery industry advances that change the competitive market climate.

Internal factors impacting this strategy include 1) Long-range business planning; 2) The efficient alignment of agency resources; 3) The effective use of management information systems supporting the agency; 4) Organizational restructuring; and 5) Requests for support services from other areas of the agency and from the general public.

3.A. STRATEGY REQUEST
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GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 6 Lottery Operator Contract(s). Estimated and Nontransferable. Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$98,375,374	\$91,158,375	\$85,081,150	\$85,081,150	\$85,081,150
TOTAL, OBJECT OF EXPENSE		\$98,375,374	\$91,158,375	\$85,081,150	\$85,081,150	\$85,081,150
Method of Financing:						
5025	Lottery Acct	\$98,375,374	\$91,158,375	\$85,081,150	\$85,081,150	\$85,081,150
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$98,375,374	\$91,158,375	\$85,081,150	\$85,081,150	\$85,081,150
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$85,081,150	\$85,081,150
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$98,375,374	\$91,158,375	\$85,081,150	\$85,081,150	\$85,081,150
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	6	Lottery Operator Contract(s). Estimated and Nontransferable.	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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Activities relating to this strategy include contracting 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. The system provides the ability to control, monitor and report all lottery activity.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The award of a new lottery operator contract; 2) The availability of qualified vendors; 3) Changes to the agency's enabling statutes and other applicable laws; 4) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the agency; 5) The sales level of lottery tickets; and 6) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient and effective alignment of the Commission's staff, financial and information technology resources; 2) The ability of the agency to monitor and enforce the requirements of the Lottery Operator contract; and 3) The ability of the staff to react quickly and responsively to changes in the external factors.

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	7	Instant Ticket Production Contract(s)	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$16,354,119	\$18,750,000	\$22,500,000	\$22,500,000	\$22,500,000
TOTAL, OBJECT OF EXPENSE		\$16,354,119	\$18,750,000	\$22,500,000	\$22,500,000	\$22,500,000
Method of Financing:						
5025	Lottery Acct	\$16,354,119	\$18,750,000	\$22,500,000	\$22,500,000	\$22,500,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$16,354,119	\$18,750,000	\$22,500,000	\$22,500,000	\$22,500,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$22,500,000	\$22,500,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$16,354,119	\$18,750,000	\$22,500,000	\$22,500,000	\$22,500,000

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for instant ticket development and manufacturing services through an instant ticket vendor(s). Due to the substantial portion of total sales that instant tickets comprise, it is important that there is a strategy to support the development and acquisition of quality instant tickets. Other services under this contract include production of coupons, conducting second chance drawings, sales monitoring and trend analysis of instant tickets.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

3.A. STRATEGY REQUEST

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GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	7	Instant Ticket Production Contract(s)	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; 2) Changes to the agency's enabling statutes and other applicable laws; 3) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery; 4) The sales level of lottery tickets; and 5) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient alignment of agency resources; 2) The ability of the agency to monitor and enforce the requirements of the contract; and 3) The ability of the staff to react quickly and responsively to changes in the external factors.

3.A. STRATEGY REQUEST

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GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
STRATEGY: 8 Mass Media Advertising Contract(s) Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
	1 \$ Amount of Advertising Budget Spent on Print Advertising (Millions)	1.20	1.22	1.10	1.10	1.10
	2 \$ Amount of Advertising Budget Spent on Radio Advertising (Millions)	8.15	5.74	6.55	6.55	6.55
KEY	3 Dollar Amount of Advertising Budget Spent on TV Advertising (Millions)	11.04	14.01	11.25	11.25	11.25
	4 \$ Amt of Advertising Budget Spent on Other Advertising (Millions)	11.55	12.65	13.10	13.10	13.10
Efficiency Measures:						
KEY	1 Percentage of Adult Texans Aware of Lottery Advertising	58.84 %	59.00 %	59.00 %	59.00 %	59.00 %
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$31,541,500	\$33,622,908	\$32,000,000	\$32,000,000	\$32,000,000
TOTAL, OBJECT OF EXPENSE		\$31,541,500	\$33,622,908	\$32,000,000	\$32,000,000	\$32,000,000
Method of Financing:						
5025	Lottery Acct	\$31,541,500	\$33,622,908	\$32,000,000	\$32,000,000	\$32,000,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$31,541,500	\$33,622,908	\$32,000,000	\$32,000,000	\$32,000,000

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 8 Mass Media Advertising Contract(s) Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$32,000,000	\$32,000,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$31,541,500	\$33,622,908	\$32,000,000	\$32,000,000	\$32,000,000

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for the production of radio, television, internet 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-sale materials, as well as related advertising services. The advertising services vendor(s) support the Texas Lottery in achieving the following goals: Enhancing the marketing effectiveness of the Texas Lottery; effectively reaching and educating the public to increase sales and enhance the awareness of Texas Lottery games.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; 2) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery; 3) The confidence of the general public in the lottery games; 4) The expansion of media communication vehicles and decline in media reach; and 5) The general state of the Texas economy.

Internal factors impacting this strategy include: 1) The efficient alignment of agency resources; 2) The ability of the agency to monitor and enforce the requirements of the contract; 3) The ability of the staff to react quickly and responsively to changes in the external factors; and 4) the effective dissemination of information within the agency and to the general public.

3.A. STRATEGY REQUEST
 83rd Regular Session, Agency Submission, Version I
 Automated Budget and Evaluation System of Texas (ABEST)

8/16/2012 12:17:39PM

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 9 Drawing and Broadcast Services Contract(s) Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	\$1,473,541	\$1,482,466	\$2,979,455	\$3,665,699	\$2,945,571
TOTAL, OBJECT OF EXPENSE		\$1,473,541	\$1,482,466	\$2,979,455	\$3,665,699	\$2,945,571
Method of Financing:						
5025	Lottery Acct	\$1,473,541	\$1,482,466	\$2,979,455	\$3,665,699	\$2,945,571
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,473,541	\$1,482,466	\$2,979,455	\$3,665,699	\$2,945,571
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$3,665,699	\$2,945,571
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,473,541	\$1,482,466	\$2,979,455	\$3,665,699	\$2,945,571
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

362 Texas Lottery Commission

GOAL:	1 Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4 0
OBJECTIVE:	1 Generate Revenue through Ticket Sales	Service Categories:	
STRATEGY:	9 Drawing and Broadcast Services Contract(s)	Service: 03	Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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Activities relating to this strategy include supervision of the broadcast and production of all Texas on-line game drawings. The broadcast drawings for all on-line Lottery Games are held in a secure drawings studio located at the Texas Lottery's headquarters. The drawings are held in accordance with the State Lottery Act and applicable administrative rules and procedures.

Drawing and broadcast services vendors may provide broadcast television production, webcasting animated random numbers selection and/or satellite transmission services for the broadcast of Texas Lottery on-line game draws. The vendor is required to purchase, install and maintain equipment necessary for the broadcast of Texas Lottery on-line game draws.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; and 2) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery.

Internal factors impacting this strategy include: 1) New Lottery on-line games and new variations of established games; 2) The potential automation of on-line Lottery game drawings; 3) The ability of the agency to monitor and enforce the requirements of the contract; and 4) The ability of the staff to react quickly and responsively to changes in the external factors.

3.A. STRATEGY REQUEST

8/16/2012 12:17:39PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 10 Market Research Services Contract(s) Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	\$534,750	\$745,920	\$931,170	\$745,920	\$745,920
TOTAL, OBJECT OF EXPENSE		\$534,750	\$745,920	\$931,170	\$745,920	\$745,920
Method of Financing:						
5025	Lottery Acct	\$534,750	\$745,920	\$931,170	\$745,920	\$745,920
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$534,750	\$745,920	\$931,170	\$745,920	\$745,920
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$745,920	\$745,920
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$534,750	\$745,920	\$931,170	\$745,920	\$745,920
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

3.A. STRATEGY REQUEST

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362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	10	Market Research Services Contract(s)	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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Activities relating to this strategy include contracting for market research services vendors for the conduct of various research projects in an effort to better understand player purchase behavior and assist in developing sound marketing strategies. Contracted services include, but are not limited to, demographic studies; monthly tracking studies; monthly retailer research surveys; quarterly instant ticket focus groups; focus groups and mini-labs regarding other products or general lottery policy issues; annual segmentation survey; quantitative research; and other research services as deemed necessary and appropriate by the Texas Lottery.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; 2) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the agency; 3) The willingness of retailers and players to participate in research; and 4) The general state of the Texas economy.

Internal factors include: 1) The efficient alignment of agency resources; 2) The effective dissemination and use of research data within the agency and by contracted vendors; 3) The number and frequency of new game launches or game changes; and 4) The ability of the staff to react quickly and responsively to changes in the external factors.

3.A. STRATEGY REQUEST

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362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 11 Retailer Bonus Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$21,448,402	\$24,825,000	\$23,450,000	\$23,450,000	\$23,450,000
TOTAL, OBJECT OF EXPENSE		\$21,448,402	\$24,825,000	\$23,450,000	\$23,450,000	\$23,450,000
Method of Financing:						
5025	Lottery Acct	\$21,448,402	\$24,825,000	\$23,450,000	\$23,450,000	\$23,450,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$21,448,402	\$24,825,000	\$23,450,000	\$23,450,000	\$23,450,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$23,450,000	\$23,450,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$21,448,402	\$24,825,000	\$23,450,000	\$23,450,000	\$23,450,000

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include maximizing revenue to the State of Texas by providing lottery sales agents with incentive bonuses in accordance with Commission statutes, rules and procedures.

The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

362 Texas Lottery Commission

GOAL:	1	Run Self-supporting, Revenue-producing, and Secure Lottery	Statewide Goal/Benchmark:	4	0
OBJECTIVE:	1	Generate Revenue through Ticket Sales	Service Categories:		
STRATEGY:	11	Retailer Bonus	Service: 03	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of retailers that qualify for a bonus; 2) the value of the bonuses; and 3) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery.

Internal factors impacting this strategy include: 1) The efficient alignment of agency resources.

3.A. STRATEGY REQUEST

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83rd Regular Session, Agency Submission, Version 1
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362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
STRATEGY: 1 Determine Eligibility and Process Applications Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
KEY 1	Number of Licenses Issued to Individuals and Organizations	9,273.00	9,400.00	9,200.00	9,000.00	9,000.00
2	Number of Applications Processed	9,636.00	9,800.00	9,600.00	9,400.00	9,400.00
3	Number of Worker Registry Applications Processed	4,591.00	3,500.00	3,500.00	3,400.00	3,400.00
Efficiency Measures:						
1	Average Bingo License (New) Processing Time (Days)	67.47	65.00	65.00	65.00	65.00
2	Average Bingo License (Renewal) Processing Time (Days)	40.18	40.00	40.00	40.00	40.00
3	Average Cost Per License Issued	25.65	26.00	25.00	25.00	25.00
Explanatory/Input Measures:						
1	Number of Annual License Holders	1,748.00	1,600.00	1,580.00	1,550.00	1,550.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$634,201	\$573,665	\$591,165	\$591,165	\$591,165
1002	OTHER PERSONNEL COSTS	\$27,740	\$27,180	\$28,300	\$28,300	\$28,300
2001	PROFESSIONAL FEES AND SERVICES	\$110,258	\$114,000	\$112,000	\$112,000	\$112,000
2003	CONSUMABLE SUPPLIES	\$259	\$500	\$500	\$500	\$500
2007	RENT - MACHINE AND OTHER	\$16,837	\$16,838	\$12,055	\$12,055	\$12,055
2009	OTHER OPERATING EXPENSE	\$3,277	\$12,828	\$4,253	\$4,253	\$4,253

3.A. STRATEGY REQUEST

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362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 1 Determine Eligibility and Process Applications Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
TOTAL, OBJECT OF EXPENSE		\$792,572	\$745,011	\$748,273	\$748,273	\$748,273
Method of Financing:						
1	General Revenue Fund	\$792,572	\$745,011	\$748,273	\$748,273	\$748,273
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$792,572	\$745,011	\$748,273	\$748,273	\$748,273
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$748,273	\$748,273
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$792,572	\$745,011	\$748,273	\$748,273	\$748,273
FULL TIME EQUIVALENT POSITIONS:		11.0	10.0	10.0	10.0	10.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

3.A. STRATEGY REQUEST

83rd Regular Session, Agency Submission, Version 1
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362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 1 Determine Eligibility and Process Applications Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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Activities relating to this strategy include licensing persons or organizations and placing individuals on the Registry of Approved Bingo Workers in accordance with the Bingo Enabling Act (Act). To assist with the efficient and timely issuance of licenses, current and prospective licensees are provided streamlined applications, clear instructions on the application process and the option to complete applications electronically. The Charitable Bingo Operations Division (CBOD) has made all applications used in the licensing and registration process available on the agency's website.

Upon receipt Licensing Services Section staff rigorously reviews license applications and worker registrations in an effort to accurately determine the eligibility of applicants and to enhance quality and consistency of the process.

CBOD encourages voluntary compliance with Bingo licensing requirements. This strategy promotes communication and cooperation between licensees and the CBOD so that qualified applicants and licensees are well versed on the Act and Charitable Bingo Administrative Rules (Rules) requirements. Communications with bingo licensees and applicants will continue to improve with the efficient utilization of planned technologies.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of licensed individuals and organizations; 2) The number of applications submitted by individuals and organizations; 3) The number of individuals seeking to be placed on the Registry of Approved Bingo Workers; 4) The ability and willingness of applicants and licensees to cooperate with the licensing process; 5) The willingness of applicants and licensees to utilize the website for information. 6) Changes to the Act; and 7) The impact of judicial decisions and legislative enactment as they relate to or impact the regulation and administration of charitable bingo.

Internal factors impacting this strategy include: 1) The CBOD's operating system; 2) The ability to disseminate information to applicants and licensees; 3) The capability for applicants to apply on-line; and 4) available staff resources.

3.A. STRATEGY REQUEST
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362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
1	Number of Individuals Receiving Education	1,146.00	700.00	650.00	600.00	600.00
Efficiency Measures:						
1	Average Cost of Bingo Training Class	470.29	0.00	0.00	0.00	0.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$123,611	\$119,999	\$132,901	\$132,901	\$132,901
1002	OTHER PERSONNEL COSTS	\$11,913	\$2,640	\$2,880	\$2,880	\$2,880
2005	TRAVEL	\$1,614	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$1,204	\$17,889	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$138,342	\$140,528	\$135,781	\$135,781	\$135,781
Method of Financing:						
1	General Revenue Fund	\$138,342	\$140,528	\$135,781	\$135,781	\$135,781
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$138,342	\$140,528	\$135,781	\$135,781	\$135,781

3.A. STRATEGY REQUEST
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362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$135,781	\$135,781
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$138,342	\$140,528	\$135,781	\$135,781	\$135,781
FULL TIME EQUIVALENT POSITIONS:		3.0	3.0	3.0	3.0	3.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include the education and development of all licensed organizations that conduct Charitable Bingo activities in this state. Education and development is a key factor in the CBOD initiative to encourage voluntary compliance with bingo licensing requirements.

Utilizing a variety of programs, the Charitable Bingo Operations Division (CBOD) educates applicants and licensees on the requirements of the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). CBOD uses both instructor-led seminars and an on-line version of the Operator Training Program. The online version is available seven days a week to any party with access to a computer. Operator training provides easy to understand details on licensing requirements, record keeping requirements, up to date information on changes in the Act or Rules, conducting bingo; administering and operating bingo; and promoting bingo.

In addition to seminars and online training, CBOD publishes informational newsletters, such as the Bingo Bulletin, and maintains the Charitable Bingo website which contains relevant information relating to regulatory requirements. These activities contribute to the education and development of licensees.

The education and development of licensees will continue to expand and improve with the implementation of this strategy.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

3.A. STRATEGY REQUEST

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GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	1	Curtail Violations of Bingo Laws/Rules	Service Categories:		
STRATEGY:	2	Provide Education and Training for Bingo Regulatory Requirements	Service: 17	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of licensed individuals and organizations; 2) The willingness of applicants and licensees to utilize the wide variety of training programs offered; 3) The impact of judicial decisions and legislative enactments as they relate to or impact the regulation and administration of charitable bingo; and 4) Changes to the Act or Rules.

Internal factors impacting this strategy include: 1) The CBOD's operating system; 2) the effectiveness of the Operator Training Program and other educational efforts; and 3) available staff resources.

3.A. STRATEGY REQUEST
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362 Texas Lottery Commission

GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	1	Curtail Violations of Bingo Laws/Rules	Service Categories:		
STRATEGY:	3	Bingo Law Compliance Field Operations	Service: 17	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
	1 Number of Inspections Conducted	369.00	360.00	360.00	360.00	360.00
	2 Number of Bingo Audits and Reviews Completed	24.00	40.00	40.00	40.00	40.00
KEY	3 Number of Bingo Complaints Completed	187.00	220.00	180.00	180.00	180.00
	4 \$ Amt of Adjustments to Charitable Distributions by Audit & Inspection	7,354.00	5,000.00	7,000.00	7,000.00	7,000.00
	5 Number of Bingo Background Investigations Completed	396.00	300.00	365.00	365.00	365.00
Efficiency Measures:						
	1 Average Time for Bingo Complaint Completion (Days)	107.87	120.00	120.00	120.00	120.00
	2 Average Cost Per Bingo Complaint Completed	712.19	500.00	500.00	500.00	500.00
	3 Average Time to Conduct Compliance Audit (Hours)	644.50	450.00	350.00	350.00	350.00
	4 Average Time to Complete Bingo Background Investigations (Days)	22.23	28.01	40.00	40.00	40.00
	5 Average Cost per Bingo Audit Completed	18,301.63	12,900.00	12,900.00	12,900.00	12,900.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,064,190	\$928,365	\$903,368	\$903,368	\$903,368
1002	OTHER PERSONNEL COSTS	\$54,495	\$29,020	\$26,880	\$26,880	\$26,880
2003	CONSUMABLE SUPPLIES	\$45	\$500	\$500	\$500	\$500

3.A. STRATEGY REQUEST
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GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 3 Bingo Law Compliance Field Operations Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2004	UTILITIES	\$3,074	\$2,437	\$600	\$600	\$600
2005	TRAVEL	\$33,716	\$32,329	\$33,415	\$33,415	\$33,415
2009	OTHER OPERATING EXPENSE	\$36,611	\$65,864	\$93,752	\$93,752	\$93,752
TOTAL, OBJECT OF EXPENSE		\$1,192,131	\$1,058,515	\$1,058,515	\$1,058,515	\$1,058,515
Method of Financing:						
1	General Revenue Fund	\$1,192,131	\$1,058,515	\$1,058,515	\$1,058,515	\$1,058,515
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,192,131	\$1,058,515	\$1,058,515	\$1,058,515	\$1,058,515
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,058,515	\$1,058,515
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,192,131	\$1,058,515	\$1,058,515	\$1,058,515	\$1,058,515
FULL TIME EQUIVALENT POSITIONS:		18.8	16.0	16.0	16.0	16.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

362 Texas Lottery Commission

GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	1	Curtail Violations of Bingo Laws/Rules	Service Categories:		
STRATEGY:	3	Bingo Law Compliance Field Operations	Service: 17	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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Activities relating to this strategy include regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). Utilizing a system of enforcement including conducting inspections, reviews, audits, and complaint investigations, the Charitable Bingo Operations Division (CBOD) supervises bingo conducted in this state so that the games are fairly conducted and the proceeds derived from bingo are used for charitable purposes.

The Audit Services Department is responsible for evaluating compliance with bingo laws and can recommend administrative disciplinary action as appropriate. Administrative actions will occur as violations are detected and appropriate Commission Orders are issued for acts of non-compliance.

The Audit Services Department is also responsible for performing testing on bingo products for use in the state of Texas.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of licensed individuals and organizations; 2) The willingness of licensees to cooperate with the audit process; 3) The level of licensee compliance with the Bingo Enabling Act and Administrative Rules, 4) The impact of judicial decisions and legislative enactments as they relate to or impact the regulation and administration of charitable bingo; and 5) Changes to the Act or Rules.

Internal factors impacting this strategy include: 1) The CBOD's operating system; 2) The effectiveness of the auditor training program, and 3) available staff resources.

3.A. STRATEGY REQUEST
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GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 4 Bingo Prize Fee Collections and Accounting Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
KEY 1	Number of Days to Allocate Payments to Local Jurisdictions	12.00	6.00	6.00	6.00	6.00
2	Percentage of Licensees Who Fail to Pay	5.33 %	4.50 %	5.00 %	5.00 %	5.00 %
3	Number of Bingo Reports Processed	9,019.00	7,400.00	7,200.00	7,000.00	7,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$235,361	\$167,623	\$173,837	\$173,837	\$173,837
1002	OTHER PERSONNEL COSTS	\$6,360	\$3,080	\$3,600	\$3,600	\$3,600
2003	CONSUMABLE SUPPLIES	\$1,121	\$300	\$300	\$300	\$300
2009	OTHER OPERATING EXPENSE	\$143	\$6,249	\$1,000	\$1,000	\$1,000
TOTAL, OBJECT OF EXPENSE		\$242,985	\$177,252	\$178,737	\$178,737	\$178,737
Method of Financing:						
1	General Revenue Fund	\$242,985	\$177,252	\$178,737	\$178,737	\$178,737
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$242,985	\$177,252	\$178,737	\$178,737	\$178,737

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 4 Bingo Prize Fee Collections and Accounting Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$178,737	\$178,737
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$242,985	\$177,252	\$178,737	\$178,737	\$178,737
FULL TIME EQUIVALENT POSITIONS:		5.0	4.0	4.0	4.0	4.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include managing financial data reported by licensees and collected by the Charitable Bingo Operations Division (CBOD). Under this strategy, licensees conducting charitable bingo and leasing bingo premises remit prize fees and rental taxes quarterly to the State of Texas.

To assist with the efficient and timely filing of quarterly returns, current licensees are provided with the capability to complete and submit returns electronically. This is another CBOD initiative to encourage voluntary compliance with bingo licensing requirements.

Compliance with reporting requirements of the Act and Charitable Bingo Administrative Rules (Rules) is determined with this strategy. When necessary, CBOD uses an automated system to notify licensees of non-compliance of regulatory matters in a timely manner.

This strategy supports the effectiveness of the CBOD in processing quarterly prize fees and tax returns and maximizing interest to the state.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

362 Texas Lottery Commission

GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	1	Curtail Violations of Bingo Laws/Rules	Service Categories:		
STRATEGY:	4	Bingo Prize Fee Collections and Accounting	Service: 17	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of licensed organizations; 2) The number of licensees timely filing and remitting the prize fee or rental taxes due; 3) The number of licensees utilizing electronic filing; 4) The impact of judicial decisions and legislative enactments as they relate to or impact the regulation and administration of charitable bingo; and 5) The ability of licensees to correctly report their bingo activities.

Internal factors impacting this strategy include: 1) The CBOD's operating system; 2) the effectiveness of the delinquent taxpayer contact program, and 3) available staff resources.

3.A. STRATEGY REQUEST
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/16/2012 12:17:39PM

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 5 Bingo Prize Fee Allocations. Estimated and Nontransferable. Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Objects of Expense:						
4000	GRANTS	\$12,516,894	\$12,635,500	\$12,635,500	\$12,635,500	\$12,635,500
TOTAL, OBJECT OF EXPENSE		\$12,516,894	\$12,635,500	\$12,635,500	\$12,635,500	\$12,635,500
Method of Financing:						
1	General Revenue Fund	\$12,516,894	\$12,635,500	\$12,635,500	\$12,635,500	\$12,635,500
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$12,516,894	\$12,635,500	\$12,635,500	\$12,635,500	\$12,635,500
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$12,635,500	\$12,635,500
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$12,516,894	\$12,635,500	\$12,635,500	\$12,635,500	\$12,635,500
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

362 Texas Lottery Commission

GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully	Statewide Goal/Benchmark:	7	0
OBJECTIVE:	1	Curtail Violations of Bingo Laws/Rules	Service Categories:		
STRATEGY:	5	Bingo Prize Fee Allocations. Estimated and Nontransferable.	Service: 17	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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Activities relating to this strategy include the allocation of revenue to local jurisdictions in a manner consistent with the provisions of the Bingo Enabling Act (Act).

This strategy contains pass-through funds allocated to local jurisdictions. The amounts allocated to local jurisdictions are based on the amount of prize fees remitted by licensed authorized organizations conducting bingo in each particular jurisdiction.

These strategies are authorized under Texas Occupations Code Chapter 2001; Article III, Section 47 of the Texas Constitution; and Texas Government Code Chapter 467.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of licensed organizations; 2) The number of licensees timely filing and remitting the prize fee; 3) The impact of judicial decisions and legislative enactments as they relate to or impact the regulation and administration of charitable bingo; and 4) The ability of licensees to correctly report their bingo prize fees.

Internal factors impacting this strategy include: 1) The CBOD's operating system; and 2) The effectiveness of the delinquent taxpayer contact program.

3.A. STRATEGY REQUEST

8/16/2012 12:17:39PM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$213,401,150	\$216,815,794	\$215,074,389	\$215,584,107	\$214,991,066
METHODS OF FINANCE (INCLUDING RIDERS):				\$215,584,107	\$214,991,066
METHODS OF FINANCE (EXCLUDING RIDERS):	\$213,401,150	\$216,815,794	\$215,074,389	\$215,584,107	\$214,991,066
FULL TIME EQUIVALENT POSITIONS:	316.4	309.5	309.5	309.5	309.5

3.B. Rider Revisions and Additions Request

Agency Code: 362	Agency Name: Texas Lottery Commission	Prepared By: Kathy Pyka	Date: 8/21/12	Request Level: Base																					
Current Rider Number	Page Number in 2012-13 GAA	Proposed Rider Language																							
2.	VII-11	<p>Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for "Lease Payments to the Master Equipment Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas.</p> <table style="width: 100%; margin-left: 40px;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">2012 2014</th> <th style="text-align: right; border-bottom: 1px solid black;">2012 2015</th> </tr> </thead> <tbody> <tr> <td>a. Acquisition of Capital Equipment and Items</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) Capitalized Lottery Drawing Equipment</td> <td style="text-align: right;">\$ 300,000</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="padding-left: 20px;">Total, Capital Budget</td> <td style="text-align: right; border-top: 1px solid black;">\$ 300,000</td> <td style="text-align: right; border-top: 1px solid black;">\$ 0</td> </tr> <tr> <td colspan="3" style="padding-top: 10px;">Method of Financing (Capital Budget):</td> </tr> <tr> <td style="padding-left: 20px;">GR Dedicated – Lottery Account No. 5025</td> <td style="text-align: right;">\$ 300,000</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="padding-left: 20px;">Total, Method of Financing</td> <td style="text-align: right; border-top: 1px solid black;">\$ 300,000</td> <td style="text-align: right; border-top: 1px solid black;">\$ 0</td> </tr> </tbody> </table> <p><i>This rider revision is requested to reflect the FY 2014-15 Capital Budget Request submitted as a baseline request. An explanation of the capital budget item requested is included in the Capital Budget Supporting Schedules.</i></p>				2012 2014	2012 2015	a. Acquisition of Capital Equipment and Items			(1) Capitalized Lottery Drawing Equipment	\$ 300,000	\$ 0	Total, Capital Budget	\$ 300,000	\$ 0	Method of Financing (Capital Budget):			GR Dedicated – Lottery Account No. 5025	\$ 300,000	\$ 0	Total, Method of Financing	\$ 300,000	\$ 0
	2012 2014	2012 2015																							
a. Acquisition of Capital Equipment and Items																									
(1) Capitalized Lottery Drawing Equipment	\$ 300,000	\$ 0																							
Total, Capital Budget	\$ 300,000	\$ 0																							
Method of Financing (Capital Budget):																									
GR Dedicated – Lottery Account No. 5025	\$ 300,000	\$ 0																							
Total, Method of Financing	\$ 300,000	\$ 0																							

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

3.	VII-11	<p>Operate Lottery. Pursuant to Government Code, Chapter 466, appropriations made to Goal A, Operate Lottery, shall not exceed twelve percent of the gross revenue from the sale of lottery tickets. This appropriation shall be used for the administration of the lottery and for retailer commissions.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
4.	VII-11	<p>Appropriation: Payment of Prizes. In addition to the amounts appropriated above for the administration of the lottery and retailer commissions, there is hereby appropriated pursuant to Government Code, Chapter 466, out of the State Lottery Account in the General Revenue Fund, sufficient funds for the payment of prizes to the holders of winning tickets.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
5.	VII-11	<p>Limitation: Pooled Reserve Fund. Pursuant to Government Code, Chapter 466, the Executive Director of the Texas Lottery Commission shall maintain balances in a pooled reserve fund to cover the potential loss of state revenue as a result of lottery retailer defaults. The Executive Director of the Texas Lottery Commission shall transfer all pooled reserve fund revenues and balances that exceed \$5 million to the Foundation School Fund No. 193 monthly.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
6.	VII-11	<p>Limitation: Out of Country and Out of State Travel. Notwithstanding any other provisions included in this Act, it is the intent of the Legislature that the Texas Lottery Commission shall not be allowed to travel out of country, with the exception of travel to Mexico or Canada which is reimbursable by a third party. In addition, the Texas Lottery Commission shall not exceed amounts expended on out of state travel, for each fiscal year of the biennium, by an amount equal to 80 percent of travel expenditure amounts for fiscal year 1998.</p> <p><i>The Commission is requesting deletion of this Rider and will comply with the Limitation on Travel Expenditures referenced under Article IX, Section 5.08 of the General Appropriations Act.</i></p>

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

7.	VII-11	<p>Appropriations Limited to Revenue Collections. Fees, fines, <u>rental taxes</u> and other miscellaneous revenues as authorized and generated by the operation of charity bingo shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal B, Enforce Bingo Laws, as well as the “other direct and indirect costs” associated with this goal, appropriated elsewhere in this Act. “Other direct and indirect costs” for Goal B, Enforce Bingo Laws, are estimated to be \$711,815 <u>xxx</u> for fiscal year 2012 <u>2014</u> and \$734,986 <u>xxx</u> for fiscal year 2013 <u>2015</u>. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.</p> <p><i>This rider revision is requested to reflect updated estimates of other direct and indirect costs for the FY 2014-15 biennium. The amounts are to be provided by the Legislative Budget Board. The rider is further revised to clarify the use of rental taxes as a source of revenue to cover the cost of appropriations.</i></p>
8.	VII-11	<p>Petty Cash Fund Authorized. The Texas Lottery Commission is authorized to establish a petty cash fund to be used by Commission employees for the purchase of evidence and/or information and other expenses deemed necessary for agency security and enforcement activities, including audits and expenses, incurred by auditing. The petty cash fund, not to exceed \$1,500, may be maintained in cash or at a local bank and shall be subject to such rules and regulations as the executive director may recommend and the commission may adopt.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
9.	VII-12	<p>Local Bingo Prize Fees. The amounts appropriated above in Strategy B.1.5, Bingo Prize Fee Allocations, include \$12,635,500 in 2012 <u>2014</u> and \$12,635,500 in 2011 <u>2015</u> from bingo prize fees collected pursuant to Texas Occupations Code, Section 2001.504 for allocation to counties and municipalities as required by the Texas Occupations Code, Section 2001.503. Bingo prize fees collected in excess of amounts appropriated above are hereby appropriated for the same purpose.</p> <p><i>This rider revision is requested to reflect updated fiscal years.</i></p>

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

10.	VII-12	<p>Retailer Commissions.</p> <p>a. Pursuant to Government Code, Chapter 466, an amount equal to 5 percent of gross sales shall be made available for the purpose of paying retailer commissions.</p> <p>b. In addition to the 5 percent retailer commission amount in subsection (a) above, an amount not to exceed an additional one-half of one percent of gross sales in each fiscal year may be made available <u>is appropriated</u> for the purpose of paying sales performance retailer commissions <u>during the biennium</u>. Prior to providing additional retail commission above 5 percent of gross sales, the Texas Lottery Commission shall provide a report to the Governor and the Legislative Budget Board outlining the Texas Lottery Commission's plans to implement a retailer sales performance commission or other similar sales performance incentive program and the projected benefits of the program to lottery ticket sales and state revenues.</p> <p><i>The Commission is requesting a revision to this Rider to provide a biennial appropriation and clarify the authority to use any unexpended balance authority between fiscal years of the biennium for the Sales Performance Retailer Commission program. The Rider is further modified to ensure that there is not a restriction in using any dollar value above the one-half of one percent of gross sales generated in the second year of the biennium.</i></p>
11.	VII-12	<p>Lottery Operator Contract. The amounts included above in Strategy A.1.6, Lottery Operator Contract, are estimated appropriations out of the State Lottery Account in the General Revenue Fund and may be used for payment of lottery operator contractual obligations. The estimated amount appropriated for fiscal year 2012 <u>2014</u> is an amount equal to 2.2099 percent of gross sales in fiscal year 2012 <u>2014</u>; and the estimated amount appropriated for fiscal year 2013 <u>2015</u> is an amount equal to 2.2099 percent of gross sales in fiscal year 2013 <u>2015</u>.</p> <p><i>This rider revision is requested to reflect updated fiscal years.</i></p>

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

12.	VII-12	<p>Appropriation of Increased Revenues. In addition to the amounts appropriated above, there is hereby appropriated out of the State Lottery Account in the General Revenue Fund, an amount equal to 1.49 percent of the amount by which gross sales exceed \$3,776,000,000 <u>\$3,850,000,000</u> in fiscal year 2012 <u>2014</u> and the amount by which gross sales exceed \$3,796,000,000 <u>\$3,850,000,000</u> in fiscal year 2013 <u>2015</u> for the purpose of fulfilling contractual obligations and other administrative costs in administration of the Lottery. Any unexpended balances remaining from this appropriation as of August 31, 2012 <u>2014</u>, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2012 <u>2014</u>.</p> <p><i>This rider revision is requested to reflect current estimates of lottery sales for the FY 2014-15 biennium and to reflect updated fiscal years.</i></p>
13.	VII-12	<p>Instant Ticket Game Closure. The commission shall provide a semi-annual report, on April 1 and October 1, to the Legislative Budget Board detailing the number of instant ticket games closed and the amount of time to end the sale of each game following closure.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
14.	VII-12	<p>Sale of Lottery. None of the funds appropriated above may be spent for the purpose of exploring, investigating, negotiating, calculating, or otherwise taking any action that would result in selling the Texas Lottery.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>

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

15.	VII-12	<p>Contingent Revenue. Out of the amounts appropriated above to the Lottery Commission in Strategy B.1.1, Bingo Licensing, the amount of \$1,250,000 in 2012 and \$1,250,000 in 2013 in General Revenue are contingent upon the Lottery Commission assessing or increasing fees sufficient to generate, during the 2012-13 biennium, \$2,500,000 in excess of \$5,988,000 (Object Code 3152), contained in the Comptroller of Public Accounts' Biennial Revenue Estimate for fiscal years 2012 and 2013. The Lottery Commission, upon completion of necessary actions to assess or increase such additional fees, shall furnish copies of the Lottery Commission's minutes and other information supporting the estimated revenues to be generated for the 2012-13 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purposes. <i>OC Note: Requires further discussion with Bingo.</i></p> <p><i>The Commission is requesting deletion of this Rider and has submitted an Exceptional Item request to fund the Automated Charitable Bingo System Redesign from General Revenue prize fees collected pursuant to Texas Occupations Code, Section 2001.504, but that are not allocated to counties and municipalities as required by the Texas Occupations Code, Section 2001.503.</i></p>
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**3.B. Rider Revisions and Additions Request
(continued)**

701.	Article VII	<p>Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for "Lease Payments to the Master Equipment Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; border-bottom: 1px solid black;">2014</th> <th style="width: 20%; text-align: center; border-bottom: 1px solid black;">2015</th> </tr> </thead> <tbody> <tr> <td><u>a. Acquisition of Capital Equipment and Items</u></td> <td></td> <td></td> </tr> <tr> <td> (1) <u>Capitalized Lottery Drawing Equipment</u></td> <td style="text-align: right;">\$ 143,100</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td><u>b. Acquisition of IR Technology Items</u></td> <td></td> <td></td> </tr> <tr> <td> (2) <u>ACBS</u></td> <td style="text-align: right;">1,250,000</td> <td style="text-align: right;">1,250,000</td> </tr> <tr> <td><u>c. Repairs or Rehabilitation</u></td> <td></td> <td></td> </tr> <tr> <td> (1) <u>Studio Remodel</u></td> <td style="text-align: right;">775,000</td> <td style="text-align: right;">0</td> </tr> <tr> <td><u>Total, Capital Budget</u></td> <td style="text-align: right; border-top: 1px solid black;">\$ 2,168,100</td> <td style="text-align: right; border-top: 1px solid black;">\$ 1,250,000</td> </tr> <tr> <td colspan="3"> <u>Method of Financing (Capital Budget):</u></td> </tr> <tr> <td><u>General Revenue</u></td> <td style="text-align: right;">\$ 1,250,000</td> <td style="text-align: right;">\$ 1,250,000</td> </tr> <tr> <td><u>GR Dedicated – Lottery Account No. 5025</u></td> <td style="text-align: right;">918,100</td> <td style="text-align: right;">0</td> </tr> <tr> <td><u>Total, Method of Financing</u></td> <td style="text-align: right; border-top: 1px solid black;">\$ 2,168,100</td> <td style="text-align: right; border-top: 1px solid black;">\$ 1,250,000</td> </tr> </tbody> </table> <p><i>This rider revision is requested to reflect the FY 2014-15 Capital Budget Request submitted as Exceptional Items 1 and 3. An explanation of the capital budget item requested is included in the Capital Budget Supporting Schedules.</i></p>		2014	2015	<u>a. Acquisition of Capital Equipment and Items</u>			(1) <u>Capitalized Lottery Drawing Equipment</u>	\$ 143,100	\$ 0	<u>b. Acquisition of IR Technology Items</u>			(2) <u>ACBS</u>	1,250,000	1,250,000	<u>c. Repairs or Rehabilitation</u>			(1) <u>Studio Remodel</u>	775,000	0	<u>Total, Capital Budget</u>	\$ 2,168,100	\$ 1,250,000	 <u>Method of Financing (Capital Budget):</u>			<u>General Revenue</u>	\$ 1,250,000	\$ 1,250,000	<u>GR Dedicated – Lottery Account No. 5025</u>	918,100	0	<u>Total, Method of Financing</u>	\$ 2,168,100	\$ 1,250,000
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**3.B. Rider Revisions and Additions Request
(continued)**

702.	Article VII	<p><u>Appropriation to Reimburse the Lottery Dedicated Fund for the Cost of Bingo Indirect Costs.</u> In addition to the amounts appropriated above, there is hereby appropriated out of the General Revenue Fund for deposit to the General Revenue Lottery Dedicated Account the amounts necessary to reimburse the General Revenue Lottery Dedicated Account for the cost of indirect support provided to the Bingo program, estimated to be \$1,500,000 in fiscal year 2014 and \$1,500,000 in fiscal year 2015.</p> <p><i>The Commission is requesting a transfer of revenue from Bingo receipts deposited to the General Revenue Fund to the General Revenue Lottery Dedicated Account to fund the cost of indirect support provided to the Bingo program from lottery proceeds. This Rider revision is in reference to Recommendation, Management Action Item 4.6 of the agency's Sunset Report.</i></p>
703.	Article VII	<p><u>Appropriation, Local Bingo Prize Fees.</u> Out of bingo prize fees collected pursuant to the Texas Occupations Code, Chapter 2001, Section 2001.504, the Commission is hereby appropriated amounts for allocation to counties and municipalities as required by the Texas Occupations Code, Chapter 2001, Section 2001.503.</p> <p><i>The Commission is requesting deletion of Strategy B.1.5, Bingo Prize Fee Allocation and Rider 9 and to account for the local prize fee activities under a new Rider that would appropriate prize fees by Rider appropriation. This Rider revision is in reference to Recommendation, Change in Appropriations Item 4.1 of the agency's Sunset Report.</i></p>
704.	Article VII	<p><u>Bingo Third Party Reimbursements.</u> In addition to the amounts appropriated above, there is hereby appropriated out of the General Revenue Fund third party reimbursements collected by the Bingo division in accordance with Texas Occupations Code Section 2001.205(b), 2001.209(b), 2001.437(e) and 2001.560(d).</p> <p><i>The Commission is requesting appropriated receipt appropriation for these Bingo fee collection items recovered for the cost of audits and investigations.</i></p>

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

705.	Article VII	<p><u>Appropriation, Contingent Upon Revenue.</u> Of the amount appropriated above in Strategy B.1.3. Bingo Law Compliance Field Operations, \$612,438 in fiscal year 2014 and \$612,438 in fiscal year 2015 for staffing is contingent upon the Lottery Commission covering the additional costs by assessing fees sufficient to generate increased revenues in excess of Bingo Revenues estimated in the Comptroller's Biennial Revenue Estimate for 2014 and 2015. Upon completion of necessary actions to assess or increase such fees, the Commission shall furnish to the Comptroller of Public Accounts documentation of such action and the revised fee structure supporting the estimated revenues to be generated. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purposes.</p> <p><i>This rider revision is contingent upon approval of Exceptional Item 2 related to the funding of staffing for the Charitable Bingo division for the FY 2014-15 biennium. The fee increases to Bingo Operators/Lessors would be used for the funding of this Exceptional Item. This Rider revision is in reference to Recommendation, Management Action Item 4.6 of the agency's Sunset Report.</i></p>
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4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:18:13PM

Agency code: 362

Agency name:
 Texas Lottery Commission

CODE	DESCRIPTION	Excp 2014	Excp 2015
	Item Name: Bingo Additional FTEs		
	Item Priority: 2		
	Includes Funding for the Following Strategy or Strategies: 02-01-03 Bingo Law Compliance Field Operations		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	570,000	570,000
2005	TRAVEL	32,130	32,130
2009	OTHER OPERATING EXPENSE	10,308	10,308
	TOTAL, OBJECT OF EXPENSE	\$612,438	\$612,438
METHOD OF FINANCING:			
1	General Revenue Fund	612,438	612,438
	TOTAL, METHOD OF FINANCING	\$612,438	\$612,438
FULL-TIME EQUIVALENT POSITIONS (FTE):		14.00	14.00

DESCRIPTION / JUSTIFICATION:

Funding for this exceptional item would provide additional General Revenue in the amount of \$612,438 and 14 FTE's for each year of the biennium in the Bingo Law Compliance Field Operations strategy. The increase in GR appropriation would be supported by fee increases to Bingo Operators and Lessors.

The Commission regulates charitable bingo with the intent to ensure fair conduct of bingo games, oversee the proper distribution of proceeds to charities, and enforce the collection and distribution of state and local bingo revenues. Funding for the regulation of Charitable Bingo has been significantly reduced over time. For the 2012-2013 biennium, the Bingo Division's budget was reduced by 26% as compared to the 2010-2011 appropriations due to required Legislative budget reductions. The impact of these reductions to the division has been substantial, resulting in reduced frequency of inspections and audits as well as lengthened processing time for license applications. Without state oversight, bingo games, which operate on a cash basis, would be more susceptible to theft and fraud and the State would be vulnerable to financial loss of state bingo revenues.

The functions of the Bingo Law Compliance Field Operations Program include regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). Utilizing a system of enforcement by conducting inspections, reviews, audits and complaint investigations, the Charitable Bingo Operations Division (CBOD) may take appropriate disciplinary action when necessary. The CBOD also conducts testing on bingo products for use in the state of Texas. The goal for the Bingo Law Compliance Field Operations Program is to conduct its activities consistently and fairly.

EXTERNAL/INTERNAL FACTORS:

Funding for this exceptional item would restore 14 FTEs to assist in carrying out the Charitable Bingo Operations Division statutory objective to ensure compliance with the Bingo Enabling Act and Charitable Bingo Administrative Rule requirements.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
TIME: 12:18:13PM

Agency code: 362

Agency name:
Texas Lottery Commission

CODE	DESCRIPTION	Excp 2014	Excp 2015
	External Factors Impacting Strategy: Support for the existing system ends in 2013.		
	Internal Factors Impacting Strategy: The Texas Lottery Commission does not have existing staff necessary to redesign and convert the Automated Charitable Bingo System.		
	If ACBS is not converted, it will become necessary to maintain multiple development and production infrastructures. Additionally, the Lottery will have no support from the vendor for upgrades necessary to support the system. This will result in additional costs and staff resources.		

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
TIME: 12:18:23PM

Agency code: **362** Agency name: **Texas Lottery Commission**

Code Description	Excp 2014	Excp 2015
Item Name: New Draw Games		
Allocation to Strategy: 1-1-1 Lottery Operations		
OBJECTS OF EXPENSE:		
5000 CAPITAL EXPENDITURES	775,000	0
TOTAL, OBJECT OF EXPENSE	\$775,000	\$0
METHOD OF FINANCING:		
5025 Lottery Acct	775,000	0
TOTAL, METHOD OF FINANCING	\$775,000	\$0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:18:28PM

Agency code: 362 Agency name: Texas Lottery Commission

Code	Description	Excp 2014	Excp 2015
Item Name: New Draw Games			
Allocation to Strategy: 1-1-4 Security			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	140,498	140,498
5000	CAPITAL EXPENDITURES	143,100	0
TOTAL, OBJECT OF EXPENSE		\$283,598	\$140,498
METHOD OF FINANCING:			
5025	Lottery Acct	283,598	140,498
TOTAL, METHOD OF FINANCING		\$283,598	\$140,498
FULL-TIME EQUIVALENT POSITIONS (FTE):		3.0	3.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
TIME: 12:18:28PM

Agency code: **362** Agency name: **Texas Lottery Commission**

Code	Description	Excp 2014	Excp 2015
Item Name: Bingo Additional FTEs			
Allocation to Strategy: 2-1-3 Bingo Law Compliance Field Operations			
STRATEGY IMPACT ON OUTCOME MEASURES:			
<u>1</u>	Percent of Licensees with No Recent Violations	91.00%	91.00%
<u>2</u>	Percentage of Bingo Audits Referred for Disciplinary Action	65.00%	65.00%
<u>3</u>	Percent of Complaints Referred for Disciplinary Action	8.00%	8.00%
<u>4</u>	Percent of Documented Complaints Completed within Six Months	85.00%	85.00%
<u>5</u>	Net Bingo Games Revenue Received by Charitable Orgs (in Millions)	25.00	25.00
<u>7</u>	Percentage of Organizations Receiving an Audit	21.39%	21.39%
<u>8</u>	Percentage of Organizations Receiving an Inspection	31.35	31.35
OUTPUT MEASURES:			
<u>1</u>	Number of Inspections Conducted	109.00	109.00
<u>2</u>	Number of Bingo Audits and Reviews Completed	60.00	60.00
<u>4</u>	\$ Amt of Adjustments to Charitable Distributions by Audit & Inspection	8,000.00	8,000.00
EFFICIENCY MEASURES:			
<u>1</u>	Average Time for Bingo Complaint Completion (Days)	-45.00	-45.00
<u>2</u>	Average Cost Per Bingo Complaint Completed	-150.00	-150.00
<u>3</u>	Average Time to Conduct Compliance Audit (Hours)	-150.00	-150.00
<u>5</u>	Average Cost per Bingo Audit Completed	-4,207.00	-4,207.00
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	570,000	570,000
2005	TRAVEL	32,130	32,130
2009	OTHER OPERATING EXPENSE	10,308	10,308
TOTAL, OBJECT OF EXPENSE		\$612,438	\$612,438
METHOD OF FINANCING:			
1	General Revenue Fund	612,438	612,438
TOTAL, METHOD OF FINANCING		\$612,438	\$612,438
FULL-TIME EQUIVALENT POSITIONS (FTE):		14.0	14.0

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:18:28PM

Agency code: 362 Agency name: Texas Lottery Commission

Code	Description	Excp 2014	Excp 2015
Item Name: Automated Charitable Bingo System (ACBS) Redesign			
Allocation to Strategy: 2-1-1 Determine Eligibility and Process Applications			
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	1,250,000	1,250,000
TOTAL, OBJECT OF EXPENSE		\$1,250,000	\$1,250,000
METHOD OF FINANCING:			
1	General Revenue Fund	1,250,000	1,250,000
TOTAL, METHOD OF FINANCING		\$1,250,000	\$1,250,000

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
TIME: 12:33:25PM

Agency Code: 362 Agency name: Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 - 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 1 Lottery Operations Service: 03 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2014	Excp 2015
OBJECTS OF EXPENSE:		
5000 CAPITAL EXPENDITURES	775,000	0
Total, Objects of Expense	<u>\$775,000</u>	<u>\$0</u>
METHOD OF FINANCING:		
5025 Lottery Acct	775,000	0
Total, Method of Finance	<u>\$775,000</u>	<u>\$0</u>

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

New Draw Games

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:33:36PM

Agency Code: 362 Agency name: Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery Statewide Goal/Benchmark: 4 - 0
 OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:
 STRATEGY: 4 Security Service: 03 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2014	Excp 2015
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	140,498	140,498
5000 CAPITAL EXPENDITURES	143,100	0
Total, Objects of Expense	\$283,598	\$140,498
METHOD OF FINANCING:		
5025 Lottery Acct	283,598	140,498
Total, Method of Finance	\$283,598	\$140,498
FULL-TIME EQUIVALENT POSITIONS (FTE):	3.0	3.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

New Draw Games

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
TIME: 12:33:36PM

Agency Code: **362** Agency name: **Texas Lottery Commission**

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 - 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 1 Determine Eligibility and Process Applications Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2014	Excp 2015
OBJECTS OF EXPENSE:		
2001 PROFESSIONAL FEES AND SERVICES	1,250,000	1,250,000
Total, Objects of Expense	\$1,250,000	\$1,250,000
METHOD OF FINANCING:		
1 General Revenue Fund	1,250,000	1,250,000
Total, Method of Finance	\$1,250,000	\$1,250,000

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Automated Charitable Bingo System (ACBS) Redesign

Agency Code: 362 Agency name: Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully Statewide Goal/Benchmark: 7 - 0
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules Service Categories:
 STRATEGY: 3 Bingo Law Compliance Field Operations Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2014	Excp 2015
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STRATEGY IMPACT ON OUTCOME MEASURES:

1	Percent of Licensees with No Recent Violations	91.00 %	91.00 %
2	Percentage of Bingo Audits Referred for Disciplinary Action	65.00 %	65.00 %
3	Percent of Complaints Referred for Disciplinary Action	8.00 %	8.00 %
4	Percent of Documented Complaints Completed within Six Months	85.00 %	85.00 %
5	Net Bingo Games Revenue Received by Charitable Orgs (in Millions)	25.00	25.00
7	Percentage of Organizations Receiving an Audit	21.39 %	21.39 %
8	Percentage of Organizations Receiving an Inspection	31.35	31.35

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	570,000	570,000
2005	TRAVEL	32,130	32,130
2009	OTHER OPERATING EXPENSE	10,308	10,308
Total, Objects of Expense		\$612,438	\$612,438

METHOD OF FINANCING:

1	General Revenue Fund	612,438	612,438
Total, Method of Finance		\$612,438	\$612,438

FULL-TIME EQUIVALENT POSITIONS (FTE):	14.0	14.0
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Bingo Additional FTEs

5.A. CAPITAL BUDGET PROJECT SCHEDULE
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:03PM

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name		Est 2012	Bud 2013	BL 2014	BL 2015
<i>Project Sequence/Project Id/ Name</i>					
OOE / TOF / MOF CODE					
5003 Repair or Rehabilitation of Buildings and Facilities					
<i>3/3 New Draw Games- Studio Remodel</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0
	Capital Subtotal OOE, Project 3	\$0	\$0	\$0	\$0
	Subtotal OOE, Project 3	\$0	\$0	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 5025 Lottery Acct	\$0	\$0	\$0	\$0
	Capital Subtotal TOF, Project 3	\$0	\$0	\$0	\$0
	Subtotal TOF, Project 3	\$0	\$0	\$0	\$0
	Capital Subtotal, Category 5003	\$0	\$0	\$0	\$0
	Informational Subtotal, Category 5003				
	Total, Category 5003	\$0	\$0	\$0	\$0
5005 Acquisition of Information Resource Technologies					
<i>4/4 Automated Charitable Bingo System (ACBS) Redesign</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	2001 PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0
	Capital Subtotal OOE, Project 4	\$0	\$0	\$0	\$0

5.A. CAPITAL BUDGET PROJECT SCHEDULE
 83rd Regular Session, Agency Submission, Version I
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:09PM

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name		Est 2012	Bud 2013	BL 2014	BL 2015
<i>Project Sequence/Project Id/ Name</i>					
OOE / TOF / MOF CODE					
Subtotal OOE, Project 4		\$0	\$0	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General CA	1 General Revenue Fund	\$0	\$0	\$0	\$0
Capital Subtotal TOF, Project 4		\$0	\$0	\$0	\$0
Subtotal TOF, Project 4		\$0	\$0	\$0	\$0
Capital Subtotal, Category 5005		\$0	\$0	\$0	\$0
Informational Subtotal, Category 5005					
Total, Category 5005		\$0	\$0	\$0	\$0
5007 Acquisition of Capital Equipment and Items					
<i>1/1 Capitalized Lottery Drawing Equipment</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$225,000	\$75,000	\$300,000	\$0
Capital Subtotal OOE, Project 1		\$225,000	\$75,000	\$300,000	\$0
Subtotal OOE, Project 1		\$225,000	\$75,000	\$300,000	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General CA	5025 Lottery Acct	\$225,000	\$75,000	\$300,000	\$0
Capital Subtotal TOF, Project 1		\$225,000	\$75,000	\$300,000	\$0
Subtotal TOF, Project 1		\$225,000	\$75,000	\$300,000	\$0

5.A. CAPITAL BUDGET PROJECT SCHEDULE
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:09PM

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name			Est 2012	Bud 2013	BL 2014	BL 2015
<i>Project Sequence/Project Id/ Name</i>						
OOE / TOF / MOF CODE						
<i>2/2 New Drawing Equipment</i>						
OBJECTS OF EXPENSE						
<u>Capital</u>						
General	5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0
	Capital Subtotal OOE, Project	2	\$0	\$0	\$0	\$0
	Subtotal OOE, Project	2	\$0	\$0	\$0	\$0
TYPE OF FINANCING						
<u>Capital</u>						
General	CA	5025 Lottery Acct	\$0	\$0	\$0	\$0
	Capital Subtotal TOF, Project	2	\$0	\$0	\$0	\$0
	Subtotal TOF, Project	2	\$0	\$0	\$0	\$0
	Capital Subtotal, Category	5007	\$225,000	\$75,000	\$300,000	\$0
	Informational Subtotal, Category	5007				
	Total, Category	5007	\$225,000	\$75,000	\$300,000	\$0
AGENCY TOTAL -CAPITAL			\$225,000	\$75,000	\$300,000	\$0
AGENCY TOTAL -INFORMATIONAL						
AGENCY TOTAL			\$225,000	\$75,000	\$300,000	\$0

5.A. CAPITAL BUDGET PROJECT SCHEDULE
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:09PM

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2012

Bud 2013

BL 2014

BL 2015

METHOD OF FINANCING:

Capital

General	1	General Revenue Fund	\$0	\$0	\$0	\$0
General	5025	Lottery Acct	\$225,000	\$75,000	\$300,000	\$0
Total, Method of Financing-Capital			\$225,000	\$75,000	\$300,000	\$0
Total, Method of Financing			\$225,000	\$75,000	\$300,000	\$0

TYPE OF FINANCING:

Capital

General	CA	CURRENT APPROPRIATIONS	\$225,000	\$75,000	\$300,000	\$0
Total, Type of Financing-Capital			\$225,000	\$75,000	\$300,000	\$0
Total, Type of Financing			\$225,000	\$75,000	\$300,000	\$0

5.B. CAPITAL BUDGET PROJECT INFORMATION
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:27PM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5007	Category Name:	ACQUISITN CAP EQUIP ITEMS
Project number:	1	Project Name:	Capitalized Lottery Drawing Equip.

PROJECT DESCRIPTION

General Information

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

Number of Units / Average Unit Cost 0

Estimated Completion Date

Additional Capital Expenditure Amounts Required	2016	2017
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 3-7 years

Estimated/Actual Project Cost \$ 300,000

Length of Financing/ Lease Period

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2014	2015	2016	2017	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

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

Project Location: Texas Lottery Commission Headquarters, Austin, TX

Beneficiaries: Agency staff and the general public

Frequency of Use and External Factors Affecting Use:

The draw machines may be used twice a week or up to multiple times a day to conduct on-line draws.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:27PM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5007	Category Name:	ACQUISITN CAP EQUIP ITEMS
Project number:	2	Project Name:	New Drawing Equipment

PROJECT DESCRIPTION

General Information

In order to retain player interest and continue generating revenue for the Foundation School Fund, the Texas Lottery must drive innovation within its portfolio of traditional lottery games. The agency continually explores potential new games and game enhancements in the interest of ongoing revenue generation. The Agency Business Plan has identified a potential new draw game opportunity in FY 2014 that will require necessary capital and staff investment. The introduction of this new game would require the agency to procure new drawing equipment and ball sets.

The lack of funding of this project would limit the agency's ability to bring a new draw game to market and it is anticipated that lottery sales would be negatively impacted.

Number of Units / Average Unit Cost	0		
Estimated Completion Date			
Additional Capital Expenditure Amounts Required		2016	2017
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	3-7 Years		
Estimated/Actual Project Cost	\$ 143,100		
Length of Financing/ Lease Period			

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
	2014	2015	2016	2017	
	0	0	0	0	0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: Lottery drawing-equipment is used in the critical function of conducting lottery and ensuring the security and integrity of games.

Project Location: Texas Lottery Commission Headquarters, Austin, TX

Beneficiaries: Agency staff and the general public

Frequency of Use and External Factors Affecting Use:
 The draw machines may be used twice a week or up to multiple times a day to conduct on-line draws.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 83rd Regular Session, Agency Submission, Version I
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:27PM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5003	Category Name:	REPAIR OR REHABILITATION
Project number:	3	Project Name:	New Draw Games- Studio Remodel

PROJECT DESCRIPTION

General Information

In order to retain player interest and continue generating revenue for the Foundation School Fund, the Texas Lottery must drive innovation within its portfolio of traditional lottery games. The agency continually explores potential new games and game enhancements in the interest of ongoing revenue generation. The Agency Business Plan has identified a potential new draw game opportunity in FY 2014 that will require necessary capital and staff investment. In order to accommodate the introduction of this new game, the agency would be required to expand and remodel the drawing studio.

The lack of funding of this project would limit the agency's ability to bring a new draw game to market and it is anticipated that lottery sales would be negatively impacted.

Number of Units / Average Unit Cost	10 years		
Estimated Completion Date			
Additional Capital Expenditure Amounts Required		2016	2017
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life			
Estimated/Actual Project Cost	\$ 775,000		
Length of Financing/ Lease Period			

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
	2014	2015	2016	2017	
	0	0	0	0	0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: The Drawing Studio would require expansion and remodeling in order to accommodate new draw games.
Project Location: Texas Lottery Commission Headquarters, Austin, TX
Beneficiaries: Agency staff and the general public
Frequency of Use and External Factors Affecting Use:
 The drawing studio is used six days a week to conduct on-line draws.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:27PM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	4	Project Name:	ACBS Redesign

PROJECT DESCRIPTION

General Information

This project will completely redesign the Automated Charitable Bingo System (ACBS). Since implementation, there have been numerous changes to business processes including system application changes. The current toolset used to support ACBS will be out of support in 2013. Because of the requirement to convert to another toolset, and to meet the ongoing needs of the Charitable Bingo Program, it is necessary to redesign and convert the existing system. The ACBS is used daily by agency staff for the administration and management of the Charitable Bingo program.

ACBS is a mission critical application. The agency is at risk of trying to support an application on a development platform that is no longer supported by the vendor. This would limit needed enhancements and impact the ability to restore system failure.

This increase in General Revenue (GR) appropriation would be supported by a portion of the GR Bingo Prize Fee collected pursuant to Texas Occupations Code, Section 2001.504 that is deposited and retained by the state. Historical Bingo Prize Fee collections as presented below have been in the range of \$25.2 - \$27.4 million each year with approximately \$12 million allocated to local governments as required by Texas Occupations Code, Section 2001.503. Between \$13 million and \$14 million has been retained by the state as unappropriated revenue.

Bingo Prize Fee	Total Collected	Cities & Counties	State
2008	25,223,223	11,887,681	13,335,542
2009	26,163,743	12,281,863	13,881,881
2010	25,881,024	12,126,783	13,711,241
2011	26,603,680	12,516,894	14,086,786
2012 YTD*	27,368,999	12,883,219	14,485,780
Total	131,240,670	61,739,440	69,501,230

*Collections through 8/10/12

Number of Units / Average Unit Cost 20,000 @ 125/hour

Estimated Completion Date

Additional Capital Expenditure Amounts Required	2016	2017
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 10+ years

Estimated/Actual Project Cost \$ 2,500,000

Length of Financing/ Lease Period

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2014	2015	2016	2017	Total over project life
0	0	0	0	0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: ACBS supports the mission critical function of Charitable Bingo licensing and management. Vendor maintenance for the ACBS software platform will only be supported through 2013. ACBS must be converted to ensure continued availability of the system beyond 2013.

Project Location: Austin Headquarters

Beneficiaries: All agency staff and the general public will benefit from this project.

Frequency of Use and External Factors Affecting Use:

This is an application that is used on a daily basis by staff for maintaining licenses' information and payment records. Audits have revealed inconsistencies and the need for a complete business review and redesign in order to better support Charitable Bingo Operations. Beyond 2013, Oracle will no longer support the application. There are no external factors that would affect this project.

5.C. CAPITAL BUDGET ALLOCATION TO STRATEGIES (BASELINE)
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:19:55PM

Agency code: 362 Agency name: Texas Lottery Commission

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2012	Bud 2013	BL 2014	BL 2015
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5003 Repair or Rehabilitation of Buildings and Facilities

3/3 New Draw Games- Studio Remodel

GENERAL BUDGET

Capital	1-1-1	LOTTERY OPERATIONS	0	0	\$0	\$0
		TOTAL, PROJECT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

5005 Acquisition of Information Resource Technologies

4/4 ACBS Redesign

GENERAL BUDGET

Capital	2-1-1	BINGO LICENSING	0	0	0	0
		TOTAL, PROJECT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

5007 Acquisition of Capital Equipment and Items

1/1 Capitalized Lottery Drawing Equip.

GENERAL BUDGET

Capital	1-1-4	SECURITY	225,000	75,000	300,000	0
		TOTAL, PROJECT	<u>\$225,000</u>	<u>\$75,000</u>	<u>\$300,000</u>	<u>\$0</u>

2/2 New Drawing Equipment

GENERAL BUDGET

Capital	1-1-4	SECURITY	0	0	0	0
		TOTAL, PROJECT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

5.C. CAPITAL BUDGET ALLOCATION TO STRATEGIES (BASELINE)
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012
 TIME: 12:20:04PM

Agency code: 362 Agency name: Texas Lottery Commission

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2012	Bud 2013	BL 2014	BL 2015
	TOTAL CAPITAL, ALL PROJECTS	\$225,000	\$75,000	\$300,000	\$0
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$225,000	\$75,000	\$300,000	\$0

CAPITAL BUDGET PROJECT SCHEDULE - EXCEPTIONAL
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/16/2012 12:20:18PM

362 Texas Lottery Commission

Category Code / Category Name Project Number / Name OOE / TOF / MOF CODE	Excp 2014	Excp 2015
5003 Repair or Rehabilitation of Buildings and Facilities		
<u>3 New Draw Games- Studio Remodel</u>		
Objects of Expense		
5000 CAPITAL EXPENDITURES	775,000	0
Subtotal OOE, Project 3	775,000	0
Type of Financing		
CA 5025 Lottery Acct	775,000	0
Subtotal TOF, Project 3	775,000	0
Subtotal Category 5003	775,000	0
5005 Acquisition of Information Resource Technologies		
<u>4 ACBS Redesign</u>		
Objects of Expense		
2001 PROFESSIONAL FEES AND SERVICES	1,250,000	1,250,000
Subtotal OOE, Project 4	1,250,000	1,250,000
Type of Financing		
CA 1 General Revenue Fund	1,250,000	1,250,000
Subtotal TOF, Project 4	1,250,000	1,250,000
Subtotal Category 5005	1,250,000	1,250,000
5007 Acquisition of Capital Equipment and Items		
<u>2 New Drawing Equipment</u>		
Objects of Expense		
5000 CAPITAL EXPENDITURES	143,100	0
Subtotal OOE, Project 2	143,100	0

CAPITAL BUDGET PROJECT SCHEDULE - EXCEPTIONAL

8/16/2012 12:20:24PM

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

Category Code / Category Name Project Number / Name OOE / TOF / MOF CODE		Excp 2014	Excp 2015
Type of Financing			
CA 5025 Lottery Acct		143,100	0
Subtotal TOF, Project	2	143,100	0
Subtotal Category	5007	143,100	0
AGENCY TOTAL		2,168,100	1,250,000
METHOD OF FINANCING:			
1 General Revenue Fund		1,250,000	1,250,000
5025 Lottery Acct		918,100	0
Total, Method of Financing		2,168,100	1,250,000
TYPE OF FINANCING:			
CA CURRENT APPROPRIATIONS		2,168,100	1,250,000
Total, Type of Financing		2,168,100	1,250,000

362 Texas Lottery Commission

Category Code/Name

Project Number/Name

Goal/Obj/Str	Strategy Name	Excp 2014	Excp 2015
5003 Repair or Rehabilitation of Buildings and Facilities			
3	New Draw Games- Studio Remodel		
1 1 1	LOTTERY OPERATIONS	775,000	0
TOTAL, PROJECT		775,000	0
5005 Acquisition of Information Resource Technologies			
4	ACBS Redesign		
2 1 1	BINGO LICENSING	1,250,000	1,250,000
TOTAL, PROJECT		1,250,000	1,250,000
5007 Acquisition of Capital Equipment and Items			
2	New Drawing Equipment		
1 1 4	SECURITY	143,100	0
TOTAL, PROJECT		143,100	0
TOTAL, ALL PROJECTS		2,168,100	1,250,000

6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/16/2012
 Time: 12:21:01PM

Agency Code: 362 Agency: Texas Lottery Commission

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2010 - 2011 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2010			Total Expenditures FY 2010		HUB Expenditures FY 2011			Total Expenditures FY 2011
			% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$		
57.2%	Special Trade Construction	57.2 %	60.6%	3.4%	\$44,533	\$73,440	57.2 %	1.4%	-55.8%	\$1,106	\$79,447
20.0%	Professional Services	20.0 %	87.6%	67.6%	\$661,910	\$755,850	20.0 %	59.4%	39.4%	\$636,418	\$1,072,133
33.0%	Other Services	33.0 %	21.1%	-11.9%	\$32,314,293	\$152,896,503	33.0 %	26.8%	-6.2%	\$39,494,537	\$147,382,184
12.6%	Commodities	12.6 %	54.8%	42.2%	\$1,851,177	\$3,380,916	12.6 %	22.8%	10.2%	\$548,498	\$2,405,447
	Total Expenditures		22.2%		\$34,871,913	\$157,106,709		27.0%		\$40,680,559	\$150,939,211

B. Assessment of Fiscal Year 2010 - 2011 Efforts to Meet HUB Procurement Goals

Attainment:

The agency attained or exceeded three of four, or 75% of the applicable statewide HUB procurement goals in fiscal year 2010.
 The agency attained or exceeded two of four, or 50% of the applicable statewide HUB procurement goals in fiscal year 2011.

Applicability:

The "Heavy Construction" and "Building Construction" categories were not applicable to agency operations in either Fiscal Year 2010 or 2011, since the agency did not have any strategies or programs relating to heavy or building construction.

Factors Affecting Attainment:

Special Trade Construction continues to be challenging for the TLC. As a tenant agency, the majority of contract decisions for renovations and lease improvements are not subject to the agency's control.

Most of the TLC's spending falls within the "Other Services" category, including many of the agency's largest contracts. A large percentage of the expenditures in this category are for specialized lottery-related services, which are obtainable from a limited number of vendors. The agency's HUB credit in "Other Services" is attained mainly through subcontracting expenditures, which may fluctuate from year to year.

"Good-Faith" Efforts:

The TLC made the following good faith efforts during Fiscal Years 2010 and 2011:

- Included the agency's HUB Coordinator in procurements over \$100,000 to assist in identifying subcontracting opportunities and evaluating subcontracting plans.
- Provided potential proposers/bidders with lists of certified HUBs for subcontracting opportunities.
- Hosted pre-bid and pre-proposal conferences to highlight the agency's HUB subcontracting requirements.

6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/16/2012
Time: 12:21:06PM

Agency Code: 362 Agency: Texas Lottery Commission

Participated in statewide HUB forums and other outreach events to provide information about agency procurement processes and contract opportunities.
Hosted an annual HUB Forum at agency headquarters which included networking sessions with key staff and TLC prime vendors.
Placed advertisements in minority publications throughout the state.
Made HUB information available via the TLC Web site.
Provided HUB participation updates to Texas Lottery commissioners.
Worked to establish new mentor protégé relationships.
Assisted eligible vendors to become certified or re-certified as HUBs.
Continued to maintain a minority lottery retailer percentage of more than 40%.

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **362** Agency name: **Texas Lottery Commission**

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
1 General Revenue Fund					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3152 Bingo Operators/Lessors	2,993,966	2,870,000	2,870,000	2,870,000	2,870,000
3153 Bingo Equipment	79,800	66,000	72,900	72,900	72,900
3166 Bingo Rental Tax	1,209,914	1,210,000	1,210,000	1,210,000	1,210,000
3170 Bingo Prize Fees	26,603,680	27,401,790	27,002,734	27,002,734	27,002,734
3719 Fees/Copies or Filing of Records	1,421	1,300	1,361	1,361	1,361
3727 Fees - Administrative Services	530	0	0	0	0
3770 Administrative Penalties	207,299	280,000	243,650	243,650	243,650
3795 Other Misc Government Revenue	125	70	0	0	0
3802 Reimbursements-Third Party	47,441	40,700	44,071	44,071	44,071
Subtotal: Actual/Estimated Revenue	31,144,176	31,869,860	31,444,716	31,444,716	31,444,716
Total Available	\$31,144,176	\$31,869,860	\$31,444,716	\$31,444,716	\$31,444,716
DEDUCTIONS:					
Expended/Budgeted	(14,882,924)	(14,756,806)	(14,756,806)	(14,756,806)	(14,756,806)
Transfer-Employee Benefits	(523,149)	(418,722)	(487,604)	(487,604)	(487,604)
Benefit Replacement Pay	(19,924)	(15,256)	(16,000)	(16,000)	(16,000)
HB 4586, Sec. 89, Single Retention Payment (81st Leg.)	(388,007)	0	0	0	0
Total, Deductions	\$(15,814,004)	\$(15,190,784)	\$(15,260,410)	\$(15,260,410)	\$(15,260,410)
Ending Fund/Account Balance	\$15,330,172	\$16,679,076	\$16,184,306	\$16,184,306	\$16,184,306

REVENUE ASSUMPTIONS:

Revenue for FY 2013-2015 are projected to remain relatively flat.

CONTACT PERSON:

Kathy Pyka

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

83rd Regular Session, Agency Submission, Version I

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: 362 Agency name: Texas Lottery Commission

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
5025 Lottery Acct					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3176 Lottery License Application Fees	301,067	298,443	299,755	299,755	299,755
3177 Lottery Ticket Sales	3,811,270,135	4,125,000,000	3,850,000,000	3,850,000,000	3,850,000,000
3178 Lottery Security Proceeds	54,750	66,233	60,492	60,492	60,492
3719 Fees/Copies or Filing of Records	35,662	27,000	31,331	31,331	31,331
3727 Fees - Administrative Services	341,231	381,155	361,193	361,193	361,193
3777 Default Fund - Warrant Voided	2,667	2,370	2,518	2,518	2,518
3802 Reimbursements-Third Party	765,387	823,441	439,898	439,898	439,898
3850 Interest on Lottery Prize Investmnt	125	1,244	685	685	685
Subtotal: Actual/Estimated Revenue	3,812,771,024	4,126,599,886	3,851,195,872	3,851,195,872	3,851,195,872
Total Available	\$3,812,771,024	\$4,126,599,886	\$3,851,195,872	\$3,851,195,872	\$3,851,195,872
DEDUCTIONS:					
Expended/Budgeted	(165,807,446)	(168,521,129)	(179,872,202)	(200,825,266)	(200,232,225)
Transfer - Employee Benefits	(4,151,693)	(3,814,655)	(4,862,452)	(4,862,452)	(4,862,452)
Benefit Replacement Pay	(109,124)	(96,328)	(100,000)	(100,000)	(100,000)
Unemployment Benefits	(3,861)	(208)	(2,035)	(2,035)	(2,035)
Rider 12, Appropriation of Increased Fees (2010-11 GAA)	(4,754,145)	(5,200,100)	0	0	0
Rider 11, Lottery Operator Contract (2010-11 GAA)	(8,614,574)	(7,712,551)	(1,193,346)	0	0
Rider 10, Retailer Incentive (2010-11 GAA)	(19,338,200)	(20,625,000)	(19,250,000)	0	0
Lottery Winnings/Install Payments	(2,387,243,785)	(2,582,250,000)	(2,410,100,000)	(2,410,100,000)	(2,410,100,000)
Retailer Commissions	(190,808,232)	(206,250,000)	(192,500,000)	(192,500,000)	(192,500,000)
Transfers to Foundation School Fund	(963,172,500)	(1,088,453,364)	(1,002,735,417)	(1,002,227,734)	(1,002,820,775)
Transfers to Department of State Health Services	(10,000,000)	(5,750,000)	(5,750,000)	(5,750,000)	(5,750,000)
Transfers to Texas Veterans Commission	(8,658,018)	(4,753,565)	(4,692,000)	(4,692,000)	(4,692,000)
Transfers (Unclaimed Prizes) to General Revenue	(43,263,654)	(43,386,741)	(44,250,000)	(44,250,000)	(44,250,000)
Total, Deductions	\$(3,805,925,232)	\$(4,136,813,641)	\$(3,865,307,452)	\$(3,865,309,487)	\$(3,865,309,487)
Ending Fund/Account Balance	\$6,845,792	\$(10,213,755)	\$14,111,580	\$(14,113,615)	\$(14,113,615)

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: 362 Agency name: Texas Lottery Commission

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
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REVENUE ASSUMPTIONS:

Revenue for FY 2013-2015 are projected to remain relatively flat.

CONTACT PERSON:

Kathy Pyka

6.F.a. ADVISORY COMMITTEE SUPPORTING SCHEDULE ~ PART A

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/16/2012
 Time: 12:36:31PM

Agency Code: 362 Agency: Texas Lottery Commission

BINGO ADVISORY COMMITTEE

Statutory Authorization: Texas Occupations Code, Section 2001.057
 Number of Members: 9
 Committee Status: Ongoing
 Date Created: 03/06/1995
 Date to Be Abolished: 08/31/2011
 Strategy (Strategies): 1-1-5 CENTRAL ADMINISTRATION
 2-1-1 BINGO LICENSING
 2-1-3 BINGO LAW COMPLIANCE FIELD OPER
 2-1-4 BINGO PRIZE FEE COLLECTION & ACCT

Advisory Committee Costs	Expended Exp 2011	Estimated Est 2012	Budgeted Bud 2013	Requested BL 2014	Requested BL 2015
Other Expenditures in Support of Committee Activities					
Personnel	\$8,038	\$0	\$0	\$0	\$0
Other Operating	1,901	0	0	0	0
Total, Committee Expenditures	\$9,939	\$0	\$0	\$0	\$0
Method of Financing					
General Revenue Fund	\$7,644	\$0	\$0	\$0	\$0
Lottery Acct	2,295	0	0	0	0
Total, Method of Financing	\$9,939	\$0	\$0	\$0	\$0
Meetings Per Fiscal Year	3	0	0	0	0

6.F.a. ADVISORY COMMITTEE SUPPORTING SCHEDULE ~ PART A

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/16/2012
Time: 12:36:38PM

Agency Code: 362 Agency: Texas Lottery Commission

Description and Justification for Continuation/Consequences of Abolishing

In accordance with Occupation Code, Chapter 2001, Section 2001.057, the Texas Lottery Commission may establish a Bingo Advisory Committee (B.A.C.) to: 1) advise the Commission on the needs and problems of the state's bingo industry; 2) comment on rules involving bingo during their development and before their final adoption unless an emergency requires immediate action by the Commission; 3) report annually to the Commission on the Committee's activities; and 4) perform other duties as determined by the Commission. The B.A.C. meets quarterly or as requested by the Commission.

The B.A.C. consists of a representative from the general public as well as representatives of different license types issued by the Commission. Members are appointed by the Commission and serve staggered three-year terms. Without input from the B.A.C., the Commission would need to establish another mechanism to receive comments on the needs and problems facing the state's bingo industry.

Pursuant to Bingo Administrative Rule 402.102, the Bingo Advisory Committee will cease to exist annually on August 31, unless the Texas Lottery Commission, prior to August 31, votes to continue the BAC. At the August 10, 2011 Texas Lottery Commission Meeting, the Commissioner's chose to not take any action on continuing the BAC at this time.

6L PERCENT BIENNIAL BASE REDUCTION OPTIONS

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/16/2012
Time: 12:23:46PM

Agency code: 362 Agency name: Texas Lottery Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT		TARGET
	2014	2015	Biennial Total	2014	2015	Biennial Total
1 Bingo Administrative Reduction						
Category: Across the Board Reductions						
Item Comment: To generate sufficient savings to meet the 10% reduction per biennium, Option 1 includes 5% of the baseline request. The Commission would be required to eliminate Strategy B.1.2. (Bingo Education and Development) and reduce the overall operating budget for Strategy B.1.3. (Bingo Law Compliance Field Operation) by 56%.						
This reduction represents a 36% reduction in overall staffing for the Bingo division per each fiscal year of the biennium. The impact of such a reduction would severely limit the operating capabilities of the Bingo Division of the Texas Lottery Commission. This reduction would drastically reduce the number of audits and investigations which regulate licensees' compliance with the Bingo Enabling Act. Revenues would be negatively affected with the lack of operating budget capabilities and staff available to perform current daily operations.						
Option 1 of the 10% reduction would reduce FTEs from 33.0 to 21.0 FTEs. Concurrent with LBB directive, the agency funded the 10% overall reduction for the FY14-15 biennium from the Bingo Administration strategies, exempting reduction from Strategy B.1.5. (Bingo Prize Fee Allocation).						
Strategy: 2-1-2 Provide Education and Training for Bingo Regulatory Requirements						
<u>General Revenue Funds</u>						
1 General Revenue Fund	\$0	\$0	\$0	\$135,781	\$135,781	\$271,562
General Revenue Funds Total	\$0	\$0	\$0	\$135,781	\$135,781	\$271,562
Strategy: 2-1-3 Bingo Law Compliance Field Operations						
<u>General Revenue Funds</u>						
1 General Revenue Fund	\$0	\$0	\$0	\$602,059	\$602,059	\$1,204,118
General Revenue Funds Total	\$0	\$0	\$0	\$602,059	\$602,059	\$1,204,118
Item Total	\$0	\$0	\$0	\$737,840	\$737,840	\$1,475,680
FTE Reductions (From FY 2014 and FY 2015 Base Request)				12.0	12.0	

2 Bingo Administrative and Licensing Reduction

Category: Across the Board Reductions

6L PERCENT BIENNIAL BASE REDUCTION OPTIONS

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/16/2012
Time: 12:23:51PM

Agency code: 362 Agency name: Texas Lottery Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET																																																																
	2014	2015	Biennial Total	2014	2015	Biennial Total																																																																	
<p>Item Comment: To generate sufficient savings to meet the 10% reduction per biennium, Option 2 includes 5% of the baseline request. The Commission would be required to further reduce and eliminate Strategy B.1.3. (Bingo Law Compliance Field Operation), eliminate the overall operating budget for Strategy B.1.4. (Bingo Prize Fee Collection & Acct), and reduce Strategy B.1.1. (Bingo Licensing) by \$99,386 each fiscal year. This reduction represents a 39% reduction in overall staffing for the Bingo division per each fiscal year of the biennium. The impact of such a reduction would severely limit the operating capabilities of the Bingo Division of the Texas Lottery Commission. This reduction would eliminate the audit and investigation function which regulate licensees' compliance with the Bingo Enabling Act and increase the amount of time to process bingo tax revenue and process license applications. Revenues would be negatively affected with the lack of operating budget capabilities and staff available to perform current daily operations.</p> <p>The cumulative 10% reduction would reduce FTEs from 33.0 to 8.0 FTEs. Concurrent with LBB directive, the agency funded the 10% overall reduction for the FY14-15 biennium from the Bingo Administration strategies, exempting reduction from Strategy B.1.5. (Bingo Prize Fee Allocation).</p> <p>Strategy: 2-1-1 Determine Eligibility and Process Applications</p> <p><u>General Revenue Funds</u></p> <table border="1"> <tr> <td>1 General Revenue Fund</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$102,648</td> <td>\$102,647</td> <td>\$205,295</td> <td></td> </tr> <tr> <td>General Revenue Funds Total</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$102,648</td> <td>\$102,647</td> <td>\$205,295</td> <td></td> </tr> </table> <p>Strategy: 2-1-3 Bingo Law Compliance Field Operations</p> <p><u>General Revenue Funds</u></p> <table border="1"> <tr> <td>1 General Revenue Fund</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$456,456</td> <td>\$456,456</td> <td>\$912,912</td> <td></td> </tr> <tr> <td>General Revenue Funds Total</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$456,456</td> <td>\$456,456</td> <td>\$912,912</td> <td></td> </tr> </table> <p>Strategy: 2-1-4 Bingo Prize Fee Collections and Accounting</p> <p><u>General Revenue Funds</u></p> <table border="1"> <tr> <td>1 General Revenue Fund</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$178,737</td> <td>\$178,737</td> <td>\$357,474</td> <td></td> </tr> <tr> <td>General Revenue Funds Total</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$178,737</td> <td>\$178,737</td> <td>\$357,474</td> <td></td> </tr> <tr> <td>Item Total</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$737,841</td> <td>\$737,840</td> <td>\$1,475,681</td> <td></td> </tr> </table> <p>FTE Reductions (From FY 2014 and FY 2015 Base Request)</p> <table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td>13.0</td> <td>13.0</td> <td></td> <td></td> </tr> </table>								1 General Revenue Fund	\$0	\$0	\$0	\$102,648	\$102,647	\$205,295		General Revenue Funds Total	\$0	\$0	\$0	\$102,648	\$102,647	\$205,295		1 General Revenue Fund	\$0	\$0	\$0	\$456,456	\$456,456	\$912,912		General Revenue Funds Total	\$0	\$0	\$0	\$456,456	\$456,456	\$912,912		1 General Revenue Fund	\$0	\$0	\$0	\$178,737	\$178,737	\$357,474		General Revenue Funds Total	\$0	\$0	\$0	\$178,737	\$178,737	\$357,474		Item Total	\$0	\$0	\$0	\$737,841	\$737,840	\$1,475,681						13.0	13.0		
1 General Revenue Fund	\$0	\$0	\$0	\$102,648	\$102,647	\$205,295																																																																	
General Revenue Funds Total	\$0	\$0	\$0	\$102,648	\$102,647	\$205,295																																																																	
1 General Revenue Fund	\$0	\$0	\$0	\$456,456	\$456,456	\$912,912																																																																	
General Revenue Funds Total	\$0	\$0	\$0	\$456,456	\$456,456	\$912,912																																																																	
1 General Revenue Fund	\$0	\$0	\$0	\$178,737	\$178,737	\$357,474																																																																	
General Revenue Funds Total	\$0	\$0	\$0	\$178,737	\$178,737	\$357,474																																																																	
Item Total	\$0	\$0	\$0	\$737,841	\$737,840	\$1,475,681																																																																	
				13.0	13.0																																																																		

6L. PERCENT BIENNIAL BASE REDUCTION OPTIONS

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/16/2012
Time: 12:23:51PM

Agency code: 362 Agency name: Texas Lottery Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2014	2015	Biennial Total	2014	2015	Biennial Total	
AGENCY TOTALS							
General Revenue Total				\$1,475,681	\$1,475,680	\$2,951,361	\$2,951,361
GR Dedicated Total							\$40,318,117
Agency Grand Total	\$0	\$0	\$0	\$1,475,681	\$1,475,680	\$2,951,361	
Difference, Options Total Less Target							\$(40,318,117)
Agency FTE Reductions (From FY 2014 and FY 2015 Base Request)				25.0	25.0		

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS

83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/16/2012

TIME : 12:24:13PM

Agency code: 362

Agency name: Texas Lottery Commission

Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-1 Lottery Operations					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$2,120,065	\$ 2,187,703	\$ 2,211,234	\$ 2,211,234	\$ 2,211,234
1002 OTHER PERSONNEL COSTS	63,502	51,383	49,348	49,348	49,348
2001 PROFESSIONAL FEES AND SERVICES	400,964	531,530	452,377	452,377	452,377
2003 CONSUMABLE SUPPLIES	2,652	5,038	4,828	4,828	4,828
2004 UTILITIES	90,745	100,172	94,386	94,386	94,386
2005 TRAVEL	18,374	31,020	34,393	34,393	34,393
2006 RENT - BUILDING	2,521	2,720	2,684	2,684	2,684
2007 RENT - MACHINE AND OTHER	115,844	141,448	122,046	122,046	122,046
2009 OTHER OPERATING EXPENSE	298,498	406,947	569,064	546,800	574,419
5000 CAPITAL EXPENDITURES	1,825	6,117	0	0	0
Total, Objects of Expense	\$3,114,990	\$3,464,078	\$3,540,360	\$3,518,096	\$3,545,715
METHOD OF FINANCING:					
5025 Lottery Acct	3,114,990	3,464,078	3,540,360	3,518,096	3,545,715
Total, Method of Financing	\$3,114,990	\$3,464,078	\$3,540,360	\$3,518,096	\$3,545,715
FULL TIME EQUIVALENT POSITIONS	28.6	28.4	27.6	27.6	27.6

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS

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Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-2 Lottery Field Operations					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$1,847,430	\$ 1,906,359	\$ 2,018,632	\$ 2,018,632	\$ 2,018,632
1002 OTHER PERSONNEL COSTS	55,336	44,776	45,048	45,048	45,048
2001 PROFESSIONAL FEES AND SERVICES	349,402	463,174	412,974	412,974	412,974
2003 CONSUMABLE SUPPLIES	2,310	4,389	4,408	4,408	4,408
2004 UTILITIES	79,075	87,288	86,165	86,165	86,165
2005 TRAVEL	16,012	27,030	31,398	31,398	31,398
2006 RENT - BUILDING	2,198	2,369	2,449	2,449	2,449
2007 RENT - MACHINE AND OTHER	100,948	123,256	111,416	111,416	111,416
2009 OTHER OPERATING EXPENSE	260,112	354,612	519,497	499,173	524,387
5000 CAPITAL EXPENDITURES	1,591	5,329	0	0	0
Total, Objects of Expense	\$2,714,414	\$3,018,582	\$3,231,987	\$3,211,663	\$3,236,877
METHOD OF FINANCING:					
5025 Lottery Acct	2,714,414	3,018,582	3,231,987	3,211,663	3,236,877
Total, Method of Financing	\$2,714,414	\$3,018,582	\$3,231,987	\$3,211,663	\$3,236,877
FULL TIME EQUIVALENT POSITIONS	24.9	24.9	25.3	25.3	25.3

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Agency name: Texas Lottery Commission

Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-3 Marketing and Promotion					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$1,142,286	\$ 1,178,176	\$ 1,281,007	\$ 1,281,007	\$ 1,281,007
1002 OTHER PERSONNEL COSTS	34,215	27,672	28,587	28,587	28,587
2001 PROFESSIONAL FEES AND SERVICES	216,039	286,253	262,070	262,070	262,070
2003 CONSUMABLE SUPPLIES	1,429	2,713	2,797	2,797	2,797
2004 UTILITIES	48,893	53,946	54,679	54,679	54,679
2005 TRAVEL	9,901	16,705	19,925	19,925	19,925
2006 RENT - BUILDING	1,359	1,464	1,554	1,554	1,554
2007 RENT - MACHINE AND OTHER	62,417	76,175	70,703	70,703	70,703
2009 OTHER OPERATING EXPENSE	160,830	219,159	329,668	316,771	332,772
5000 CAPITAL EXPENDITURES	984	3,294	0	0	0
Total, Objects of Expense	\$1,678,353	\$1,865,557	\$2,050,990	\$2,038,093	\$2,054,094
METHOD OF FINANCING:					
5025 Lottery Acct	1,678,353	1,865,557	2,050,990	2,038,093	2,054,094
Total, Method of Financing	\$1,678,353	\$1,865,557	\$2,050,990	\$2,038,093	\$2,054,094
FULL TIME EQUIVALENT POSITIONS	15.4	15.4	16.1	16.1	16.1

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Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-4 Security					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$1,238,056	\$ 1,349,977	\$ 1,376,079	\$ 1,376,079	\$ 1,376,079
1002 OTHER PERSONNEL COSTS	37,083	31,708	30,709	30,709	30,709
2001 PROFESSIONAL FEES AND SERVICES	234,152	327,994	281,520	281,520	281,520
2003 CONSUMABLE SUPPLIES	1,548	3,108	3,005	3,005	3,005
2004 UTILITIES	52,992	61,813	58,737	58,737	58,737
2005 TRAVEL	10,731	19,141	21,404	21,404	21,404
2006 RENT - BUILDING	1,473	1,678	1,670	1,670	1,670
2007 RENT - MACHINE AND OTHER	67,650	87,283	75,951	75,951	75,951
2009 OTHER OPERATING EXPENSE	174,314	251,117	354,135	340,281	357,469
5000 CAPITAL EXPENDITURES	1,066	3,774	0	0	0
Total, Objects of Expense	\$1,819,065	\$2,137,593	\$2,203,210	\$2,189,356	\$2,206,544
METHOD OF FINANCING:					
5025 Lottery Acct	1,819,065	2,137,593	2,203,210	2,189,356	2,206,544
Total, Method of Financing	\$1,819,065	\$2,137,593	\$2,203,210	\$2,189,356	\$2,206,544
FULL TIME EQUIVALENT POSITIONS	16.7	17.6	17.3	17.3	17.3

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Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2-1-1 Determine Eligibility and Process Applications					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$400,070	\$ 381,429	\$ 396,678	\$ 396,678	\$ 396,678
1002 OTHER PERSONNEL COSTS	11,983	8,959	8,852	8,852	8,852
2001 PROFESSIONAL FEES AND SERVICES	75,665	92,673	81,153	81,153	81,153
2003 CONSUMABLE SUPPLIES	500	878	866	866	866
2004 UTILITIES	17,124	17,465	16,932	16,932	16,932
2005 TRAVEL	3,468	5,408	6,170	6,170	6,170
2006 RENT - BUILDING	476	474	481	481	481
2007 RENT - MACHINE AND OTHER	21,861	24,661	21,894	21,894	21,894
2009 OTHER OPERATING EXPENSE	56,329	70,952	102,085	98,092	103,046
5000 CAPITAL EXPENDITURES	344	1,066	0	0	0
Total, Objects of Expense	\$587,820	\$603,965	\$635,111	\$631,118	\$636,072
METHOD OF FINANCING:					
5025 Lottery Acct	587,820	603,965	635,111	631,118	636,072
Total, Method of Financing	\$587,820	\$603,965	\$635,111	\$631,118	\$636,072
FULL TIME EQUIVALENT POSITIONS	5.4	5.0	5.0	5.0	5.0

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Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2-1-2	Provide Education and Training for Bingo Regulatory Requirements				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$108,899	\$ 114,271	\$ 118,839	\$ 118,839	\$ 118,839
1002 OTHER PERSONNEL COSTS	3,262	2,684	2,652	2,652	2,652
2001 PROFESSIONAL FEES AND SERVICES	20,596	27,764	24,312	24,312	24,312
2003 CONSUMABLE SUPPLIES	136	263	259	259	259
2004 UTILITIES	4,661	5,232	5,073	5,073	5,073
2005 TRAVEL	944	1,620	1,848	1,848	1,848
2006 RENT - BUILDING	130	142	144	144	144
2007 RENT - MACHINE AND OTHER	5,951	7,388	6,559	6,559	6,559
2009 OTHER OPERATING EXPENSE	15,333	21,256	30,583	29,387	30,871
5000 CAPITAL EXPENDITURES	94	319	0	0	0
Total, Objects of Expense	\$160,006	\$180,939	\$190,269	\$189,073	\$190,557
METHOD OF FINANCING:					
5025 Lottery Acct	160,006	180,939	190,269	189,073	190,557
Total, Method of Financing	\$160,006	\$180,939	\$190,269	\$189,073	\$190,557
FULL TIME EQUIVALENT POSITIONS	1.5	1.5	1.5	1.5	1.5

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Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2-1-3	Bingo Law Compliance Field Operations				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$685,063	\$ 609,972	\$ 634,357	\$ 634,357	\$ 634,357
1002 OTHER PERSONNEL COSTS	20,520	14,327	14,156	14,156	14,156
2001 PROFESSIONAL FEES AND SERVICES	129,565	148,200	129,777	129,777	129,777
2003 CONSUMABLE SUPPLIES	857	1,404	1,385	1,385	1,385
2004 UTILITIES	29,323	27,929	27,077	27,077	27,077
2005 TRAVEL	5,938	8,649	9,867	9,867	9,867
2006 RENT - BUILDING	815	758	770	770	770
2007 RENT - MACHINE AND OTHER	37,433	39,438	35,012	35,012	35,012
2009 OTHER OPERATING EXPENSE	96,455	113,464	163,252	156,866	164,789
5000 CAPITAL EXPENDITURES	590	1,705	0	0	0
Total, Objects of Expense	\$1,006,559	\$965,846	\$1,015,653	\$1,009,267	\$1,017,190
METHOD OF FINANCING:					
5025 Lottery Acct	1,006,559	965,846	1,015,653	1,009,267	1,017,190
Total, Method of Financing	\$1,006,559	\$965,846	\$1,015,653	\$1,009,267	\$1,017,190
FULL TIME EQUIVALENT POSITIONS	9.2	8.0	8.0	8.0	8.0

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Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2-1-4	Bingo Prize Fee Collections and Accounting				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$181,499	\$ 152,887	\$ 158,999	\$ 158,999	\$ 158,999
1002 OTHER PERSONNEL COSTS	5,436	3,591	3,548	3,548	3,548
2001 PROFESSIONAL FEES AND SERVICES	34,327	37,146	32,528	32,528	32,528
2003 CONSUMABLE SUPPLIES	227	352	347	347	347
2004 UTILITIES	7,769	7,000	6,787	6,787	6,787
2005 TRAVEL	1,573	2,168	2,473	2,473	2,473
2006 RENT - BUILDING	216	190	193	193	193
2007 RENT - MACHINE AND OTHER	9,918	9,885	8,776	8,776	8,776
2009 OTHER OPERATING EXPENSE	25,555	28,439	40,919	39,318	41,304
5000 CAPITAL EXPENDITURES	156	427	0	0	0
Total, Objects of Expense	\$266,676	\$242,085	\$254,570	\$252,969	\$254,955
METHOD OF FINANCING:					
5025 Lottery Acct	266,676	242,085	254,570	252,969	254,955
Total, Method of Financing	\$266,676	\$242,085	\$254,570	\$252,969	\$254,955
FULL TIME EQUIVALENT POSITIONS	2.4	2.0	2.0	2.0	2.0

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	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	\$7,723,368	\$7,880,774	\$8,195,825	\$8,195,825	\$8,195,825
1002 OTHER PERSONNEL COSTS	\$231,337	\$185,100	\$182,900	\$182,900	\$182,900
2001 PROFESSIONAL FEES AND SERVICES	\$1,460,710	\$1,914,734	\$1,676,711	\$1,676,711	\$1,676,711
2003 CONSUMABLE SUPPLIES	\$9,659	\$18,145	\$17,895	\$17,895	\$17,895
2004 UTILITIES	\$330,582	\$360,845	\$349,836	\$349,836	\$349,836
2005 TRAVEL	\$66,941	\$111,741	\$127,478	\$127,478	\$127,478
2006 RENT - BUILDING	\$9,188	\$9,795	\$9,945	\$9,945	\$9,945
2007 RENT - MACHINE AND OTHER	\$422,022	\$509,534	\$452,357	\$452,357	\$452,357
2009 OTHER OPERATING EXPENSE	\$1,087,426	\$1,465,946	\$2,109,203	\$2,026,688	\$2,129,057
5000 CAPITAL EXPENDITURES	\$6,650	\$22,031	\$0	\$0	\$0
Total, Objects of Expense	\$11,347,883	\$12,478,645	\$13,122,150	\$13,039,635	\$13,142,004
Method of Financing					
5025 Lottery Acct	\$11,347,883	\$12,478,645	\$13,122,150	\$13,039,635	\$13,142,004
Total, Method of Financing	\$11,347,883	\$12,478,645	\$13,122,150	\$13,039,635	\$13,142,004
Full-Time-Equivalent Positions (FTE)	104.1	102.8	102.8	102.8	102.8



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