



LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS 2022 AND 2023

Submitted to the
Office of the Governor, Budget Division,
and the Legislative Budget Board

by

Texas Lottery Commission

October 1, 2020

Legislative Appropriations Request for Fiscal Years 2022 and 2023

Submitted to the
Office of the Governor, Budget Division,
and the Legislative Budget Board

by

Texas Lottery Commission

Commission Members

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

Dates of Term

August 10, 2015 – February 1, 2021
January 30, 2020 – February 1, 2023
May 7, 2019 – February 1, 2025
August 13, 2019 – February 1, 2023
July 21, 2020 – February 1, 2025

Hometown

Dallas, Texas
El Paso, Texas
Austin, Texas
Houston, Texas
Houston, Texas

Submitted: October 2, 2020

Submitted by: _____

Gary Grief, Executive Director

Approved by: _____

Robert G. Rivera, Chairman

**Legislative Appropriations Request
for Fiscal Years 2022 and 2023
Texas Lottery Commission**

Table of Contents

	Page Number
1. Statement, Chart and Certification	
Administrator's Statement.....	1.A.
Organizational Chart.....	1.B.
Certification of Dual Submission.....	1.C.
2. Summary of Request	
Budget Overview	
Summary of Base Request by Strategy.....	2.A.
Summary of Base Request by MOF.....	2.B.
Summary of Base Request by OOE.....	2.C.
Summary of Base Request Objective Outcomes.....	2.D.
Summary of Exceptional Items Request.....	2.E.
Summary of Total Request by Strategy.....	2.F.
Summary of Total Request Objective Outcomes.....	2.G.
3. Strategy Request	
Strategy 01-01-01 Lottery Operations.....	3.A. Page 01
Strategy 01-01-02 Lottery Field Operations.....	3.A. Page 06
Strategy 01-01-03 Product Development.....	3.A. Page 09
Strategy 01-01-04 Security.....	3.A. Page 12
Strategy 01-01-05 Central Administration.....	3.A. Page 16
Strategy 01-01-06 Lottery Operator Contract(s).....	3.A. Page 19
Strategy 01-01-07 Scratch Ticket Production Contract(s).....	3.A. Page 21
Strategy 01-01-08 Promote Lottery Games Contract(s).....	3.A. Page 23
Strategy 01-01-09 Drawing and Broadcast Services Contract(s).....	3.A. Page 26
Strategy 01-01-10 Retailer Bonus.....	3.A. Page 28
Strategy 01-01-11 Retailer Commission.....	3.A. Page 30
Strategy 02-01-01 Bingo Licensing.....	3.A. Page 32
Strategy 02-01-02 Bingo Education and Development.....	3.A. Page 36
Strategy 02-01-03 Bingo Law Compliance Field Operations.....	3.A. Page 40
Strategy 02-01-04 Bingo Prize Fee Collections and Accounting.....	3.A. Page 44
Program Level Request.....	3.A.1
Rider Revisions and Additions Request.....	3.B.

4. Requests for Exceptional Items

Exceptional Item Request Schedule.....	4.A.
Exceptional Item Strategy Allocation Schedule.....	4.B.
Exceptional Item Strategy Request.....	4.C.

5. Capital Budget

Capital Budget Project Schedule.....	5.A.
Capital Budget Project Information.....	5.B.
Capital Budget Allocation to Strategies-Base.....	5.C.
Capital Budget Project - OOE and MOF Detail by Strategy.....	5.E

6. Supporting Schedules

Historically Underutilized Business (HUB) Supporting Schedule.....	6.A.
Current Biennium Onetime Expenditures.....	6.B.
Estimated Revenue Collections Supporting Schedule	6.E.
Homeland Security Funding Schedule-Part C-COVID-19 Related Expenditures.....	6.G.

Administrator's Statement

9/25/2020 11:33:55AM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

Names, Terms of Office, Hometowns of Commission Members

Robert G. Rivera, Chairman	August 10, 2015 – February 1, 2021	Dallas, TX
Cindy Lyons Fields	January 30, 2020 – February 1, 2023	El Paso, TX
Mark A. Franz	May 7, 2019 – February 1, 2025	Austin, TX
Erik C. Saenz	August 13, 2019 – February 1, 2023	Houston, TX
Jamey Steen	July 21, 2020 – February 1, 2025	Houston, TX

Texas Lottery Sales and Revenue

The Texas Lottery continues to generate record amounts of revenue through the responsible sale of lottery products. Through FY 2020 the Texas Lottery has generated over \$31.6 billion for the state of Texas since the first ticket was sold in 1992. Prior to 1997, lottery proceeds were allocated to the General Revenue Fund. Since 1997, lottery proceeds have been dedicated to the Foundation School Fund to support public education in our state. The Texas Lottery has contributed more than \$25.7 billion to the Foundation School Fund for that purpose.

In FY 2020, the Texas Lottery Commission transferred \$1.66 billion to the Foundation School Fund and the Fund for Veterans' Assistance received \$22.2 million, the highest contribution to date to these beneficiaries. Including unclaimed prize money, total revenue transferred to the state was \$1.68 billion, resulting in a new record for total revenue. This also marked the 17th consecutive year the Texas Lottery has reached the \$1 billion mark in total transfers since 2004. The Commission's revenue transfer in FY 2020 was based on overall lottery sales of \$6.704 billion, breaking the sales record set in fiscal year 2019.

See Exhibit A. "FY 1992 through FY 2020 Sales, Prize Expense and Transfers"

The new lottery sales record established in FY 2020, reported an increase of over \$452 million over FY 2019 sales levels. The record was attributed to the continued strong growth in its scratch ticket product category in FY 2020.

See Exhibit B. "FY 1992 through FY 2020 Scratch Sales"

As authorized by the Texas Legislature, certain Texas Lottery revenues benefit state programs including the Funds for Veterans' Assistance. Since the first veterans' themed scratch ticket game was launched in 2009, the Texas Lottery has contributed more than \$142.7 million to the Fund for Veterans' Assistance, with a record amount of revenue transferred during FY 2020.

In addition to transfers to the Foundation School Fund and the Fund for Veterans' Assistance, the Texas Lottery Commission also contributed revenue from other sources such as unclaimed prizes and collection of debts owed to the state.

During FY 2020, the Texas Lottery Commission transferred \$80.9 million in unclaimed prizes to the state. This brings the total to \$1.31 billion since the first statutory change addressing unclaimed prizes in 1999. The biggest beneficiaries to date have been the Foundation School Fund, the General Revenue Fund and the Multi-Categorical Teaching Hospital Account (UTMB), which have received \$502.5 million, \$431.3 million and \$192.4 million respectively in unclaimed prizes. Beginning with the 2014 – 2015 biennium, unclaimed prizes previously transferred to General Revenue Fund are transferred to the Foundation School Fund.

Administrator's Statement

9/25/2020 11:33:55AM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

The Commission also assists in collecting debts owed to the state of Texas. Before the Commission pays a claimant his or her prize, Commission staff checks to ensure that the winner does not owe outstanding debts to the state. This effort has garnered more than \$5.65 million for the state over the past three years to satisfy debt that might have otherwise gone unpaid.

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 Texas Lottery's budget, 77%, is for contractual outsourced services and is concentrated in the Lottery Operations Division budget. The current lottery operator contract, which became effective September 1, 2011, includes a compensation rate to the lottery operator of 2.2099 percent of gross sales through fiscal year 2020. This is by far the largest contract, valued at approximately \$1.021 billion over the initial nine-year term, managed by the agency.

Effective September 1, 2020 the compensation rate to the lottery operator is reduced to 2.0773 percent of gross sales. The contract rate will be further adjusted in fiscal year 2023 to 2.0331 percent of gross sales with a final adjustment to 1.9889 percent of gross sales in fiscal year 2025. This contract expires August 31, 2026.

Charitable Bingo Revenue and Business Activities

Since the first licenses were issued in 1982, charitable bingo has delivered positive benefits for charities, players, and state, county and municipal governments in Texas. Local jurisdictions benefit from charitable bingo activity through allocations derived from charitable bingo prize fees. Charitable bingo in Texas benefits a wide range of charitable causes, including veterans' organizations, women's shelters, needy children, the disabled, homeless shelters, churches, schools, local libraries, museums, addiction treatment programs, medical treatment and research programs, emergency medical services, volunteer fire departments, senior citizens groups and education scholarships.

During the 86th legislative session House Bill 914 was enacted which resulted in significant changes to the process for the distribution and allocation of bingo prize fees to local jurisdictions. Prize fee payments to local governments are now made directly by the licensed organizations conducting charitable bingo as opposed to these allocations being made by the commission.

Cumulative gross receipts from 1982 through calendar year 2019 from the conduct of charitable bingo total \$22.4 billion. For the same period, bingo prizes awarded have been in excess of \$16.6 billion. The total amount of charitable distributions from the conduct of bingo exceeds \$1.2 billion.

In addition, for calendar year 2019, net proceeds reported by licensed organization total \$30.5 million or 15.80% of adjusted gross receipts of \$192.8 million.

See Exhibit C. "Calendar Year Bingo Adjusted Gross Receipts and Net Proceeds"

Administrator's Statement

9/25/2020 11:33:55AM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

Exceptional Item

The Commission is requesting one exceptional item: 1) Full Restoration of the Retailer Bonus Program for \$4.4 million.

Restoration of the Retailer Bonus Program

The Commission is requesting \$2.2 million in each year of the biennium that would allow for the \$4.2 million annual retailer bonus budget be restored in the FY 2022-23 biennium. The \$4.2 million annual retailer bonus budget was vetoed by the Governor and was zeroed out in the second year of the 2018-19 biennium. The Commission received partial restoration of the Bonus appropriation in FY 2022-23. Bonus payments are earned by retailers for selling certain prizewinning tickets. Based on the partial budget restoration, bonus payments are now limited to the two multi-state games, Powerball and Mega Millions. Restoring the annual budget to previously authorized appropriations would allow for this key program to be fully implemented. This key program also impacts retailer sales performance, recruitment, retention and development opportunities.

There would be no cost to the Appropriations Bill to restore funding for this program as the GR-D Fund 5025 (lottery dedicated account) is not subject to the Comptroller's certification for the General Appropriations Act (GAA). Funding of this item would also remain within the allowable statutory percentage to administer the lottery under Government Code, Chapter 466 and Rider 3.

Rider Revisions

The Commission is requesting a new Rider to appropriate funds to promote lottery games as a percentage of lottery ticket sales with a "not to exceed" amount of \$40 million in each year of the biennium. If the Rider is adopted, the Commission would request that Strategy A.1.8. Promote Lottery Games be deleted and zero out the appropriation for the Promote Lottery Games Contract(s) line-item strategy. This funding mechanism would be a similar approach to the current funding of retailer commissions appropriated in Rider 9a.

The percent of gross sales rate was derived using actual lottery sales for FY 2019 of \$6.25 billion and the initial annual base appropriation of \$40 million authorized in 1993 for promoting lottery games.

Funding for this Rider is from the General Revenue-Dedicated Lottery Account which is part of the funds that do not count toward certification by the Comptroller of Public Accounts. Funding under this Rider would also remain within the allowable statutory percentage to administer the lottery under Government Code, Chapter 466 and Rider 3

The Commission is also requesting a new Rider to provide the unexpended balance of Capital Budget for the Construction of Buildings and Facilities related to the construction required for the Texas Capital Complex Building located at 1801 Congress.

Plans are for the Commission to relocate its headquarters facility at 611 E. 6th Street to the new Capital Complex building at 1801 Congress Avenue in May 2022. The Commission received capital budget appropriation in FY 2021 for building construction to support the agency's drawings production studio and specialized building space at this new location. Should any of the FY 2021 capital expenditures be deferred to FY 2022, this appropriation would provide for expenditures that may be required in fiscal year 2022.

Administrator's Statement

9/25/2020 11:33:55AM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission

In addition, the Commission is requesting a revision to Rider 10-Lottery Operator Contract to revise the contract rate in FY 2023 from 2.0773 percent of gross sales to 2.0331 percent of gross sales in accordance with the current lottery operator contract. This reduced contract rate is also reflected in Strategy A.1.6. Lottery Operator Contract appropriation's request for FY 2023.

5% Reduction from Base Appropriation Levels – General Revenue

In order to achieve a 5% across the board reduction for the Bingo program, the Commission would reduce a total of 2.0 FTE's in the areas of Bingo Law Compliance Field Operations to generate savings of \$254,694. It was necessary to reduce 2.0 FTE's as 92% of Bingo's budget is salary related.

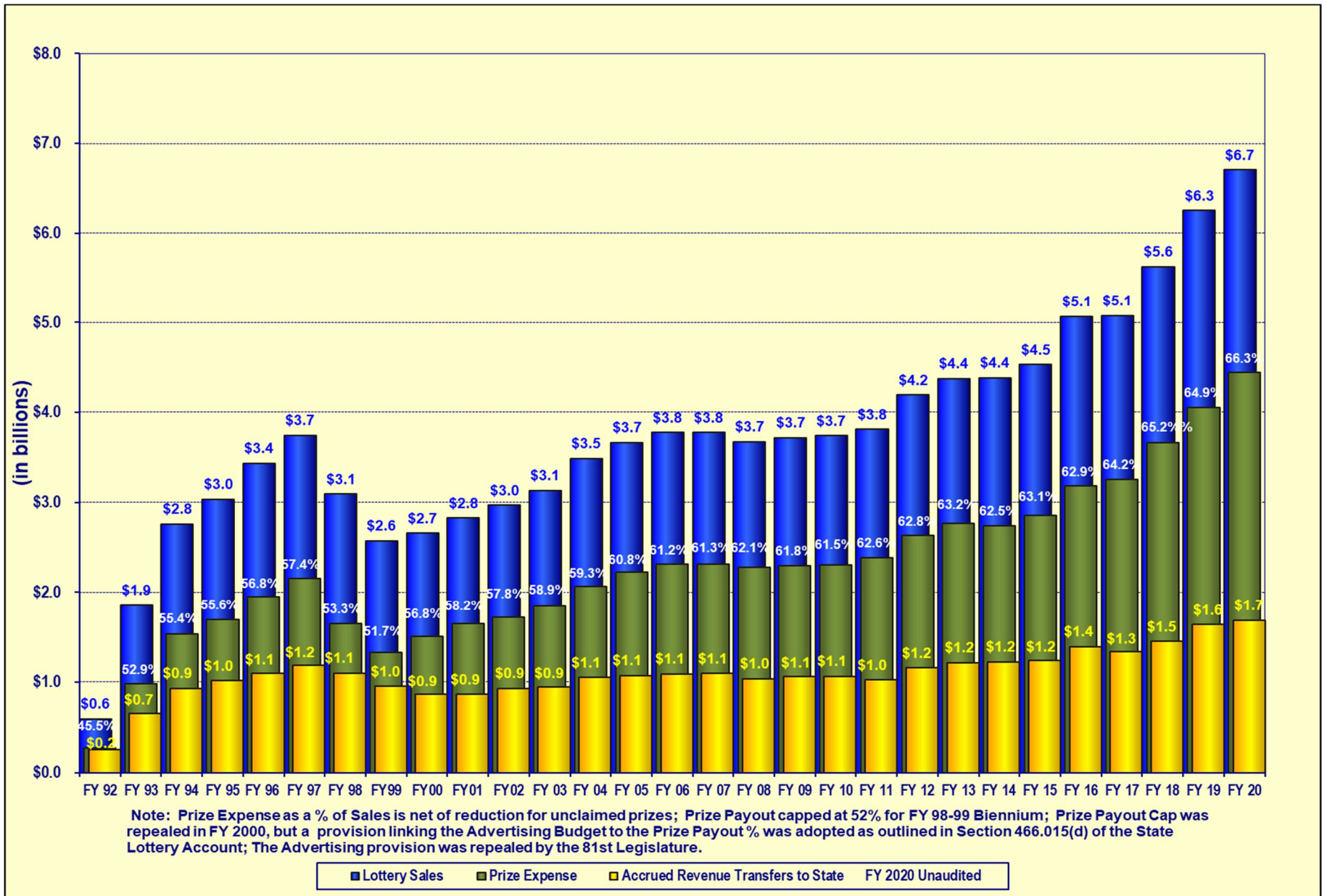
A reduction in Bingo Law Compliance Program funding would limit the operating capabilities and efficiencies regarding the number of audits and investigations which regulate licensees' compliance with the Bingo Enabling Act.

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.

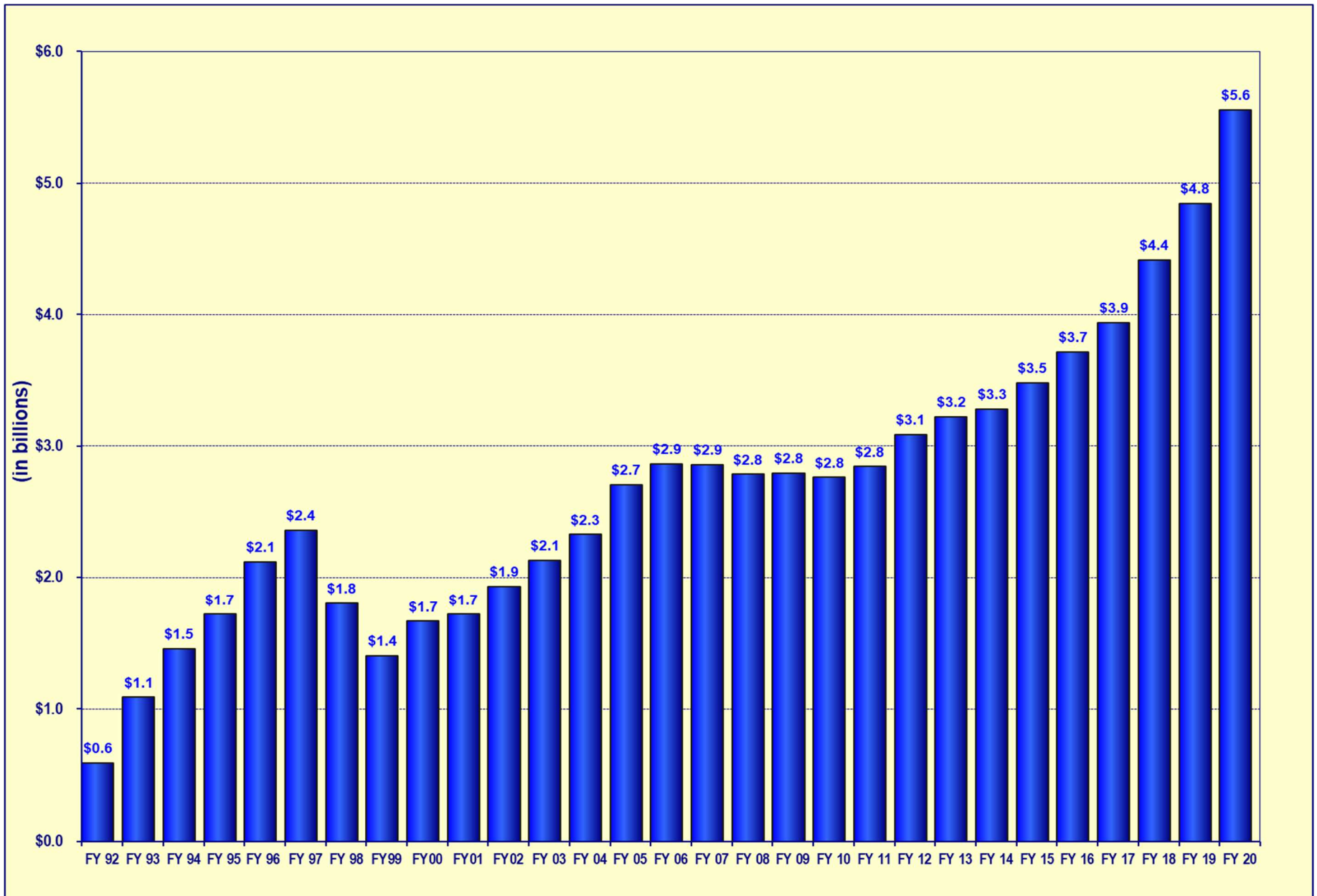
ADMINISTRATOR'S STATEMENT

Texas Lottery Commission FY 1992 through FY 2020 Sales, Prize Expense and Transfers



ADMINISTRATOR'S STATEMENT

Texas Lottery Commission FY 1992 through FY 2020 Scratch Sales



ADMINISTRATOR'S STATEMENT

Texas Lottery Commission Calendar Year Bingo Adjusted Gross Receipts and Net Proceeds

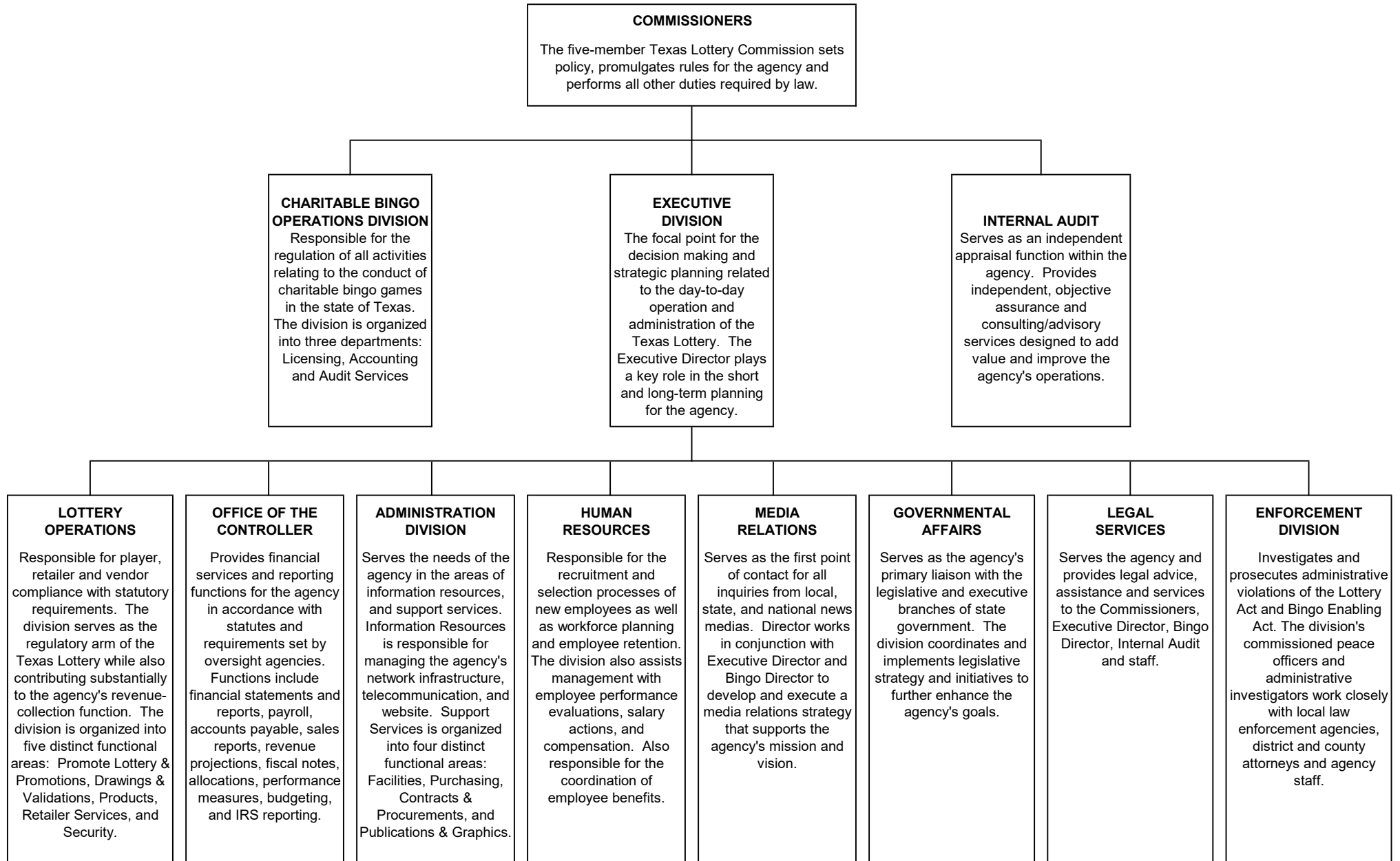
Calendar Year	2015	2016	2017	2018	2019
Adjusted Gross Receipts (AGR)*	\$ 181,521,189	\$ 181,786,832	\$ 186,045,186	\$ 190,346,255	\$ 192,761,599
Net Proceeds (NP)*	32,382,452	31,808,346	33,874,655	32,946,377	30,460,676
NP as a percentage of AGR	17.84%	17.50%	18.21%	17.31%	15.80%

* Adjusted Gross Receipts - gross receipts minus prizes paid.

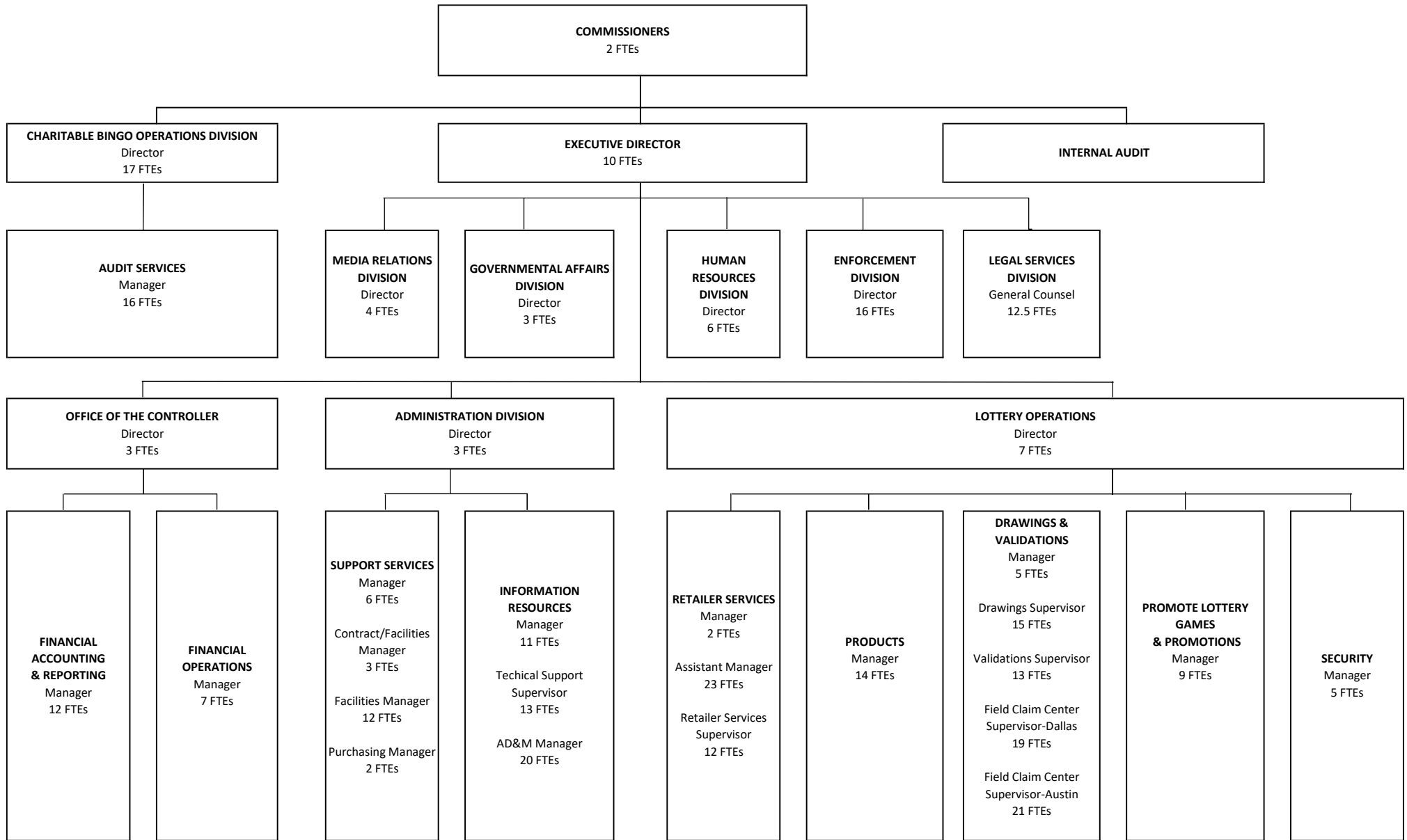
Net Proceeds - adjusted gross receipts minus reasonable or necessary expenses to conduct bingo and payment of prize fees.

TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE

Descriptions



TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE
AGENCY FTEs 323.5





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 Budget Division (Governor's Office) 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 Governor's Office will be notified in writing in accordance with Article IX, Section 7.01 (2020-21 GAA).

A handwritten signature in black ink, appearing to read "Gary Chief".

Gary Chief
Executive Director

10/01/2020

Date

A handwritten signature in black ink, appearing to read "Robert G. Rivera".

Robert G. Rivera
Chairman

10/01/2020

Date

A handwritten signature in black ink, appearing to read "Kathy Pyka".

Kathy Pyka
Controller

10/01/2020

Date

Budget Overview - Biennial Amounts
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission											
Appropriation Years: 2022-23											
	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2020-21	2022-23	2020-21	2022-23	2020-21	2022-23	2020-21	2022-23	2020-21	2022-23	2022-23
Goal: 1. Run Self-supporting, Revenue-producing, and Secure Lottery											
1.1.1. Lottery Operations			17,833,300	13,887,093					17,833,300	13,887,093	
1.1.2. Lottery Field Operations			6,274,462	6,460,691					6,274,462	6,460,691	
1.1.3. Product Development			13,098,665	13,828,969					13,098,665	13,828,969	
1.1.4. Security			11,693,882	10,818,139					11,693,882	10,818,139	
1.1.5. Central Administration			26,674,740	26,947,473					26,674,740	26,947,473	
1.1.6. Lottery Operator Contract(S)			286,327,803	260,396,306					286,327,803	260,396,306	
1.1.7. Scratch Ticket Product. Contract(S)			95,979,039	96,270,000					95,979,039	96,270,000	
1.1.8. Promote Lottery Games Contract(S)			35,899,731	35,899,731					35,899,731	35,899,731	
1.1.9. Drawing & Broadcast Contract(S)			4,548,557	4,300,000					4,548,557	4,300,000	
1.1.10. Retailer Bonus			4,047,165	4,047,165					4,047,165	4,047,165	4,352,835
1.1.11. Retailer Commissions			45,521,535	63,350,600					45,521,535	63,350,600	
Total, Goal			547,898,879	536,206,167					547,898,879	536,206,167	4,352,835
Goal: 2. Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully											
2.1.1. Bingo Licensing	1,238,349	1,345,544							1,238,349	1,345,544	
2.1.2. Bingo Education And Development	215,486	220,966							215,486	220,966	
2.1.3. Bingo Law Compliance Field Oper	3,040,651	2,638,983							3,040,651	2,638,983	
2.1.4. Bingo Prize Fee Collection & Acct	4,395,518	633,688							4,395,518	633,688	
Total, Goal	8,890,004	4,839,181							8,890,004	4,839,181	
Total, Agency	8,890,004	4,839,181	547,898,879	536,206,167					556,788,883	541,045,348	4,352,835
Total FTEs									323.5	321.5	0.0

362 Texas Lottery Commission

Goal / Objective / STRATEGY	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
1 Run Self-supporting, Revenue-producing, and Secure Lottery					
1 <i>Generate Revenue through Ticket Sales</i>					
1 LOTTERY OPERATIONS	6,846,436	7,339,265	10,494,035	8,614,480	5,272,613
2 LOTTERY FIELD OPERATIONS	2,956,369	3,094,377	3,180,085	3,229,922	3,230,769
3 PRODUCT DEVELOPMENT	4,897,289	6,474,475	6,624,190	6,899,750	6,929,219
4 SECURITY	5,487,988	5,748,001	5,945,881	6,088,276	4,729,863
5 CENTRAL ADMINISTRATION	12,522,147	13,364,457	13,310,283	13,472,116	13,475,357
6 LOTTERY OPERATOR CONTRACT(S)	124,342,182	148,152,310	138,175,493	131,598,201	128,798,105
7 SCRATCH TICKET PRODUCT. CONTRACT(S)	47,253,903	39,638,264	56,340,775	48,135,000	48,135,000
8 PROMOTE LOTTERY GAMES CONTRACT(S)	25,268,607	18,116,283	17,783,448	17,949,865	17,949,866
9 DRAWING & BROADCAST CONTRACT(S)	2,179,956	2,185,975	2,362,582	2,150,000	2,150,000
10 RETAILER BONUS	0	2,019,665	2,027,500	2,023,583	2,023,582
11 RETAILER COMMISSIONS	22,777,746	12,263,100	33,258,435	31,675,300	31,675,300

2.A. Summary of Base Request by Strategy

9/25/2020 11:33:56AM

87th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission					
Goal / Objective / STRATEGY	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
TOTAL, GOAL 1	\$254,532,623	\$258,396,172	\$289,502,707	\$271,836,493	\$264,369,674
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully					
1 Curtail Violations of Bingo Laws/Rules					
1 BINGO LICENSING	573,915	565,577	672,772	672,772	672,772
2 BINGO EDUCATION AND DEVELOPMENT	68,727	105,003	110,483	110,483	110,483
3 BINGO LAW COMPLIANCE FIELD OPER	1,183,469	1,591,435	1,449,216	1,319,491	1,319,492
4 BINGO PRIZE FEE COLLECTION & ACCT	13,644,688	4,078,674	316,844	316,844	316,844
TOTAL, GOAL 2	\$15,470,799	\$6,340,689	\$2,549,315	\$2,419,590	\$2,419,591
TOTAL, AGENCY STRATEGY REQUEST	\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265

362 Texas Lottery Commission

Goal / Objective / STRATEGY	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	0	6,340,689	2,549,315	2,419,590	2,419,591
SUBTOTAL	\$0	\$6,340,689	\$2,549,315	\$2,419,590	\$2,419,591
General Revenue Dedicated Funds:					
5025 Lottery Acct	254,532,623	258,396,172	289,502,707	271,836,493	264,369,674
5175 Bingo Administration	15,470,799	0	0	0	0
SUBTOTAL	\$270,003,422	\$258,396,172	\$289,502,707	\$271,836,493	\$264,369,674
TOTAL, METHOD OF FINANCING	\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265

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

2.B. Summary of Base Request by Method of Finance

9/25/2020 11:33:56AM

87th 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 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>GENERAL REVENUE</u>						
<u>1</u>	General Revenue Fund					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2018-19 GAA)	\$2,549,315	\$0	\$0	\$0	\$0
	Regular Appropriations from MOF Table (2020-21 GAA)	\$0	\$2,544,560	\$2,549,315	\$0	\$0
	Regular Appropriations from MOF Table (2022-23 GAA)	\$0	\$0	\$0	\$2,419,590	\$2,419,591
	<i>RIDER APPROPRIATION</i>					
	Rider 8, Local Bingo Prize Fees (2018-19 GAA)	\$14,480,500	\$0	\$0	\$0	\$0
	Art IX, Sec. 6.17 Consolidated Funds	\$(17,029,815)	\$0	\$0	\$0	\$0
	Rider 8, Local Bingo Prize Fees (2020-21 GAA)	\$0	\$14,480,500	\$0	\$0	\$0

2.B. Summary of Base Request by Method of Finance

9/25/2020 11:33:56AM

87th 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 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>GENERAL REVENUE</u>						
<i>LAPSED APPROPRIATIONS</i>						
Rider 8, Local Bingo Prize Fees (2020-21 GAA)						
		\$0	\$(10,684,371)	\$0	\$0	\$0
TOTAL,	General Revenue Fund	\$0	\$6,340,689	\$2,549,315	\$2,419,590	\$2,419,591
TOTAL, ALL	GENERAL REVENUE	\$0	\$6,340,689	\$2,549,315	\$2,419,590	\$2,419,591

GENERAL REVENUE FUND - DEDICATED

5025 GR Dedicated - Lottery Account No. 5025

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2018-19 GAA)

\$232,166,621	\$0	\$0	\$0	\$0
---------------	-----	-----	-----	-----

Governor's Veto Proclamation Reductions

\$(4,200,000)	\$0	\$0	\$0	\$0
---------------	-----	-----	-----	-----

Regular Appropriations from MOF Table (2020-21 GAA)

\$0	\$255,313,942	\$251,488,529	\$0	\$0
-----	---------------	---------------	-----	-----

2.B. Summary of Base Request by Method of Finance
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

9/25/2020 11:33:56AM

Agency code: 362	Agency name: Texas Lottery Commission				
METHOD OF FINANCING	Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Regular Appropriations from MOF Table (2022-23 GAA)	\$0	\$0	\$0	\$271,836,493	\$264,369,674
<i>RIDER APPROPRIATION</i>					
Rider 10, Lottery Operator Contract (2018-19 GAA)	\$27,228,134	\$0	\$0	\$0	\$0
Rider 11, Appropriation of Increased Revenue (2018-19 GAA)	\$10,392,835	\$0	\$0	\$0	\$0
Art IX, Sec 8.02, Reimbursements and Payments (2018-19 GAA)	\$509,961	\$0	\$0	\$0	\$0
Art IX, Sec 8.02, Reimbursements and Payments (2020-21 GAA)	\$0	\$480,987	\$480,987	\$0	\$0
Rider 9, Retailer Commissions (2020-21 GAA)	\$0	\$0	\$3,326,360	\$0	\$0

2.B. Summary of Base Request by Method of Finance

9/25/2020 11:33:56AM

87th 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 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>GENERAL REVENUE FUND - DEDICATED</u>						
Rider 10, Lottery Operator Contract (2020-21 GAA)						
		\$0	\$18,151,437	\$13,819,694	\$0	\$0
Rider 11, Appropriation of Increased Revenue (2020-21 GAA)						
		\$0	\$12,074,584	\$9,912,553	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2018-19 GAA)						
		\$(5,802,216)	\$0	\$0	\$0	\$0
Rider 9, Retailer Commission (2018-19 GAA)						
		\$(2,319,158)	\$0	\$0	\$0	\$0
Rider 10, Lottery Operator Contract (2018-19 GAA)						
		\$(13,809,244)	\$0	\$0	\$0	\$0
Rider 9, Retailer Commission (2020-21 GAA)						
		\$0	\$(17,150,194)	\$0	\$0	\$0
<i>UNEXPENDED BALANCES AUTHORITY</i>						

2.B. Summary of Base Request by Method of Finance
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

9/25/2020 11:33:56AM

Agency code:	362	Agency name:	Texas Lottery Commission			
METHOD OF FINANCING		Exp 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>GENERAL REVENUE FUND - DEDICATED</u>						
	Rider 11, Appropriation of Increased Revenue (2018-19 GAA)	\$10,156,500	\$0	\$0	\$0	\$0
	Art IX, Sec. 14.03(i), Capital Budget	\$209,190	\$0	\$0	\$0	\$0
	Rider 11, Appropriation of Increased Revenue (2020-21 GAA)	\$0	\$(10,474,584)	\$10,474,584	\$0	\$0
TOTAL,	GR Dedicated - Lottery Account No. 5025	\$254,532,623	\$258,396,172	\$289,502,707	\$271,836,493	\$264,369,674
<u>5175</u>	GR Dedicated - Bingo Administration Account No. 5175					
	<i>RIDER APPROPRIATION</i>					
	Art IX, Sec. 6.17 Consolidated Funds-Bingo Operations	\$2,549,315	\$0	\$0	\$0	\$0
	Art IX, Sec. 6.17 Consolidated Funds-Rider 8-Local Bingo Prize Fee (2018-19 GAA)	\$14,480,500	\$0	\$0	\$0	\$0
	Rider 14, Bingo Third Party Reimbursement (2018-19 GAA)					

2.B. Summary of Base Request by Method of Finance

9/25/2020 11:33:56AM

87th 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 2019	Est 2020	Bud 2021	Req 2022	Req 2023
<u>GENERAL REVENUE FUND - DEDICATED</u>						
		\$600	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2018-19 GAA)						
		\$(471,098)	\$0	\$0	\$0	\$0
Rider 8, Local Bingo Prize Fees (2018-19 GAA)						
		\$(1,088,518)	\$0	\$0	\$0	\$0
TOTAL,	GR Dedicated - Bingo Administration Account No. 5175					
		\$15,470,799	\$0	\$0	\$0	\$0
TOTAL, ALL	GENERAL REVENUE FUND - DEDICATED					
		\$270,003,422	\$258,396,172	\$289,502,707	\$271,836,493	\$264,369,674
TOTAL,	GR & GR-DEDICATED FUNDS					
		\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265
GRAND TOTAL		\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265

2.B. Summary of Base Request by Method of Finance

9/25/2020 11:33:56AM

87th 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 2019	Est 2020	Bud 2021	Req 2022	Req 2023
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2018-19 GAA)	323.5	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2020-21 GAA)	0.0	323.5	323.5	0.0	0.0
Regular Appropriations from MOF Table (2012-23 GAA)	0.0	0.0	0.0	321.5	321.5
UNAUTHORIZED NUMBER OVER (BELOW) CAP					
Unauthorized Amount over cap/ (amount below cap)	(24.4)	(32.0)	0.0	0.0	0.0
TOTAL, ADJUSTED FTES	299.1	291.5	323.5	321.5	321.5
NUMBER OF 100% FEDERALLY FUNDED FTES					

2.C. Summary of Base Request by Object of Expense

9/25/2020 11:33:57AM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

362 Texas Lottery Commission					
OBJECT OF EXPENSE	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
1001 SALARIES AND WAGES	\$20,807,873	\$22,480,102	\$23,269,737	\$23,144,033	\$23,144,034
1002 OTHER PERSONNEL COSTS	\$793,198	\$430,340	\$437,340	\$437,340	\$437,340
2001 PROFESSIONAL FEES AND SERVICES	\$5,441,018	\$5,613,109	\$5,653,923	\$5,699,316	\$5,282,476
2002 FUELS AND LUBRICANTS	\$3,615	\$4,000	\$4,000	\$4,000	\$4,000
2003 CONSUMABLE SUPPLIES	\$180,368	\$203,170	\$199,970	\$199,970	\$199,970
2004 UTILITIES	\$315,123	\$394,246	\$358,394	\$358,394	\$251,394
2005 TRAVEL	\$366,387	\$455,320	\$433,141	\$433,141	\$433,141
2006 RENT - BUILDING	\$4,923,805	\$5,659,821	\$6,595,281	\$6,779,992	\$3,727,052
2007 RENT - MACHINE AND OTHER	\$1,180,788	\$1,069,063	\$887,070	\$887,070	\$554,802
2009 OTHER OPERATING EXPENSE	\$222,378,800	\$224,519,635	\$251,758,495	\$236,012,827	\$232,755,056
4000 GRANTS	\$13,391,982	\$3,796,129	\$0	\$0	\$0
5000 CAPITAL EXPENDITURES	\$220,465	\$111,926	\$2,454,671	\$300,000	\$0
OOE Total (Excluding Riders)	\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265
OOE Total (Riders)					
Grand Total	\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265

2.D. Summary of Base Request Objective Outcomes
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

9/25/2020 11:33:57AM

362 Texas Lottery Commission					
<i>Goal/ Objective / Outcome</i>	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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					
	96.61%	96.00%	96.00%	96.00%	96.00%
2 Per Capita Net Lottery Sales					
	214.14	225.89	220.48	206.57	203.22
3 % of Net Lottery Sales Spent on Agency Administration					
	4.08%	3.73%	4.31%	4.29%	4.17%
4 Percentage of Bad Debt to Lottery Sales					
	0.00%	0.02%	0.02%	0.02%	0.02%
5 Ratio of Promotion Expense to Net Lottery Sales					
	0.41%	0.27%	0.27%	0.28%	0.28%
KEY 6 State Revenue Received Per Dollar Expended on Promotion					
	63.91	92.94	92.26	86.77	87.19
7 Percent of Licensees with No Recent Violations					
	98.93%	98.00%	98.00%	98.00%	98.00%

2.D. Summary of Base Request Objective Outcomes
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

9/25/2020 11:33:57AM

362 Texas Lottery Commission					
Goal/ Objective / Outcome	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
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					
	96.93%	95.00%	95.00%	92.50%	92.50%
2 Percentage of Bingo Audits Referred for Disciplinary Action					
	51.49%	75.00%	65.00%	65.00%	60.00%
KEY 3 Percent of Complaints Referred for Disciplinary Action					
	0.71%	0.50%	1.00%	1.00%	1.00%
4 Percent of Documented Complaints Completed within Six Months					
	99.30%	100.00%	98.00%	98.00%	98.00%
KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)					
	30.63	25.00	22.50	28.00	30.00
KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req					
	97.58%	95.00%	96.00%	98.00%	98.00%
7 Percentage of Organizations Receiving an Audit					
	6.13%	6.00%	7.56%	7.62%	7.62%
8 Percentage of Organizations Receiving an Inspection					
	16.37%	9.68%	15.00%	14.90%	14.90%

2.E. Summary of Exceptional Items Request
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/25/2020
TIME : 11:33:58AM

Agency code: 362

Agency name: Texas Lottery Commission

Priority	Item	2022			2023			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Restore Retailer Bonus Program	\$2,180,335	\$2,180,335		\$2,172,500	\$2,172,500		\$4,352,835	\$4,352,835
Total, Exceptional Items Request		\$2,180,335	\$2,180,335		\$2,172,500	\$2,172,500		\$4,352,835	\$4,352,835

Method of Financing

General Revenue									
General Revenue - Dedicated	2,180,335	2,180,335		2,172,500	2,172,500			4,352,835	4,352,835
Federal Funds									
Other Funds									
	\$2,180,335	\$2,180,335		\$2,172,500	\$2,172,500			\$4,352,835	\$4,352,835

Full Time Equivalent Positions

Number of 100% Federally Funded FTEs

2.F. Summary of Total Request by Strategy
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 9/25/2020
TIME : 11:34:00AM

Agency code: 362 Agency name: Texas Lottery Commission

	Base	Base	Exceptional	Exceptional	Total Request	Total Request
Goal/Objective/STRATEGY						
1 Run Self-supporting, Revenue-producing, and Secure Lottery						
1 <i>Generate Revenue through Ticket Sales</i>						
1 LOTTERY OPERATIONS	\$8,614,480	\$5,272,613	\$0	\$0	\$8,614,480	\$5,272,613
2 LOTTERY FIELD OPERATIONS	3,229,922	3,230,769	0	0	3,229,922	3,230,769
3 PRODUCT DEVELOPMENT	6,899,750	6,929,219	0	0	6,899,750	6,929,219
4 SECURITY	6,088,276	4,729,863	0	0	6,088,276	4,729,863
5 CENTRAL ADMINISTRATION	13,472,116	13,475,357	0	0	13,472,116	13,475,357
6 LOTTERY OPERATOR CONTRACT(S)	131,598,201	128,798,105	0	0	131,598,201	128,798,105
7 SCRATCH TICKET PRODUCT. CONTRACT(S)	48,135,000	48,135,000	0	0	48,135,000	48,135,000
8 PROMOTE LOTTERY GAMES CONTRACT(S)	17,949,865	17,949,866	0	0	17,949,865	17,949,866
9 DRAWING & BROADCAST CONTRACT(S)	2,150,000	2,150,000	0	0	2,150,000	2,150,000
10 RETAILER BONUS	2,023,583	2,023,582	2,180,335	2,172,500	4,203,918	4,196,082
11 RETAILER COMMISSIONS	31,675,300	31,675,300	0	0	31,675,300	31,675,300
TOTAL, GOAL 1	\$271,836,493	\$264,369,674	\$2,180,335	\$2,172,500	\$274,016,828	\$266,542,174

2.F. Summary of Total Request by Strategy
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 9/25/2020
TIME : 11:34:00AM

Agency code: 362	Agency name: Texas Lottery Commission					
	Base	Base	Exceptional	Exceptional	Total Request	Total Request
Goal/Objective/STRATEGY						
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Law						
1 Curtail Violations of Bingo Laws/Rules						
1 BINGO LICENSING	\$672,772	\$672,772	\$0	\$0	\$672,772	\$672,772
2 BINGO EDUCATION AND DEVELOPMENT	110,483	110,483	0	0	110,483	110,483
3 BINGO LAW COMPLIANCE FIELD OPER	1,319,491	1,319,492	0	0	1,319,491	1,319,492
4 BINGO PRIZE FEE COLLECTION & ACCT	316,844	316,844	0	0	316,844	316,844
TOTAL, GOAL 2	\$2,419,590	\$2,419,591	\$0	\$0	\$2,419,590	\$2,419,591
TOTAL, AGENCY STRATEGY REQUEST	\$274,256,083	\$266,789,265	\$2,180,335	\$2,172,500	\$276,436,418	\$268,961,765
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$274,256,083	\$266,789,265	\$2,180,335	\$2,172,500	\$276,436,418	\$268,961,765

2.F. Summary of Total Request by Strategy
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 9/25/2020
TIME : 11:34:00AM

Agency code: 362		Agency name: Texas Lottery Commission					
Goal/Objective/STRATEGY		Base	Base	Exceptional	Exceptional	Total Request	Total Request
General Revenue Funds:							
1	General Revenue Fund	\$2,419,590	\$2,419,591	\$0	\$0	\$2,419,590	\$2,419,591
		\$2,419,590	\$2,419,591	\$0	\$0	\$2,419,590	\$2,419,591
General Revenue Dedicated Funds:							
5025	Lottery Acct	271,836,493	264,369,674	2,180,335	2,172,500	274,016,828	266,542,174
5175	Bingo Administration	0	0	0	0	0	0
		\$271,836,493	\$264,369,674	\$2,180,335	\$2,172,500	\$274,016,828	\$266,542,174
TOTAL, METHOD OF FINANCING		\$274,256,083	\$266,789,265	\$2,180,335	\$2,172,500	\$276,436,418	\$268,961,765
FULL TIME EQUIVALENT POSITIONS		321.5	321.5	0.0	0.0	321.5	321.5

2.G. Summary of Total Request Objective Outcomes
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 9/25/2020

Time: 11:34:00AM

Agency code: **362**

Agency name: **Texas Lottery Commission**

Goal/ Objective / Outcome

		BL 2022	BL 2023	Excp 2022	Excp 2023	Total Request 2022	Total Request 2023
1	Run Self-supporting, Revenue-producing, and Secure Lottery						
1	Generate Revenue through Ticket Sales						
KEY	1 Percent of Retailers Satisfied with Lottery Commission						
		96.00%	96.00%			96.00%	96.00%
	2 Per Capita Net Lottery Sales						
		206.57	203.22			206.57	203.22
	3 % of Net Lottery Sales Spent on Agency Administration						
		4.29%	4.17%			4.29%	4.17%
	4 Percentage of Bad Debt to Lottery Sales						
		0.02%	0.02%			0.02%	0.02%
	5 Ratio of Promotion Expense to Net Lottery Sales						
		0.28%	0.28%			0.28%	0.28%
KEY	6 State Revenue Received Per Dollar Expended on Promotion						
		86.77	87.19			86.77	87.19
	7 Percent of Licensees with No Recent Violations						
		98.00%	98.00%			98.00%	98.00%
2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully						
1	Curtail Violations of Bingo Laws/Rules						

2.G. Summary of Total Request Objective Outcomes
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 9/25/2020
Time: 11:34:00AM

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

Goal/ Objective / Outcome

	BL 2022	BL 2023	Excp 2022	Excp 2023	Total Request 2022	Total Request 2023
1 Percent of Licensees with No Recent Violations						
	92.50%	92.50%			92.50%	92.50%
2 Percentage of Bingo Audits Referred for Disciplinary Action						
	65.00%	60.00%			65.00%	60.00%
KEY 3 Percent of Complaints Referred for Disciplinary Action						
	1.00%	1.00%			1.00%	1.00%
4 Percent of Documented Complaints Completed within Six Months						
	98.00%	98.00%			98.00%	98.00%
KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)						
	28.00	30.00			28.00	30.00
KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req						
	98.00%	98.00%			98.00%	98.00%
7 Percentage of Organizations Receiving an Audit						
	7.62%	7.62%			7.62%	7.62%
8 Percentage of Organizations Receiving an Inspection						
	14.90%	14.90%			14.90%	14.90%

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
KEY 1	Number of Retailer Business Locations Licensed	18,253.00	20,064.00	20,293.00	20,524.00	20,758.00
2	Number of Denials or Revocations of Licenses	156.00	127.00	128.00	128.00	128.00
3	Dollars Collected via the Debt Set-off Program (Thousands)	2,139,751.94	1,795,693.00	1,850,000.00	1,850,000.00	1,850,000.00
4	# New Licenses Issued to Individual Retailers	2,095.00	3,544.00	2,198.00	2,198.00	2,198.00
5	# Licenses Renewed to Individual Retailers	8,249.00	7,421.00	7,948.00	9,750.00	8,319.00
Efficiency Measures:						
1	Average Cost Per License Application Completed	105.70	68.00	106.00	110.00	110.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,564,968	\$2,718,010	\$2,798,747	\$2,798,747	\$2,798,747
1002	OTHER PERSONNEL COSTS	\$100,867	\$60,860	\$65,600	\$65,600	\$65,600
2001	PROFESSIONAL FEES AND SERVICES	\$237,781	\$213,953	\$256,290	\$256,290	\$99,450
2002	FUELS AND LUBRICANTS	\$3,615	\$4,000	\$4,000	\$4,000	\$4,000
2003	CONSUMABLE SUPPLIES	\$167,858	\$181,500	\$181,500	\$181,500	\$181,500
2004	UTILITIES	\$140,284	\$183,949	\$148,945	\$148,945	\$41,945
2005	TRAVEL	\$12,920	\$12,112	\$9,100	\$9,100	\$9,100
2006	RENT - BUILDING	\$3,156,252	\$3,646,486	\$4,587,924	\$4,772,635	\$1,719,695
2007	RENT - MACHINE AND OTHER	\$1,019	\$0	\$0	\$0	\$0

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
2009	OTHER OPERATING EXPENSE	\$460,872	\$318,395	\$452,890	\$377,663	\$352,576
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$1,989,039	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$6,846,436	\$7,339,265	\$10,494,035	\$8,614,480	\$5,272,613
Method of Financing:						
5025	Lottery Acct	\$6,846,436	\$7,339,265	\$10,494,035	\$8,614,480	\$5,272,613
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$6,846,436	\$7,339,265	\$10,494,035	\$8,614,480	\$5,272,613
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$8,614,480	\$5,272,613
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$6,846,436	\$7,339,265	\$10,494,035	\$8,614,480	\$5,272,613
FULL TIME EQUIVALENT POSITIONS:		47.0	46.1	50.5	50.5	50.5
STRATEGY DESCRIPTION AND JUSTIFICATION:						

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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, scratch 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, scratch game accounting and draw 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
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 1 Lottery Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$17,833,300	\$13,887,093	\$(3,946,207)	\$85,477	Salary Expenses in FY 2020 reflect vacancy savings
			\$(2,039,633)	Net Savings in lease, utilities, professional fees expenses following move to 1801 Congress less increases for various Claim Center lease increases
			\$(1,989,039)	One Time Rider 2 Capital Budget for construction appropriated in FY 2021 for move to 1801 Congress
			\$(3,012)	Various operating savings
			<u>\$(3,946,207)</u>	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 2 Lottery Field Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
1	Number of Prize Payments Processed from Claim Centers (Thousands)	69,881.00	69,546.00	68,800.00	68,800.00	68,800.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,641,446	\$2,828,864	\$2,931,578	\$2,931,578	\$2,931,578
1002	OTHER PERSONNEL COSTS	\$130,272	\$77,620	\$76,320	\$76,320	\$76,320
2001	PROFESSIONAL FEES AND SERVICES	\$10,053	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$246	\$1,500	\$1,500	\$1,500	\$1,500
2005	TRAVEL	\$92,913	\$98,317	\$88,055	\$88,055	\$88,055
2006	RENT - BUILDING	\$0	\$2,000	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$1,000	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$81,439	\$85,076	\$82,632	\$132,469	\$133,316
TOTAL, OBJECT OF EXPENSE		\$2,956,369	\$3,094,377	\$3,180,085	\$3,229,922	\$3,230,769
Method of Financing:						
5025	Lottery Acct	\$2,956,369	\$3,094,377	\$3,180,085	\$3,229,922	\$3,230,769
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$2,956,369	\$3,094,377	\$3,180,085	\$3,229,922	\$3,230,769

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 2 Lottery Field Operations

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$3,229,922	\$3,230,769
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,956,369	\$3,094,377	\$3,180,085	\$3,229,922	\$3,230,769
FULL TIME EQUIVALENT POSITIONS:		51.9	53.2	57.0	57.0	57.0

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:

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$6,274,462	\$6,460,691	\$186,229	\$101,414	Salary Expenses in FY 2020 reflect vacancy savings
			\$84,815	Various operating expense increases
			\$186,229	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 3 Product Development

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
1	Number of Newsletters Distributed to Retailers	219,928.00	224,976.00	226,884.00	228,816.00	230,784.00
2	Number of Retailer Visits	504,819.00	410,312.00	484,042.00	488,228.00	492,492.00
3	Number of Retailer Surveys Completed	5,819.00	1,252.00	2,327.00	2,347.00	2,368.00
Efficiency Measures:						
KEY 1	Average Cost Per Survey Issued	3.16	1.07	1.66	1.70	1.74
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,414,649	\$2,679,048	\$2,808,065	\$2,808,065	\$2,808,065
1002	OTHER PERSONNEL COSTS	\$62,625	\$45,340	\$48,920	\$48,920	\$48,920
2001	PROFESSIONAL FEES AND SERVICES	\$47,720	\$17,550	\$22,750	\$22,750	\$22,750
2003	CONSUMABLE SUPPLIES	\$1,555	\$3,120	\$2,920	\$2,920	\$2,920
2004	UTILITIES	\$64	\$160	\$160	\$160	\$160
2005	TRAVEL	\$115,075	\$77,573	\$67,000	\$67,000	\$67,000
2006	RENT - BUILDING	\$1,758,999	\$2,000,935	\$1,998,357	\$1,998,357	\$1,998,357
2007	RENT - MACHINE AND OTHER	\$230,154	\$173,756	\$158,778	\$158,778	\$158,778
2009	OTHER OPERATING EXPENSE	\$266,448	\$1,476,993	\$1,517,240	\$1,792,800	\$1,822,269
TOTAL, OBJECT OF EXPENSE		\$4,897,289	\$6,474,475	\$6,624,190	\$6,899,750	\$6,929,219

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 3 Product Development

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Method of Financing:						
5025	Lottery Acct	\$4,897,289	\$6,474,475	\$6,624,190	\$6,899,750	\$6,929,219
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$4,897,289	\$6,474,475	\$6,624,190	\$6,899,750	\$6,929,219
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$6,899,750	\$6,929,219
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$4,897,289	\$6,474,475	\$6,624,190	\$6,899,750	\$6,929,219
FULL TIME EQUIVALENT POSITIONS:		30.9	33.0	36.0	36.0	36.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include lottery product development, as well as, promotional and sales functions of the Texas Lottery Commission. Staff works with contracted vendors to 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 and responsible gaming; communicating game information, marketing ideas, responsible gaming 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).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:

STRATEGY: 3 Product Development Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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) Natural disaster or other catastrophic event; and 5) 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) Development of emerging technologies and product lines.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$13,098,665	\$13,828,969	\$730,304	\$132,597	Salary Expenses in FY 2020 reflect vacancy savings
			\$620,836	Contractual increases for Product contracts and anticipated increases for MUSL fees
			\$ (23,129)	Various operating savings
			<u>\$730,304</u>	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 4 Security

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
1	Number of Lottery Investigations Initiated	2,048.00	1,400.00	1,550.00	1,550.00	1,550.00
2	Number of Lottery Investigations Completed	1,596.00	900.00	1,300.00	1,300.00	1,300.00
3	Number of Lottery Background Investigations Completed	412.00	450.00	375.00	375.00	375.00
Efficiency Measures:						
1	Average Time to Complete Investigations (Days)	28.28	45.00	45.00	45.00	45.00
2	Average Cost Per Complete Investigation	422.74	465.00	475.00	475.00	475.00
3	Average Time to Complete Lottery Background Investigations (Days)	8.99	30.00	30.00	30.00	30.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$2,661,257	\$2,829,349	\$2,944,207	\$2,944,207	\$2,944,207
1002	OTHER PERSONNEL COSTS	\$68,002	\$48,980	\$51,280	\$51,280	\$51,280
2001	PROFESSIONAL FEES AND SERVICES	\$1,397,372	\$1,546,281	\$1,336,506	\$1,594,481	\$1,334,481
2003	CONSUMABLE SUPPLIES	\$5,155	\$5,900	\$5,800	\$5,800	\$5,800
2005	TRAVEL	\$73,207	\$77,000	\$80,136	\$80,136	\$80,136
2007	RENT - MACHINE AND OTHER	\$331,102	\$331,728	\$332,268	\$332,268	\$0
2009	OTHER OPERATING EXPENSE	\$759,656	\$796,837	\$730,052	\$780,104	\$313,959
5000	CAPITAL EXPENDITURES	\$192,237	\$111,926	\$465,632	\$300,000	\$0

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 4 Security

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
TOTAL, OBJECT OF EXPENSE		\$5,487,988	\$5,748,001	\$5,945,881	\$6,088,276	\$4,729,863
Method of Financing:						
5025	Lottery Acct	\$5,487,988	\$5,748,001	\$5,945,881	\$6,088,276	\$4,729,863
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$5,487,988	\$5,748,001	\$5,945,881	\$6,088,276	\$4,729,863
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$6,088,276	\$4,729,863
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$5,487,988	\$5,748,001	\$5,945,881	\$6,088,276	\$4,729,863
FULL TIME EQUIVALENT POSITIONS:		38.4	37.1	42.0	42.0	42.0

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
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 4 Security

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 4 Security

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$11,693,882	\$10,818,139	\$(875,743)	\$117,158	Salary Expenses in FY 2020 reflect vacancy savings
			\$(432,826)	Uniformed Security Guard and Security Monitoring Services reduction
			\$(277,558)	One Time Rider 2 Capital Budget for construction appropriated in FY 2021 for move to 1801 Congress
			\$(331,728)	Equipment and Digital Storage Reduction
			\$49,211	Various operating expense increases
			\$(875,743)	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 5 Central Administration

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
1001	SALARIES AND WAGES	\$8,807,378	\$9,221,269	\$9,519,613	\$9,519,612	\$9,519,612
1002	OTHER PERSONNEL COSTS	\$352,005	\$156,700	\$162,340	\$162,340	\$162,340
2001	PROFESSIONAL FEES AND SERVICES	\$1,382,574	\$1,557,311	\$1,584,806	\$1,584,806	\$1,584,806
2003	CONSUMABLE SUPPLIES	\$5,554	\$9,850	\$6,950	\$6,950	\$6,950
2004	UTILITIES	\$174,319	\$209,567	\$208,833	\$208,833	\$208,833
2005	TRAVEL	\$46,087	\$141,804	\$146,600	\$146,600	\$146,600
2006	RENT - BUILDING	\$8,554	\$10,400	\$9,000	\$9,000	\$9,000
2007	RENT - MACHINE AND OTHER	\$601,997	\$546,063	\$379,508	\$379,508	\$379,508
2009	OTHER OPERATING EXPENSE	\$1,115,451	\$1,511,493	\$1,292,633	\$1,454,467	\$1,457,708
5000	CAPITAL EXPENDITURES	\$28,228	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$12,522,147	\$13,364,457	\$13,310,283	\$13,472,116	\$13,475,357
Method of Financing:						
5025	Lottery Acct	\$12,522,147	\$13,364,457	\$13,310,283	\$13,472,116	\$13,475,357
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$12,522,147	\$13,364,457	\$13,310,283	\$13,472,116	\$13,475,357

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 5 Central Administration

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$13,472,116	\$13,475,357
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$12,522,147	\$13,364,457	\$13,310,283	\$13,472,116	\$13,475,357
FULL TIME EQUIVALENT POSITIONS:		99.2	96.7	104.0	104.0	104.0

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 function is outsourced to an independent contractor and 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).

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:

STRATEGY: 5 Central Administration Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$26,674,740	\$26,947,473	\$272,733	\$303,984	Salary Expenses in FY 2020 reflect vacancy savings
			\$(31,251)	Various operating savings
			<u>\$272,733</u>	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 6 Lottery Operator Contract(s). Estimated and Nontransferable.

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$124,342,182	\$148,152,310	\$138,175,493	\$131,598,201	\$128,798,105
TOTAL, OBJECT OF EXPENSE		\$124,342,182	\$148,152,310	\$138,175,493	\$131,598,201	\$128,798,105
Method of Financing:						
5025	Lottery Acct	\$124,342,182	\$148,152,310	\$138,175,493	\$131,598,201	\$128,798,105
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$124,342,182	\$148,152,310	\$138,175,493	\$131,598,201	\$128,798,105
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$131,598,201	\$128,798,105
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$124,342,182	\$148,152,310	\$138,175,493	\$131,598,201	\$128,798,105

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting lottery gaming and management system operations, telecommunications and terminal/hardware network, field sales and business development staff, market research and promotion, scratch ticket warehousing, ordering and distribution and retailer hotline technical support.

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

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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 agency; 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 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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$286,327,803	\$260,396,306	\$(25,931,497)	\$(25,931,497)	Appropriation based on estimated lottery sales. FY20 actual sales and FY21 projected sales are higher than projected sales for FY22 and FY23. Reduced contract rates also a component.
			<u>\$(25,931,497)</u>	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 7 Scratch Ticket Production and Services Contract(s).

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$47,253,903	\$39,638,264	\$56,340,775	\$48,135,000	\$48,135,000
TOTAL, OBJECT OF EXPENSE		\$47,253,903	\$39,638,264	\$56,340,775	\$48,135,000	\$48,135,000
Method of Financing:						
5025	Lottery Acct	\$47,253,903	\$39,638,264	\$56,340,775	\$48,135,000	\$48,135,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$47,253,903	\$39,638,264	\$56,340,775	\$48,135,000	\$48,135,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$48,135,000	\$48,135,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$47,253,903	\$39,638,264	\$56,340,775	\$48,135,000	\$48,135,000

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for scratch ticket development and manufacturing services through a scratch ticket vendor(s). Other services under this contract include production of coupons, second chance drawing programs, provision of branded/licensed/proprietary scratch products and related services (including associated marketing and game promotion support packages, drawings and prize fulfillment), and sales performance analysis related to scratch ticket products.

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

OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:

STRATEGY: 7 Scratch Ticket Production and Services Contract(s). Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$95,979,039	\$96,270,000	\$290,961	\$290,961	Increase attributed to scratch ticket printing required to support increased product demand and associated increase in scratch ticket product sales and revenue realized over past several years.
			<u>\$290,961</u>	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 8 Promote Lottery Games Contract(s)

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
KEY 1	Billboard Expenditures from Promote Lottery Games (Millions)	8.66	8.02	7.71	7.71	7.71
KEY 2	Other Promotion Expenditures from Promote Lottery Games (Millions)	16.61	10.10	10.07	10.07	10.07
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$25,268,607	\$18,116,283	\$17,783,448	\$17,949,865	\$17,949,866
TOTAL, OBJECT OF EXPENSE		\$25,268,607	\$18,116,283	\$17,783,448	\$17,949,865	\$17,949,866
Method of Financing:						
5025	Lottery Acct	\$25,268,607	\$18,116,283	\$17,783,448	\$17,949,865	\$17,949,866
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$25,268,607	\$18,116,283	\$17,783,448	\$17,949,865	\$17,949,866
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$17,949,865	\$17,949,866
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$25,268,607	\$18,116,283	\$17,783,448	\$17,949,865	\$17,949,866
FULL TIME EQUIVALENT POSITIONS:						

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:

STRATEGY: 8 Promote Lottery Games Contract(s) Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for the planning, production, buying and placement of radio, digital, social, experiential, print, television and billboard promotion of lottery games, as well as related promotional services, across the State of Texas. The promote lottery games 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 (which has made it more difficult to reach large groups of the general public); 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.

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:

STRATEGY: 8 Promote Lottery Games Contract(s) Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$35,899,731	\$35,899,731	\$0		
			\$0	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 9 Drawing and Broadcast Services Contract(s)

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	\$2,179,956	\$2,185,975	\$2,362,582	\$2,150,000	\$2,150,000
TOTAL, OBJECT OF EXPENSE		\$2,179,956	\$2,185,975	\$2,362,582	\$2,150,000	\$2,150,000
Method of Financing:						
5025	Lottery Acct	\$2,179,956	\$2,185,975	\$2,362,582	\$2,150,000	\$2,150,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$2,179,956	\$2,185,975	\$2,362,582	\$2,150,000	\$2,150,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$2,150,000	\$2,150,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,179,956	\$2,185,975	\$2,362,582	\$2,150,000	\$2,150,000
FULL TIME EQUIVALENT POSITIONS:						
STRATEGY DESCRIPTION AND JUSTIFICATION:						

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

Activities relating to this strategy include contracting for the conduct of the broadcast and production of all Texas draw game drawings. Drawing and broadcast services vendors provide drawing production services, webcast services (live and archived drawings) and satellite transmission services for the broadcast of Texas Lottery and multi-state draw games. The broadcast drawings for all Texas draw 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.

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 draw games and new variations of established games; 2) The potential automation of 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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$4,548,557	\$4,300,000	\$(248,557)	\$(248,557)	Contractual savings
			\$(248,557)	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 10 Retailer Bonus

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$0	\$2,019,665	\$2,027,500	\$2,023,583	\$2,023,582
TOTAL, OBJECT OF EXPENSE		\$0	\$2,019,665	\$2,027,500	\$2,023,583	\$2,023,582
Method of Financing:						
5025	Lottery Acct	\$0	\$2,019,665	\$2,027,500	\$2,023,583	\$2,023,582
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$0	\$2,019,665	\$2,027,500	\$2,023,583	\$2,023,582
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$2,023,583	\$2,023,582
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$0	\$2,019,665	\$2,027,500	\$2,023,583	\$2,023,582

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
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 10 Retailer Bonus

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$4,047,165	\$4,047,165	\$0	\$0	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
OBJECTIVE: 1 Generate Revenue through Ticket Sales
STRATEGY: 11 Retailer Commissions. Estimated and Nontransferable.

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$22,777,746	\$12,263,100	\$33,258,435	\$31,675,300	\$31,675,300
TOTAL, OBJECT OF EXPENSE		\$22,777,746	\$12,263,100	\$33,258,435	\$31,675,300	\$31,675,300
Method of Financing:						
5025	Lottery Acct	\$22,777,746	\$12,263,100	\$33,258,435	\$31,675,300	\$31,675,300
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$22,777,746	\$12,263,100	\$33,258,435	\$31,675,300	\$31,675,300
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$31,675,300	\$31,675,300
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$22,777,746	\$12,263,100	\$33,258,435	\$31,675,300	\$31,675,300

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities of this strategy relate to the implementation of a retailer sales performance incentive program.

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

OBJECTIVE: 1 Generate Revenue through Ticket Sales Service Categories:

STRATEGY: 11 Retailer Commissions. Estimated and Nontransferable. Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The number of retailers that qualify for an incentive; 2) the value of the incentives; 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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$45,521,535	\$63,350,600	\$17,829,065	\$17,829,065	Appropriation is based on estimated lottery sales. FY 2020 expenditures were lower than normal due to the cancelling of one retailer incentive program due to the COVID pandemic.
			\$17,829,065	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
KEY 1	Number of Licenses Issued	15,297.00	8,600.00	10,275.00	11,000.00	11,500.00
2	Number of Applications Processed	7,931.00	6,000.00	6,500.00	7,500.00	8,000.00
3	Number of Worker Registry Applications Approved	3,966.00	2,600.00	3,000.00	3,600.00	3,800.00
Efficiency Measures:						
1	Average Bingo License (New) Processing Time (Days)	109.52	90.00	95.00	95.00	95.00
2	Average Bingo License (Renewal) Processing Time (Days)	20.99	27.00	27.00	27.00	27.00
3	Average Cost Per Application Processed	10.88	14.25	13.41	13.68	13.95
4	Average Bingo Worker Registry Application Processing Time (Days)	9.56	9.00	9.50	9.50	9.50
Explanatory/Input Measures:						
1	Number of Annual License Holders	1,370.00	1,395.00	1,400.00	1,410.00	1,410.00
2	Number of Annual Workers Registrants	10,078.00	9,800.00	9,800.00	10,000.00	10,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$350,407	\$378,291	\$549,262	\$549,262	\$549,262
1002	OTHER PERSONNEL COSTS	\$16,477	\$8,100	\$8,720	\$8,720	\$8,720
2001	PROFESSIONAL FEES AND SERVICES	\$181,228	\$87,825	\$86,775	\$86,775	\$86,775
2003	CONSUMABLE SUPPLIES	\$0	\$500	\$500	\$500	\$500

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
STRATEGY: 1 Determine Eligibility and Process Applications

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
2004	UTILITIES	\$456	\$570	\$456	\$456	\$456
2005	TRAVEL	\$0	\$250	\$250	\$250	\$250
2007	RENT - MACHINE AND OTHER	\$16,516	\$16,516	\$16,516	\$16,516	\$16,516
2009	OTHER OPERATING EXPENSE	\$8,831	\$73,525	\$10,293	\$10,293	\$10,293
TOTAL, OBJECT OF EXPENSE		\$573,915	\$565,577	\$672,772	\$672,772	\$672,772
Method of Financing:						
1	General Revenue Fund	\$0	\$565,577	\$672,772	\$672,772	\$672,772
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$565,577	\$672,772	\$672,772	\$672,772
Method of Financing:						
5175	Bingo Administration	\$573,915	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$573,915	\$0	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$672,772	\$672,772
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$573,915	\$565,577	\$672,772	\$672,772	\$672,772
FULL TIME EQUIVALENT POSITIONS:		5.3	5.3	6.0	6.0	6.0

362 Texas Lottery Commission

GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully	
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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include reviewing license applications and worker registrations to determine the eligibility of applicants by providing current and prospective licensees and workers streamlined applications, clear instructions, and the option to complete multiple applications electronically.

This strategy promotes communication and cooperation between licensees and registered workers and the Charitable Bingo Operations Division (CBOD) so that qualified applicants, licensees and registered workers are well versed on the Act and Charitable Bingo Administrative Rules (Rules) requirements. Communications with bingo licensees, registered workers 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, licensees and registered workers to cooperate with the licensing and registry 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, licensees and registered workers; 3) The capability for applicants to apply on-line; and 4) available staff resources.

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$1,238,349	\$1,345,544	\$107,195	\$171,591	Salary Expenses in FY 2020 reflect vacancy savings
			\$(64,396)	Various operating savings
			\$107,195	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
1	Number of Individuals Receiving Education	761.00	575.00	700.00	600.00	700.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$57,715	\$95,875	\$84,648	\$84,648	\$84,648
1002	OTHER PERSONNEL COSTS	\$5,781	\$0	\$920	\$920	\$920
2001	PROFESSIONAL FEES AND SERVICES	\$4,214	\$4,214	\$4,214	\$4,214	\$4,214
2005	TRAVEL	\$64	\$2,000	\$2,000	\$2,000	\$2,000
2009	OTHER OPERATING EXPENSE	\$953	\$2,914	\$18,701	\$18,701	\$18,701
TOTAL, OBJECT OF EXPENSE		\$68,727	\$105,003	\$110,483	\$110,483	\$110,483
Method of Financing:						
1	General Revenue Fund	\$0	\$105,003	\$110,483	\$110,483	\$110,483
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$105,003	\$110,483	\$110,483	\$110,483
Method of Financing:						
5175	Bingo Administration	\$68,727	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$68,727	\$0	\$0	\$0	\$0

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$110,483	\$110,483
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$68,727	\$105,003	\$110,483	\$110,483	\$110,483
FULL TIME EQUIVALENT POSITIONS:		1.4	1.0	2.0	2.0	2.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

362 Texas Lottery Commission

GOAL:	2	Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully	
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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

Activities relating to this strategy include providing education and training to all licensed organizations, individuals and bingo workers that conduct charitable bingo activities, lease bingo premises, manufacture or distribute bingo equipment, or are listed on the Registry of Approved Bingo Workers by educating applicants, licensees and workers on the requirements of the Bingo Enabling Act and the Charitable Bingo Administrative Rules.

The Charitable Bingo Operations Division (CBOD) educates applicants and licensees on requirements of the Bingo Enabling Act (Act) and Charitable Bingo Administrative Rules (Rules). CBOD uses instructor-led seminars and 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, operating bingo and promoting bingo.

CBOD publishes informational newsletters, such as the Bingo Bulletin, and maintains the Charitable Bingo website containing 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.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL CHANGE	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$215,486	\$220,966	\$5,480	\$(10,307)	Salary Expenses in FY 2021-23 reflect a lower baseline salary
			\$15,787	Various operating expense
			\$5,480	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
	1 Number of Inspections Conducted	210.00	135.00	210.00	210.00	210.00
	2 Number of Bingo Audits and Reviews Completed	101.00	100.00	185.00	185.00	185.00
KEY	3 Number of Bingo Complaints Investigations Completed	129.00	90.00	100.00	110.00	120.00
	4 \$ Amt of Adjustments to Charitable Distributions by Audit & Inspection	0.00	1,000.00	750.00	750.00	750.00
	5 Number of Bingo Background Investigations Completed	178.00	90.00	150.00	150.00	150.00
Efficiency Measures:						
	1 Average Time for Bingo Complaint Investigation Completion (Days)	42.74	45.00	45.00	45.00	45.00
	2 Average Cost Per Bingo Complaint Investigation Completed	370.27	380.00	385.00	392.70	400.55
	3 Average Time to Conduct Compliance Audit and Review (Hours)	80.70	70.00	80.00	80.00	80.00
	4 Average Time to Complete Bingo Background Investigations (Days)	14.75	30.00	30.00	30.00	30.00
	5 Average Cost per Bingo Audit and Review Completed	2,262.21	2,300.00	2,350.00	2,397.00	2,444.94
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,071,016	\$1,462,230	\$1,327,742	\$1,202,039	\$1,202,040

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
1002	OTHER PERSONNEL COSTS	\$48,019	\$26,180	\$20,340	\$20,340	\$20,340
2001	PROFESSIONAL FEES AND SERVICES	\$120	\$0	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$500	\$500	\$500	\$500
2005	TRAVEL	\$26,121	\$46,264	\$40,000	\$40,000	\$40,000
2009	OTHER OPERATING EXPENSE	\$38,193	\$56,261	\$60,634	\$56,612	\$56,612
TOTAL, OBJECT OF EXPENSE		\$1,183,469	\$1,591,435	\$1,449,216	\$1,319,491	\$1,319,492
Method of Financing:						
1	General Revenue Fund	\$0	\$1,591,435	\$1,449,216	\$1,319,491	\$1,319,492
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$1,591,435	\$1,449,216	\$1,319,491	\$1,319,492
Method of Financing:						
5175	Bingo Administration	\$1,183,469	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,183,469	\$0	\$0	\$0	\$0

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,319,491	\$1,319,492
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,183,469	\$1,591,435	\$1,449,216	\$1,319,491	\$1,319,492
FULL TIME EQUIVALENT POSITIONS:		20.1	15.9	22.0	20.0	20.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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:

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2020 + Bud 2021)	Baseline Request (BL 2022 + BL 2023)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$3,040,651	\$2,638,983	\$(401,668)	\$(391,733)	Salary Expenses in FY 2020 reflect vacancy savings; FY 2022-23 reflects reduction of 2 FTE's to meet 5% reduction
			\$(9,935)	Various operating savings
			\$(401,668)	Total of Explanation of Biennial Change

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
STRATEGY: 4 Bingo Prize Fee Collections and Accounting

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
Output Measures:						
1	Percentage of Licensees Who Fail to Pay	6.45 %	12.00 %	9.00 %	8.00 %	7.00 %
2	Number of Bingo Reports Processed	5,008.00	4,600.00	4,700.00	4,900.00	4,900.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$239,037	\$267,166	\$305,875	\$305,875	\$305,875
1002	OTHER PERSONNEL COSTS	\$9,150	\$6,560	\$2,900	\$2,900	\$2,900
2003	CONSUMABLE SUPPLIES	\$0	\$300	\$300	\$300	\$300
2009	OTHER OPERATING EXPENSE	\$4,519	\$8,519	\$7,769	\$7,769	\$7,769
4000	GRANTS	\$13,391,982	\$3,796,129	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$13,644,688	\$4,078,674	\$316,844	\$316,844	\$316,844
Method of Financing:						
1	General Revenue Fund	\$0	\$4,078,674	\$316,844	\$316,844	\$316,844
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$4,078,674	\$316,844	\$316,844	\$316,844
Method of Financing:						
5175	Bingo Administration	\$13,644,688	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$13,644,688	\$0	\$0	\$0	\$0

362 Texas Lottery Commission

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
STRATEGY: 4 Bingo Prize Fee Collections and Accounting

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$316,844	\$316,844
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$13,644,688	\$4,078,674	\$316,844	\$316,844	\$316,844
FULL TIME EQUIVALENT POSITIONS:		4.9	3.2	4.0	4.0	4.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include assisting licensees with the filing of quarterly reports, reviewing filed reports for completeness, managing their financial data and analyzing the data reported by licensed bingo conductors that fail to report positive net proceeds on their quarterly reports to help them review their charitable bingo operations.

To assist with the efficient and timely filing of quarterly reports, current licensees are provided with the capability to complete and submit reports 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 quarterly reports 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

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 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------

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 applicable prize fee 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.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2020 + Bud 2021)</u>	<u>Baseline Request (BL 2022 + BL 2023)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$4,395,518	\$633,688	\$(3,761,830)	\$(3,796,129)	Bingo Prize Fee Allocations are now distributed by licensed organizations to local jurisdictions in accordance with HB 914, 86th Legislature.
			\$35,049	Salary Expenses in FY 2020 reflect vacancy savings
			\$(750)	Various operating savings
			\$(3,761,830)	Total of Explanation of Biennial Change

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265
METHODS OF FINANCE (INCLUDING RIDERS):				\$274,256,083	\$266,789,265
METHODS OF FINANCE (EXCLUDING RIDERS):	\$270,003,422	\$264,736,861	\$292,052,022	\$274,256,083	\$266,789,265
FULL TIME EQUIVALENT POSITIONS:	299.1	291.5	323.5	321.5	321.5

3.A.1. PROGRAM-LEVEL REQUEST SCHEDULE
87th Regular Session, Agency Submission, Version 1

Agency Code: 362		Agency: TEXAS LOTTERY COMMISSION			Prepared By: Kathy Pyka					
Date: 1-Oct-20		Program Priority	Program Name	Legal Authority	2020-21 Base	Requested 2022	Requested 2023	Biennial Total 2022-23	Biennial Difference	
Strategy	Strategy Name								\$	%
1.1.1.	Lottery Operations	5	Operations	Government Code, Ch. 466 & 467	\$17,833,300	\$8,614,480	\$5,272,613	\$13,887,093	(\$3,946,207)	-22.1%
1.1.2.	Lottery Field Operations	5	Operations	Government Code, Ch. 466 & 467	\$6,274,462	\$3,229,922	\$3,230,769	\$6,460,691	\$186,229	3.0%
1.1.3.	Product Development	4	Product Development	Government Code 466 & 467; Tex. Constitution, Art. III, Sec. 47-e	\$13,098,665	\$6,899,750	\$6,929,219	\$13,828,969	\$730,304	5.6%
1.1.4.	Security	3	Security	Government Code, Ch. 466 & 467; Occupations Code, Ch. 2001; Tex. Constitution, Art. III, Sec. 47 -b, c, & e	\$11,693,882	\$6,088,276	\$4,729,863	\$10,818,139	(\$875,743)	-7.5%
1.1.5.	Central Administration	7	Central Administration	Government Code, Ch. 466 & 467; Occupations Code, Ch. 2001; Tex. Constitution, Art. III, Sec. 47 -b, c, & e	\$26,674,740	\$13,472,116	\$13,475,357	\$26,947,473	\$272,733	1.0%
1.1.6.	Lottery Operator Contract(s)	1	Lottery Operator Contract(s)	Government Code 466 and 467, and Tex. Constitution Art. III, Sec. 47(e)	\$286,327,803	\$131,598,201	\$128,798,105	\$260,396,306	(\$25,931,497)	-9.1%
1.1.7.	Scratch Ticket Production Contract(s)	4	Product Development	Government Code 466 and 467, and Tex. Constitution Art. III, Sec. 47(e)	\$95,979,039	\$48,135,000	\$48,135,000	\$96,270,000	\$290,961	0.3%
1.1.8.	Promote Lottery Games Contract(s)	6	Promote Lottery Games Contract(s)	Government Code 466 and 467, and Tex. Constitution Art. III, Sec. 47(e)	\$35,899,731	\$17,949,865	\$17,949,866	\$35,899,731	\$0	0.0%
1.1.9.	Drawing & Broadcast Contract(s)	3	Security	Government Code 466 and 467, and Tex. Constitution Art. III, Sec. 47(e)	\$4,548,557	\$2,150,000	\$2,150,000	\$4,300,000	(\$248,557)	-5.5%
1.1.10.	Retailer Bonus	2	Retailer Commissions, Bonuses and Incentives	Government Code 466 and 467, and Tex. Constitution Art. III, Sec. 47(e); Rider 9, Retailer Commissions	\$4,047,165	\$2,023,583	\$2,023,582	\$4,047,165	\$0	0.0%
1.1.11.	Retailer Commissions	2	Retailer Commissions, Bonuses and Incentives	Government Code 466 and 467, and Tex. Constitution Art. III, Sec. 47(e); Rider 9, Retailer Commissions	\$45,521,535	\$31,675,300	\$31,675,300	\$63,350,600	\$17,829,065	39.2%
2.1.1.	Bingo Licensing	8	Licensing Services	Government Code, Ch. 467; Occupations Code, Ch. 2001; Tex. Constitution, Art. III, Sec. 47	\$1,238,349	\$672,772	\$672,772	\$1,345,544	\$107,195	8.7%
2.1.2.	Bingo Education & Development	11	Bingo Education & Training	Government Code, Ch. 467; Occupations Code, Ch. 2001; Tex. Constitution, Art. III, Sec. 47	\$215,486	\$110,483	\$110,483	\$220,966	\$5,480	2.5%
2.1.3.	Bingo Law Compliance Field Operations	9	Bingo Auditors	Government Code, Ch. 467; Occupations Code, Ch. 2001; Tex. Constitution, Art. III, Sec. 47	\$3,040,651	\$1,319,491	\$1,319,492	\$2,638,983	(\$401,668)	-13.2%
2.1.4.	Bingo Prize Fee Collection & Accounting	10	Accounting Services	Government Code, Ch. 467; Occupations Code, Ch. 2001; Tex. Constitution, Art. III, Sec. 47	\$4,395,519	\$316,844	\$316,844	\$633,688	(\$3,761,831)	-85.6%
Program Prioritization: Indicate the methodology or approach taken by the agency, court, or institution to determine the ranking of each program by priority.										
The lottery programs were ranked based on the agency's efforts to increase gross sales and net revenue consistent with its mission to generate revenue for the State of Texas through the responsible management and sale of entertaining lottery products. The Bingo programs were ranked to provide for the timely and fair enforcement of statutes and regulations relating to charitable bingo to determine that all proceeds derived from bingo are used for a lawful purpose and charitable bingo games are conducted fairly.										

3.B. Rider Revisions and Additions Request

Agency Code: 362	Agency Name: Texas Lottery Commission	Prepared By: Kathy Pyka	Date: 10/01/2020	Request Level: Base																																																																	
Current Rider Number	Page # 2020-21 GAA	Proposed Rider Language																																																																			
2.	VII-9	<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.</p> <table style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 10%; text-align: center;"><u>2020</u></th> <th style="width: 10%; text-align: center;"><u>2022</u></th> <th style="width: 10%; text-align: center;"><u>2021</u></th> <th style="width: 10%; text-align: center;"><u>2023</u></th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">a. Construction of Buildings and Facilities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">(1) Construction Required for TX Capital Complex Building</td> <td style="text-align: right;">\$</td> <td style="text-align: center;"><u>UB0</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>1,815,137</u></td> </tr> <tr> <td style="padding-left: 20px;">ba. Acquisition of Information Resources Technologies</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">(1) PC Lease/Computer Software</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>255,121</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td style="padding-left: 20px;">eb. Acquisition of Capital Equipment and Items</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">(1) Capitalized Lottery Drawing Equipment</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>300,000</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td style="padding-left: 20px;">dc. Data Center Consolidation</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">(1) Data Center Services</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>86,089</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>156,940</u></td> </tr> <tr> <td style="padding-left: 40px;">Total, Capital Budget</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>425,640 300,000</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>125,640 0</u></td> </tr> <tr> <td colspan="5" style="padding-top: 10px;">Method of Financing (Capital Budget):</td> </tr> <tr> <td style="padding-left: 40px;">GR Dedicated - Lottery Account No. 5025</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>425,640 300,000</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>125,640 0</u></td> </tr> <tr> <td style="padding-left: 40px;">Total, Method of Financing</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>425,640 300,000</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>125,640 0</u></td> </tr> </tbody> </table> <p style="margin-top: 20px;"><i>This rider revision is requested to reflect the FY 2022-23 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>				<u>2020</u>	<u>2022</u>	<u>2021</u>	<u>2023</u>	a. Construction of Buildings and Facilities					(1) Construction Required for TX Capital Complex Building	\$	<u>UB0</u>	\$	<u>1,815,137</u>	ba. Acquisition of Information Resources Technologies					(1) PC Lease/Computer Software	\$	<u>255,121</u>	\$	<u>0</u>	eb. Acquisition of Capital Equipment and Items					(1) Capitalized Lottery Drawing Equipment	\$	<u>300,000</u>	\$	<u>0</u>	dc. Data Center Consolidation					(1) Data Center Services	\$	<u>86,089</u>	\$	<u>156,940</u>	Total, Capital Budget	\$	<u>425,640 300,000</u>	\$	<u>125,640 0</u>	Method of Financing (Capital Budget):					GR Dedicated - Lottery Account No. 5025	\$	<u>425,640 300,000</u>	\$	<u>125,640 0</u>	Total, Method of Financing	\$	<u>425,640 300,000</u>	\$	<u>125,640 0</u>
	<u>2020</u>	<u>2022</u>	<u>2021</u>	<u>2023</u>																																																																	
a. Construction of Buildings and Facilities																																																																					
(1) Construction Required for TX Capital Complex Building	\$	<u>UB0</u>	\$	<u>1,815,137</u>																																																																	
ba. Acquisition of Information Resources Technologies																																																																					
(1) PC Lease/Computer Software	\$	<u>255,121</u>	\$	<u>0</u>																																																																	
eb. Acquisition of Capital Equipment and Items																																																																					
(1) Capitalized Lottery Drawing Equipment	\$	<u>300,000</u>	\$	<u>0</u>																																																																	
dc. Data Center Consolidation																																																																					
(1) Data Center Services	\$	<u>86,089</u>	\$	<u>156,940</u>																																																																	
Total, Capital Budget	\$	<u>425,640 300,000</u>	\$	<u>125,640 0</u>																																																																	
Method of Financing (Capital Budget):																																																																					
GR Dedicated - Lottery Account No. 5025	\$	<u>425,640 300,000</u>	\$	<u>125,640 0</u>																																																																	
Total, Method of Financing	\$	<u>425,640 300,000</u>	\$	<u>125,640 0</u>																																																																	

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

3.	VII-10	<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-10	<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-10	<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-10	<p>Appropriations Limited to Revenue Collections. Fees, fines, and other miscellaneous revenues as authorized and generated by the operation of charity bingo pursuant to Occupations Code §2001 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" made elsewhere in this Act associated with this goal. Direct costs for the strategy items in Goal B, Enforce Bingo Laws are estimated to be \$2,554,560 <u>xxx</u> in fiscal year 2020 <u>2022</u> and \$2,549,315 <u>xxx</u> in fiscal year 2021 <u>2023</u> and "other direct and indirect costs" for Goal B, Enforce Bingo Laws, are estimated to be \$856,738 <u>xxx</u> for fiscal year 2020 <u>2022</u> and \$858,528 <u>xxx</u> for fiscal year 2021 <u>2023</u>.</p> <p>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 2022-23 biennium. The amounts are to be provided by the Legislative Budget Board.</i></p>

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

7.	VII-10	<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>
8.	VII-10	<p>Local Bingo Prize Fees. In addition to the amounts appropriated above in Strategy B.1.4, Bingo Prize Fee Collection and Accounting, bingo prize fees collected pursuant to Texas Occupations Code, Section 2001.502 for allocation to counties and municipalities as required by the Texas Occupations Code, Section 2001.503, are appropriated to the Texas Lottery Commission, estimated to be \$14,480,500 in fiscal year 2020 and \$14,480,500 in fiscal year 2021.</p> <p><i>The Commission is requesting deletion of this Rider to reflect the modification of the process to distribute prize fees per House Bill 914, passed during the 86th Legislative Regular Session.</i></p>
9.	VII-10	<p>Retailer Commissions.</p> <ul style="list-style-type: none"> 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. b. The amounts included above in Strategy A.1.11, Retailer Commissions, include an estimated amount equal to one-half of one percent of gross sales each fiscal year that is in addition to the 5 percent retailer commission amount in subsection (a) above and may only be used for the purpose of paying sales performance retailer commissions. Any unobligated and unexpended balances of appropriations for the fiscal year ending August 31, 2020 <u>2022</u>, are appropriated to the agency for the same purposes for the fiscal year beginning September 1, 2020 <u>2022</u>. Prior to providing an 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 similar sales performance incentive program and the projected benefits of the program to lottery ticket sales and state revenues. <p><i>This rider revision is requested to reflect updated fiscal years.</i></p>

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

10.	VII-11	<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 only be used for payment of lottery operator contractual obligations. The estimated amount appropriated for fiscal year 2020 <u>2022</u> is an amount equal to 2.0773 percent of gross sales in fiscal year 2020 <u>2022</u>; and the estimated amount appropriated in fiscal year 2021 <u>2023</u> is an amount equal to 2.0773 <u>2.0331</u> percent of gross sales in fiscal year 2021 <u>2023</u>.</p> <p><i>This rider revision is requested to reflect updated fiscal years and revised contract rate for FY 2023.</i></p>
11.	VII-11	<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 \$5,893,653,000 <u>\$x,xxx,xxx,xxx</u> in fiscal year 2020 <u>2022</u> and the amount by which gross sales exceed \$5,986,415,000 <u>\$x,xxx,xxx,xxx</u> in fiscal year 2021 <u>2023</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, 2020-2022, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2020 <u>2022</u>.</p> <p>a. Notification of Planned Use of Funds. Prior to the use of the funds appropriated by this rider, the agency shall submit to the Legislative Budget Board a report, in a manner prescribed by the Legislative Budget Board, outlining the planned use of the funds.</p> <p>b. Reporting Requirement on Use of Funds. The agency shall submit to the Legislative Budget Board, by December 1 each fiscal year, a report, in a manner prescribed by the Legislative Budget Board, that includes the following information:</p> <ul style="list-style-type: none"> (1) the amounts of the funds appropriated by this rider that were expended in the previous fiscal year and the purpose of the expenditures; and (2) the amount of the funds that were lapsed at the end of the previous fiscal year. <p><i>This rider revision is requested to reflect current estimates of lottery sales for the FY 2022-23 biennium and to reflect updated fiscal years.</i></p>
12.	VII-11	<p>Scratch Ticket Game Closure. The commission shall provide a semi-annual report on April 1 and October 1 of each fiscal year, to the Legislative Budget Board detailing the number of scratch 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>

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

13.	VII-11	<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>
14.	VII-11	<p>Bingo Third Party Reimbursements. Included in amounts appropriated above in Strategy B.1.3, Bingo Law Compliance Field Operations, is an estimated \$60,000 in fiscal year 2020 <u>2022</u> and \$60,000 in fiscal year 2021 <u>2023</u> in General Revenue—Dedicated Bingo Administrative Account No. 5175 collected from third party reimbursements by the Bingo division in accordance with Texas Occupations Code §§2001.205(b), 2001.209(b), and 2001.560(d).</p> <p><i>This rider revision is requested to reflect updated fiscal years and modify the funding source.</i></p>
15.	VII-11	<p>Limitations on Transfers. Notwithstanding Article IX, §14.01, Appropriation Transfers of this Act, appropriations may not be transferred from Strategy A.1.7, Scratch Ticket Production Contract(s) to other strategies without prior written approval from the Legislative Budget Board.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
16.	VII-11	<p>Notification Requirement. The agency shall notify the Legislative Budget Board, in a manner prescribed by the board, at least 30 calendar days before any amendment or change order is executed on the Lottery Operator Contract.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>

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

701	Article VII	<p><u>Appropriation: Promote Lottery Games.</u> 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 0.64 percent of gross sales in fiscal year 2022 and an amount equal to 0.64 percent in fiscal year 2023 not to exceed \$40,000,000 each fiscal year for the purpose of promoting lottery games pursuant to Government Code, Chapter 466.014.</p> <p><u>Texas Government Code Sec. 466.014. POWERS AND DUTIES OF COMMISSION AND EXECUTIVE DIRECTOR.</u> (a) The commission and executive director have broad authority and shall exercise strict control and close supervision over all lottery games conducted in this state to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery.</p> <p><i>The Commission is requesting a new Rider to appropriate funds to promote lottery games as a percentage of lottery ticket sales with a “not to exceed” amount of \$40 million. If the Rider is adopted, the Commission would request that Strategy A.1.8. Promote Lottery Games be deleted and zero out the appropriation for the Promote Lottery Games Contract(s) line-item strategy. This funding mechanism would be a similar approach to the current funding of retailer commissions appropriated in Rider 9a.</i></p> <p><i>The percent of gross sales rate was derived using actual lottery sales for FY 2019 of \$6.25 billion and the initial annual base appropriation of \$40 million authorized in 1993 for promoting lottery games.</i></p> <p><i>Funding for this Rider is from the General Revenue-Dedicated Lottery Account which is part of the funds that do not count toward certification by the Comptroller of Public Accounts. Funding under this Rider would also remain within the allowable statutory percentage to administer the lottery under Government Code, Chapter 466 and Rider 3.</i></p>
702	Article VII	<p><u>Unexpended Balances of Capital Budget for Construction of Buildings and Facilities – Construction Required for TX Capital Complex Building.</u> Included in the amounts appropriated above are unexpended and unobligated balances of Rider 2 Capital Budget authority for Construction Required for the TX Capital Complex Building under the provisions of Article VII-9, Rider 2 of House Bill 1, Eighty-sixth Legislature, Regular Session, 2019, remaining as of August 31, 2021.</p> <p><u>Any unexpended balances in Rider 2 Capital Budget authority for Construction Required for the TX Capital Complex Building described herein and remaining as of August 31, 2021, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2022.</u></p> <p><i>Plans are for the Commission to relocate its headquarters facility at 611 E. 6th Street to the new Capital Complex building at 1801 Congress Avenue in May 2022. The Commission received capital budget appropriation in FY 2021 for building construction to support the agency’s drawings production studio and specialized building space at this new location. Should any of the FY 2021 capital expenditures be deferred to FY 2022, this appropriation would provide for expenditures that may be required in fiscal year 2022.</i></p>

4.A. Exceptional Item Request Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/25/2020
TIME: 11:34:05AM

Agency code: 362

Agency name:

Texas Lottery Commission

CODE	DESCRIPTION	Excp 2022	Excp 2023
	Item Name: Restore Retailer Bonus Program		
	Item Priority: 1		
	IT Component: No		
	Anticipated Out-year Costs: Yes		
	Involve Contracts > \$50,000: Yes		
	Includes Funding for the Following Strategy or Strategies: 01-01-10 Retailer Bonus		
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	2,180,335	2,172,500
	TOTAL, OBJECT OF EXPENSE	\$2,180,335	\$2,172,500
METHOD OF FINANCING:			
5025	Lottery Acct	2,180,335	2,172,500
	TOTAL, METHOD OF FINANCING	\$2,180,335	\$2,172,500

DESCRIPTION / JUSTIFICATION:

It is the agency's recommendation that the annual retailer bonus budget be restored fully to \$4.2 million in each year of the biennium. Bonus payments are earned by retailers for selling certain prizewinning tickets. The loss of this key program impacts retailer sales performance, recruitment, retention and development opportunities.

The Retailer Bonus program was established in 1993.

There would be no cost to the Appropriations Bill to restore funding for this program as the GR -D Fund 5025 (Lottery Dedicated Account) is not subject to the Comptroller's certification for the GAA.

EXTERNAL/INTERNAL FACTORS:

External factors impacting this program 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.

PCLS TRACKING KEY:

4.A. Exceptional Item Request Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/25/2020
TIME: 11:34:05AM

Agency code: 362 Agency name:
Texas Lottery Commission

CODE	DESCRIPTION	Excp 2022	Excp 2023
------	-------------	-----------	-----------

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

The retailer bonus program is ongoing and utilized for retailer sales promotion/motivation to carry games that offer bonuses, as well as retailer recruitment, retention and development opportunities. Restoring the annual budget to previously authorized appropriations would allow for this key program to be fully implemented. This key program also impacts retailer sales performance, recruitment, retention and development opportunities.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2024	2025	2026
\$2,180,335	\$2,180,335	\$2,180,335

APPROXIMATE PERCENTAGE OF EXCEPTIONAL ITEM : 100.00%

CONTRACT DESCRIPTION :

During FY 2020-21 the Texas Lottery developed and introduced a new retailer bonus structure to account for the reduced appropriations. The agency entered a Retailer Bonus Program contract that requires the contractor to make bonus payments to retailers selling jackpot winning tickets for Mega Millions and Powerball, up to \$1 million for any drawing. This new business model allows the agency to maximize the use of appropriations.

Agency code:	362	Agency name:	Texas Lottery Commission		
Code	Description			Excp 2022	Excp 2023
Item Name:	Restore Retailer Bonus Program				
Allocation to Strategy:	1-1-10	Retailer Bonus			
OBJECTS OF EXPENSE:					
2009	OTHER OPERATING EXPENSE			2,180,335	2,172,500
TOTAL, OBJECT OF EXPENSE				\$2,180,335	\$2,172,500
METHOD OF FINANCING:					
5025	Lottery Acct			2,180,335	2,172,500
TOTAL, METHOD OF FINANCING				\$2,180,335	\$2,172,500

4.C. Exceptional Items Strategy Request
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/25/2020
TIME: 11:34:06AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery

OBJECTIVE: 1 Generate Revenue through Ticket Sales

STRATEGY: 10 Retailer Bonus

Service Categories:

Service: 03 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2022	Excp 2023
------	-------------	-----------	-----------

OBJECTS OF EXPENSE:

2009	OTHER OPERATING EXPENSE	2,180,335	2,172,500
------	-------------------------	-----------	-----------

Total, Objects of Expense		\$2,180,335	\$2,172,500
----------------------------------	--	--------------------	--------------------

METHOD OF FINANCING:

5025	Lottery Acct	2,180,335	2,172,500
------	--------------	-----------	-----------

Total, Method of Finance		\$2,180,335	\$2,172,500
---------------------------------	--	--------------------	--------------------

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Restore Retailer Bonus Program

5.A. Capital Budget Project Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **9/25/2020**
TIME : **11:34:06AM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2020

Bud 2021

BL 2022

BL 2023

5002 Construction of Buildings and Facilities

*2/2 Construction Required for TX Capital Complex
Building*

OBJECTS OF EXPENSE

Capital

General	5000	CAPITAL EXPENDITURES		\$0	\$2,268,921	\$0	\$0
		Capital Subtotal OOE, Project	2	\$0	\$2,268,921	\$0	\$0
		Subtotal OOE, Project	2	\$0	\$2,268,921	\$0	\$0

TYPE OF FINANCING

Capital

General	CA	5025	Lottery Acct	\$0	\$2,268,921	\$0	\$0
			Capital Subtotal TOF, Project	2	\$0	\$2,268,921	\$0
			Subtotal TOF, Project	2	\$0	\$2,268,921	\$0
			Capital Subtotal, Category	5002	\$0	\$2,268,921	\$0
			Informational Subtotal, Category	5002			
			Total, Category	5002	\$0	\$2,268,921	\$0

5007 Acquisition of Capital Equipment and Items

1/1 Capitalized Lottery Drawing Equipment

OBJECTS OF EXPENSE

Capital

General	5000	CAPITAL EXPENDITURES		\$111,926	\$185,750	\$300,000	\$0
		Capital Subtotal OOE, Project	1	\$111,926	\$185,750	\$300,000	\$0

5.A. Capital Budget Project Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **9/25/2020**
TIME : **11:34:06AM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2020

Bud 2021

BL 2022

BL 2023

Subtotal OOE, Project 1

\$111,926

\$185,750

\$300,000

\$0

TYPE OF FINANCING

Capital

General CA 5025 Lottery Acct

\$111,926

\$185,750

\$300,000

\$0

Capital Subtotal TOF, Project 1

\$111,926

\$185,750

\$300,000

\$0

Subtotal TOF, Project 1

\$111,926

\$185,750

\$300,000

\$0

Capital Subtotal, Category 5007

\$111,926

\$185,750

\$300,000

\$0

Informational Subtotal, Category 5007

Total, Category 5007

\$111,926

\$185,750

\$300,000

\$0

AGENCY TOTAL -CAPITAL

\$111,926

\$2,454,671

\$300,000

\$0

AGENCY TOTAL -INFORMATIONAL

AGENCY TOTAL

\$111,926

\$2,454,671

\$300,000

\$0

METHOD OF FINANCING:

Capital

General 5025 Lottery Acct

\$111,926

\$2,454,671

\$300,000

\$0

Total, Method of Financing-Capital

\$111,926

\$2,454,671

\$300,000

\$0

Total, Method of Financing

\$111,926

\$2,454,671

\$300,000

\$0

5.A. Capital Budget Project Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **9/25/2020**
TIME : **11:34:06AM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2020

Bud 2021

BL 2022

BL 2023

TYPE OF FINANCING:

Capital

General CA CURRENT APPROPRIATIONS

\$111,926

\$2,454,671

\$300,000

\$0

Total, Type of Financing-Capital

\$111,926

\$2,454,671

\$300,000

\$0

Total,Type of Financing

\$111,926

\$2,454,671

\$300,000

\$0

5.B. Capital Budget Project Information
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/25/2020
TIME: 11:34:07AM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5007	Category Name:	ACQUISITN CAPEQUIP 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.

PLCS Tracking Key

Number of Units / Average Unit Cost Varies

Estimated Completion Date 0

Additional Capital Expenditure Amounts Required	2024	2025
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 3-7 YRS

Estimated/Actual Project Cost \$300,000

Length of Financing/ Lease Period N/A

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>				Total over project life
2022	2023	2024	2025	
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<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, Texas

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 draw games.

5.B. Capital Budget Project Information
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/25/2020
TIME: 11:34:07AM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5002	Category Name:	CONST OF BLDGS/FACILITIES
Project number:	2	Project Name:	Construction-Capital Complex Bldg

PROJECT DESCRIPTION

General Information

Phase I of the Texas Capitol Complex Master Plan includes the construction of a new office building at 1801 Congress Avenue. The Texas Lottery will relocate its headquarters facility from its leased location at 611 E. 6th Street to the new building upon completion in 2022. In coordination with the Texas Facilities Commission, the Texas Lottery is requesting an exceptional item for building construction to support the agency's drawings production studio and specialized building space. The drawings studio and claim center have unique infrastructure requirements that support the agency's core business operations and these requirements are not included in the building construction appropriation provided to the Texas Facilities Commission. These requirements include, but are not limited to, satellite antennas, uninterruptible power supply, studio set floor, backdrop, electrical and lighting grid, and claim center and studio millwork and glass.

PLCS Tracking Key

Number of Units / Average Unit Cost N/A
Estimated Completion Date 8/31/2021

Additional Capital Expenditure Amounts Required	2024	2025
	0	0
Type of Financing	CA CURRENT APPROPRIATIONS	
Projected Useful Life	20-30 YRS	
Estimated/Actual Project Cost	\$2,268,921	
Length of Financing/ Lease Period	N/A	

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2022	2023	2024	2025	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>
---------------------------------	------------------------	------------------------------

Explanation: N/A
Project Location: Texas Lottery Commission Headquarters, Austin, Texas
Beneficiaries: Agency staff and the general public.

Frequency of Use and External Factors Affecting Use:

Upon completion, the building will be occupied Monday through Friday for business operations and the lottery drawings will be conducted Monday through Saturday, with occasional drawing occurring on Sundays. External factors that may affect this project include construction delays or schedules changes approved by the Texas Facilities Commission.

Agency code: 362 Agency name: Texas Lottery Commission

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2020	Bud 2021	BL 2022	BL 2023
5002 Construction of Buildings and Facilities					
2/2	Construction-Capital Complex Bldg				
<u>GENERAL BUDGET</u>					
Capital	1-1-1 LOTTERY OPERATIONS	0	1,989,039	\$0	\$0
	1-1-4 SECURITY	0	279,882	0	0
	TOTAL, PROJECT	\$0	\$2,268,921	\$0	\$0
5007 Acquisition of Capital Equipment and Items					
1/1	Capitalized Lottery Drawing Equip.				
<u>GENERAL BUDGET</u>					
Capital	1-1-4 SECURITY	111,926	185,750	300,000	0
	TOTAL, PROJECT	\$111,926	\$185,750	\$300,000	\$0
	TOTAL CAPITAL, ALL PROJECTS	\$111,926	\$2,454,671	\$300,000	\$0
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$111,926	\$2,454,671	\$300,000	\$0

6.A. Historically Underutilized Business Supporting Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: **9/25/2020**
Time: **11:34:07AM**

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

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year - HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2018			Total Expenditures		HUB Expenditures FY 2019			Total Expenditures
			% Actual	Diff	Actual \$	FY 2018	% Goal	% Actual	Diff	Actual \$	FY 2019
21.1%	Building Construction	0.0 %	0.0%	0.0%	\$0	\$0	0.0 %	0.0%	0.0%	\$0	\$0
32.9%	Special Trade	10.7 %	5.7%	-5.0%	\$1,178	\$20,693	9.9 %	34.9%	25.0%	\$1,124	\$3,224
23.7%	Professional Services	23.7 %	92.2%	68.5%	\$974,188	\$1,056,183	23.7 %	13.0%	-10.7%	\$184,464	\$1,419,035
26.0%	Other Services	25.1 %	20.1%	-5.0%	\$36,791,911	\$183,330,272	25.8 %	17.2%	-8.6%	\$32,994,883	\$192,224,830
21.1%	Commodities	21.1 %	37.5%	16.4%	\$874,486	\$2,333,454	21.1 %	59.0%	37.9%	\$1,447,319	\$2,453,911
	Total Expenditures		20.7%		\$38,641,763	\$186,740,602		17.7%		\$34,627,790	\$196,101,000

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

Attainment:

The agency attained or exceeded two of four, or 50% of the applicable agency HUB procurement goals in fiscal year 2018.
The agency attained or exceeded two of four, or 50% of the applicable agency HUB procurement goals in fiscal year 2019.

Applicability:

The Heavy Construction and Building Construction categories were not applicable to agency operations in either Fiscal Year 2018 or 2019, 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.

Several specialized contracts account for a large percentage of the agency's spending in the Other Services category. There are very few vendors worldwide that provide lottery operations or scratch ticket manufacturing services, and there are no HUB prime vendors available for these contracts. The agency's HUB credit in "Other Services" is attained mainly through subcontracting expenditures, which may fluctuate from year to year.

"Good-Faith" Efforts:

Included the TLC HUB Coordinator in procurements over \$100,000 to assist in identifying subcontracting opportunities and evaluating subcontracting plans. Provided potential bidders/proposers with lists of certified HUBs for subcontracting opportunities.
Held pre-bid/proposal conferences, offered one-on-one workshops, and reviewed draft HUB subcontracting plans to assist bidders/proposers with HUB subcontracting requirements.

6.A. Historically Underutilized Business Supporting Schedule
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: **9/25/2020**
Time: **11:34:07AM**

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 agency HUB Forum that offered networking sessions with key staff and TLC contractors.
Provided HUB participation updates to Texas Lottery Commissioners.
Made HUB information available via the TLC Web site.
Continued to maintain a minority lottery retailer percentage of more than 40%.
Maintained current mentor protégé relationships while working to establish new relationships.

6.E. Estimated Revenue Collections Supporting Schedule
87th 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 2019	Exp 2020	Est 2021	Est 2022	Est 2023
<u>1</u> General Revenue Fund					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3152 Bingo Operators/Lessors	0	558,802	558,802	558,802	558,802
3153 Bingo Equipment	0	62,000	62,000	62,000	62,000
3170 Bingo Prize Fees	0	17,334,009	14,030,127	14,030,127	14,030,127
3719 Fees/Copies or Filing of Records	0	170	170	170	170
3754 Other Surplus/Salvage Property	31	0	0	0	0
3770 Administrative Penalties	14,200	13,800	14,000	14,000	14,000
3795 Other Misc Government Revenue	1,832	198	0	0	0
3802 Reimbursements-Third Party	0	0	0	0	0
Subtotal: Actual/Estimated Revenue	16,063	17,968,979	14,665,099	14,665,099	14,665,099
Total Available	\$16,063	\$17,968,979	\$14,665,099	\$14,665,099	\$14,665,099
DEDUCTIONS:					
Unappropriated Receipts Sweep by CPA	(16,032)	0	0	0	0
Expended/Budgeted	0	(6,340,689)	(2,549,315)	(2,419,590)	(2,419,591)
Transfer-Employee Benefits	0	(458,458)	(609,015)	(578,564)	(549,636)
Benefit Replacement Pay	0	(1,027)	(1,027)	(1,027)	(1,027)
Total, Deductions	\$(16,032)	\$(6,800,174)	\$(3,159,357)	\$(2,999,181)	\$(2,970,254)
Ending Fund/Account Balance	\$31	\$11,168,805	\$11,505,742	\$11,665,918	\$11,694,845

REVENUE ASSUMPTIONS:

The funding stream for the administration of Bingo was transferred in the 86th Legislative Session from Fund 5175 GR Dedicated- Bingo Administration Account to Fund 0001 General Revenue to Fund 5175.

As a result of HB 914, as of January 1, 2020, the cities and counties share of the bingo prize fees is no longer collected by the commission.

CONTACT PERSON:

Kathy Pyka

6.E. Estimated Revenue Collections Supporting Schedule
87th 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 2019	Exp 2020	Est 2021	Est 2022	Est 2023
<u>5025</u> Lottery Acct					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3176 Lottery License Application Fees	296,605	324,845	310,725	310,725	310,725
3177 Lottery Ticket Sales	6,251,478,651	6,704,027,783	6,651,686,945	6,335,060,000	6,335,060,000
3178 Lottery Security Proceeds	57,450	62,500	59,975	59,975	59,975
3719 Fees/Copies or Filing of Records	6,677	3,000	4,839	4,839	4,839
3727 Fees - Administrative Services	507,885	303,917	405,901	405,901	405,901
3802 Reimbursements-Third Party	489,961	655,424	480,987	480,987	480,987
Subtotal: Actual/Estimated Revenue	6,252,837,229	6,705,377,469	6,652,949,372	6,336,322,427	6,336,322,427
Total Available	\$6,252,837,229	\$6,705,377,469	\$6,652,949,372	\$6,336,322,427	\$6,336,322,427
DEDUCTIONS:					
Expended/Budgeted	(220,564,399)	(238,644,736)	(251,969,516)	(271,836,493)	(264,369,674)
Transfer - Employee Benefits	(5,304,299)	(5,332,581)	(5,606,900)	(5,606,900)	(5,606,900)
Benefit Replacement Pay	(33,825)	(29,291)	(29,000)	(29,000)	(29,000)
Unemployment Benefits	(5,134)	(3,191)	(3,191)	(3,191)	(3,191)
Rider 10, Lottery Operator Contract (2018-19 GAA)	(13,418,890)	0	0	0	0
Rider 11, Appn of Increased Revenues UB (2018-19 GAA)	(10,156,500)	0	0	0	0
Rider 11, Appn of Increased Revenues (2018-19 GAA)	(10,392,835)	0	0	0	0
Rider 9, Retailer Commission (2020-21 GAA)	0	0	(3,326,360)	0	0
Rider 10, Lottery Operator Contract (2020-21 GAA)	0	(18,151,437)	(13,819,694)	0	0
Rider 11, Appn of Increased Revenues (2020-21 GAA)	0	(1,600,000)	(9,912,552)	0	0
Rider 11, Appn of Increased Revenues UB (2020-21GAA)	0	0	(10,474,585)	0	0
Lottery Winnings/Install Payments	(4,056,494,096)	(4,442,357,411)	(4,412,112,088)	(4,198,483,888)	(4,198,483,888)
Retailer Commissions	(313,054,138)	(335,638,397)	(332,584,347)	(316,753,000)	(316,753,000)
Transfers to Foundation School Fund	(1,616,776,461)	(1,661,046,854)	(1,617,707,904)	(1,534,623,321)	(1,542,090,140)
Transfers to Department of State Health Services	(439,442)	(439,443)	(439,443)	(439,443)	(439,443)
Transfers to Texas Veterans Commission	(19,374,563)	(22,242,814)	(22,500,000)	(22,500,000)	(22,500,000)
Total, Deductions	\$(6,266,014,582)	\$(6,725,486,155)	\$(6,680,485,580)	\$(6,350,275,236)	\$(6,350,275,236)

6.E. Estimated Revenue Collections Supporting Schedule
87th 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 2019	Exp 2020	Est 2021	Est 2022	Est 2023
Ending Fund/Account Balance	\$(13,177,353)	\$(20,108,686)	\$(27,536,208)	\$(13,952,809)	\$(13,952,809)

REVENUE ASSUMPTIONS:

It is anticipated that sales in FY21 will be slightly under FY20, but it is unknown if sales at these record breaking levels can be sustained and more conservative sales are estimated for FY22-23.

CONTACT PERSON:

Kathy Pyka

6.E. Estimated Revenue Collections Supporting Schedule
87th 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 2019	Exp 2020	Est 2021	Est 2022	Est 2023
<u>5175</u> Bingo Administration					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3152 Bingo Operators/Lessors	490,465	0	0	0	0
3153 Bingo Equipment	64,300	0	0	0	0
3170 Bingo Prize Fees	31,201,532	0	0	0	0
3719 Fees/Copies or Filing of Records	522	0	0	0	0
3802 Reimbursements-Third Party	78	0	0	0	0
Subtotal: Actual/Estimated Revenue	31,756,897	0	0	0	0
Total Available	\$31,756,897	\$0	\$0	\$0	\$0
DEDUCTIONS:					
Expended/Budgeted	(15,470,798)	0	0	0	0
Transfer-Employee Benefits	(538,992)	0	0	0	0
Transfer-Employee Benefits	(1,027)	0	0	0	0
Total, Deductions	\$(16,010,817)	\$0	\$0	\$0	\$0
Ending Fund/Account Balance	\$15,746,080	\$0	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

The funding stream for the administration of Bingo was transferred in the 86th Legislative Session from Fund 5175 GR Dedicated- Bingo Administration Account to Fund 0001 General Revenue to Fund 5175.

CONTACT PERSON:

Kathy Pyka

6.G. HOMELAND SECURITY FUNDING SCHEDULE - PART C - COVID-19 RELATED EXPENDITURESDATE: 9/25/2020
TIME: 11:34:11AM87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)Agency code: **362** Agency name: **Texas Lottery Commission**

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
OBJECTS OF EXPENSE						
2003	CONSUMABLE SUPPLIES	\$0	\$22,481	\$0	\$0	\$0
2004	UTILITIES	\$0	\$750	\$0	\$0	\$0
2006	RENT - BUILDING	\$0	\$(82,638)	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$0	\$132,713	\$0	\$0	\$0
TOTAL, OBJECTS OF EXPENSE		\$0	\$73,306	\$0	\$0	\$0
METHOD OF FINANCING						
5025	Lottery Acct	\$0	\$73,306	\$0	\$0	\$0
	Subtotal, MOF (Gr-Dedicated Funds)	\$0	\$73,306	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE		\$0	\$73,306	\$0	\$0	\$0

FULL-TIME-EQUIVALENT POSITIONS**NO FUNDS WERE PASSED THROUGH TO LOCAL ENTITIES****NO FUNDS WERE PASSED THROUGH TO OTHER STATE AGENCIES OR INSTITUTIONS OF HIGHER EDUCATION****USE OF HOMELAND SECURITY FUNDS**

The agency expenditures related to COVID-19 have included Personal Protection Equipment as well as additional security services when the Claim Center were reopening. The agency has also received rent concessions for two building leases from the lessor due to limited occupancy.

6.G. HOMELAND SECURITY FUNDING SCHEDULE - PART C - COVID-19 RELATED EXPENDITURES

DATE: 9/25/2020

Funds Passed through to Local Entities

TIME: 11:34:11AM

87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
-------------	--------------------	-----------------	-----------------	-----------------	----------------	----------------

6.G. HOMELAND SECURITY FUNDING SCHEDULE - PART C - COVID-19 RELATED EXPENDITURES
Funds Passed through to State Agencies
87th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 9/25/2020
TIME: 11:34:11AM

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

CODE	DESCRIPTION	Exp 2019	Est 2020	Bud 2021	BL 2022	BL 2023
------	-------------	----------	----------	----------	---------	---------