

MINORITY BUSINESS PARTICIPATION REPORT



AN AGENCY OF THE STATE OF TEXAS

For The Fiscal Year Ending August 31, 2011

Mary Ann Williamson Chairman

J. Winston Krause Commissioner

Cynthia Tauss Delgado Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, Executive Director

Philip D. Sanderson, Charitable Bingo Operations Director

March 30, 2012

The Honorable Rick Perry The Honorable David Dewhurst The Honorable Joe Straus Members of the 82nd Legislature

Ladies and Gentlemen:

In accordance with Section 466.107 of the State Lottery Act, the Texas Lottery Commission (TLC) is submitting its annual Minority Business Participation Report for fiscal year (FY) 2011.

During FY 2011, the agency achieved an overall participation of 26.97 percent in its minority/Historically Underutilized Business (HUB) contracting activity, which represented an increase of nearly five percentage points from FY 2010's performance of 22.22 percent. In addition, the agency continued to surpass its 20-percent goal for licensed minority retailers.

During FY 2012, the Texas Lottery will continue to implement initiatives designed to increase the minority/HUB participation in its business operations.

Should you have any questions regarding the report, please do not hesitate to contact our executive director, Mr. Gary Grief.

Sincerely,

Mary an Williamson

Mary Ann Williamson Chairman

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TEXAS LOTTERY COMMISSION

MINORITY BUSINESS PARTICIPATION REPORT

FISCAL YEAR 2011

INTRODUCTION

The Texas Lottery Commission (TLC) has prepared its annual Minority Business Participation Report for FY 2011 in accordance with Section 466.107 of the State Lottery Act. This report documents the agency's level of minority business participation both in its lottery and bingo regulatory contracting activity, and in the licensing of lottery sales agents. It also provides recommendations for the improve-

ment of lottery-related minority business opportunities.

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

Although it is not specifically addressed by the State Lottery Act, the TLC also has a strong commitment to including minorities in its business operations by maintaining a diverse workforce. Information about this area is included in Appendix D of the report (page 25).



TEXAS LOTTERY COMMISSION VISION

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

TEXAS LOTTERY MISSION

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

CHARITABLE BINGO MISSION

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

CORE VALUES

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

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

MINORITY/HUB COMMITMENT

The Texas Lottery Commission is committed to assisting and including minority-owned businesses and Historically Underutilized Businesses (HUBs) in its procurement opportunities. In accordance with the provisions of the State Lottery Act, Texas Government Code, Chapter 466, the agency and its contractors make a good faith effort to contract and subcontract with minority-owned businesses for the purchase of supplies, equipment, and services for the operation of the agency.

MINORITY/HUB PROGRAM

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

OUTREACH ACTIVITIES

Outreach activities make up one of the most important components of the TLC's Minority/ HUB Program. The purpose of these activities is to inform minority/HUB vendors about opportunities to provide goods and services to the agency and its contractors. Outreach is performed primarily by participating in business opportunity forums and other events throughout the state. The TLC HUB Coordinator may also assist in planning and cosponsoring statewide events in cooperation with other state agencies. In addition, the agency conducts an annual HUB Forum to inform minority/HUB vendors about TLC procurement processes and to provide networking opportunities. A chart listing the outreach events in which the agency participated during FY 2011 is available in Appendix C (page 24).

Other types of outreach activities include providing information to prospective vendors via the TLC website, coordinating meetings with individual minority/HUB vendors, administering the agency's Mentor-Protégé Program, and assisting eligible businesses with obtaining state HUB certification.

CONTRACT COMPLIANCE

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

REPORTING

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

EXECUTIVE SUMMARY

During FY 2011, the TLC continued its efforts to provide opportunities for minority-owned businesses to participate in its procurement processes. Developing contacts with minorityowned businesses in Texas and licensing minority retailers as Texas Lottery sales agents are essential to the agency's initiatives.

The TLC's overall expenditures, as captured by the CPA's Fiscal Year 2011 Annual Statewide HUB Report, decreased from FY 2010 to 2011. During this reporting period, the Commission ranked 19th by overall expenditures among the 50 largest-spending agencies, as compared with ranking 18th during FY 2010.

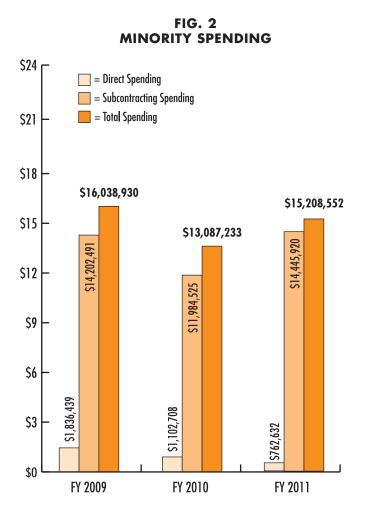
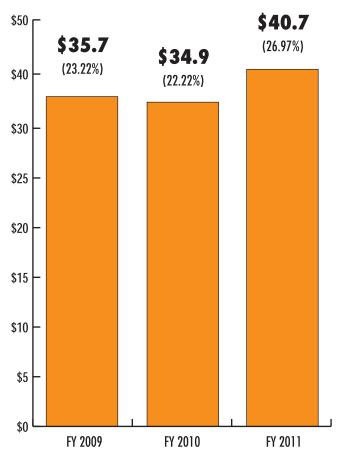
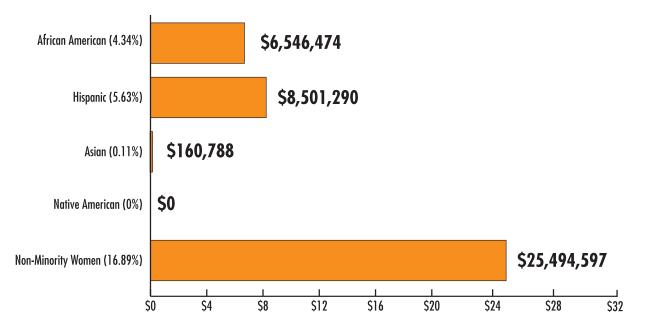


FIG. 1 MINORITY/HUB SPENDING (IN MILLIONS)



During FY 2011, the TLC achieved an overall participation rate in its minority/HUB contracting activity of 26.97 percent. As shown in Figure 1, total expenditures paid to all minority/HUB vendors increased from the previous fiscal year. Figure 2 summarizes payments made to minority-owned businesses only (not including non-minority women). During this reporting period, direct expenditures to minority-owned businesses decreased, but subcontracting payments increased. Figure 3 shows the breakdown of FY 2011 spending by ethnic group.

FIG. 3 MINORITY/HUB SPENDING BY ETHNICITY



During FY 2011, the TLC continued to exceed its statutory goal of a 20-percent minority-owned Texas Lottery retailer base. Minority retailers now number 7,173, representing 42.65 percent of the agency's total Texas Lottery retailer base (see Figures 4 and 5). In addition, for the fifth consecutive year, the TLC has maintained a minority retailer percentage of more than 40 percent. More detailed information on minority retailers by county is located in Appendix B (page 18).

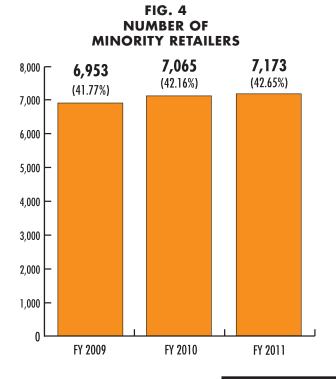
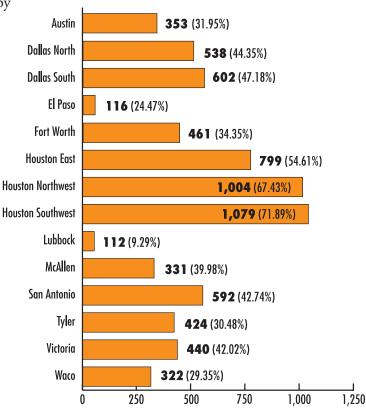


FIG. 5 MINORITY RETAILERS BY DISTRICT



MAJOR CONTRACTORS

The Commission's major contractors during FY 2011 for contracts estimated to be \$100,000 or more included the following:

ADT SECURITY SYSTEMS, INC. – Security management system and monitoring services.

ALLIED BARTON SECURITY SERVICES LLC – Security officer services.

AUSTIN RIBBON AND COMPUTER SUPPLIES, INC.* – Computer equipment leasing.

BARKER & HERBERT ANALYTICAL LABORATORIES, INC. – Instant ticket testing services.

BATELLE – Lottery gaming system due diligence and benchmarking services.

BEEHIVE SPECIALTY CO.* – Promotional products.

DAVILA, **BUSCHHORN AND ASSOCIATES**, **P.C.*** – Lottery drawings audit services.

ELEPHANT PRODUCTIONS, INC. – Drawing studio and production services.

EUBANK AND YOUNG STATISTICAL CONSULTING – Statistical consulting services.

GRANT THORNTON, **LLP** – Risk review and compliance monitoring services.

GRAVES, DOUGHERTY, HEARON AND MOODY, P.C. – Outside counsel services.

GTECH CORPORATION[®] – Lottery operator services and leasing of instant ticket vending machines.

GTECH PRINTING CORPORATION – Instant ticket manufacturing and services (secondary vendor).

IPSOS-REID CORPORATION – Lottery market research services.

MAXWELL, LOCKE AND RITTER, LLP – Financial auditing services.

MEYERTONS, HOOD, KIVLIN, KOWART AND GOETZEL, P.C. – Outside counsel for intellectual property legal services.

POLLARD BANKNOTE, LTD. – Instant ticket manufacturing and services (secondary vendor).

SCIENTIFIC GAMES INTERNATIONAL, INC. – Instant ticket manufacturing and services.

SIERRA GROUP, LLC – Promotional products (secondary vendor).

SUNGARD VERICENTER, INC. – Website hosting services.

TLP, INC. DBA TRACY LOCKE AND LATINWORKS – Advertising and media buying services.

UNIQUE DIGITAL TECHNOLOGY, INC. – Storage Area Network equipment lease.

XEROX CORPORATION – On-site document management and copy center services.

*HUB certified contractors

FISCAL YEAR 2011 HIGHLIGHTS

- The TLC's minority/HUB expenditures totaled more than \$40.7 million.
- The TLC's overall HUB participation rose by nearly five percentage points from the previous fiscal year.
- Five of the TLC's major contractors increased subcontracting payments to minority/ HUB businesses.
- For FY 2011, the Texas Lottery Commission ranked 19th in terms of overall expenditures as captured by the CPA's *Fiscal Year 2011 Annual Historically Underutilized Business (HUB) Report.* Of the 19 largest-spending state agencies, the TLC ranked 3rd by overall HUB percentage (see Table B, page 11).
- Three HUB companies provided major contract services to the agency during FY 2011.
- The TLC participated in 17 economic opportunity forums and HUB-related outreach events statewide.
- The TLC conducted a successful annual HUB forum on June 7, 2011, which attracted minority/HUB participants from across the state. Roundtable networking sessions at this event allowed maximum interaction between the attendees, key agency staff, and the agency's prime contract vendors.
- The TLC sponsored one mentor-protégé relationship during FY 2011.
- The TLC maintained a minority retailer percentage of more than 40 percent for the fifth consecutive year. This represents a retailer participation of more than twice the established goal.



FISCAL YEAR 2011 MINORITY/HUB EXPENDITURE SUMMARY

TABLE A

I. DIRECT MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	DIRECT EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$33,314	0.02%	
HISPANIC AMERICAN	\$674,336	0.45%	
ASIAN AMERICAN	\$54,982	0.04%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$ 502,325	0.33%	
TOTAL	\$1,264,957	0.84%	\$150,939,212

II. PRIME CONTRACTOR MINORITY/HUB SUBCONTRACTING EXPENDITURES

MINORITY/HUB GROUP	SUBCONTRACTING EXPENDITURES	% OF NON-MINORITY/ NON-HUB TOTAL	TOTAL NON-MINORITY/ NON-HUB EXPENDITURES
AFRICAN AMERICAN	\$6,513,160	4.35%	
HISPANIC AMERICAN	\$7,826,954	5.23%	
ASIAN AMERICAN	\$105,806	0.07%	
NATIVE AMERICAN	\$O	0.00%	
AMERICAN WOMEN	\$24,992,272	16.70%	
TOTAL	\$39,438,192	26.35%	\$149,674,255

III. GRAND TOTAL OF MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	MINORITY/HUB EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$6,546,474	4.34%	
HISPANIC AMERICAN	\$8,501,290	5.63%	
ASIAN AMERICAN	\$160,788	0.11%	
NATIVE AMERICAN	\$O	0.00%	
AMERICAN WOMEN	\$25,494,597	16.89%	
GRAND TOTAL	\$40,703,149	26.97 %	\$150,939,212

NOTE: Fiscal Year expenditures were based on the reportable expenditure object codes utilized by the Comptroller of Public Accounts (CPA) for the State of Texas HUB Report. Minority/HUB expenditures were derived from the Fiscal Year 2011 Annual Historically Underutilized Business (HUB) Report plus Texas Lottery Commission spending with minority and women-owned businesses (direct and indirect) who were not HUB certified during FY 2011.

FISCAL YEAR 2011 MINORITY/HUB ACCOMPLISHMENTS

The Texas Lottery Commission promotes fair and competitive business opportunities for minority businesses/HUBs interested in contracting with the agency and its major contractors. The TLC conducted an effective program during FY 2011 to inform and educate minority businesses/HUBs about opportunities to provide supplies, equipment, and services for the operation of the agency and to serve as licensed sales agents. The following sections detail some of the TLC's achievements in FY 2011.

INCLUSION IN PROCUREMENTS

The TLC's procurement-related initiatives included:

- Participating in forums and other outreach events to inform minority/HUB vendors about the TLC's contracting and subcontracting opportunities.
- Hosting an annual HUB forum to present procurement-related information to minority/ HUB vendors and provide networking opportunities.
- Determining the probability of subcontracting and identifying potential minority/HUB subcontracting opportunities for contracts with an expected value of \$100,000 or more.
- Evaluating good-faith-effort compliance with HUB subcontracting plan requirements.
- Monitoring contracts with an expected value of \$100,000 or more to ensure subcontracting plan compliance.
- Providing procurement opportunities at HUB Forums and other outreach events.
- Hosting meetings with interested vendors to assist them in becoming familiar with the TLC's procurement processes.
- Conducting post-contract award follow-up with prime vendors to discuss subcontracting plan requirements.
- Assisting eligible vendors to become certified as HUBs.

Bids/Proposals Received and Contracts Awarded:

During FY 2011, the TLC received 60 competitive bids and proposals from HUB vendors, which represented over 46 percent of all responses. Overall, the agency awarded 151 total contracts to HUB vendors, 89 of which were awarded to minority-owned HUBs. These included contracts resulting from noncompetitive "spot purchases," informal and formal quotes, bids, offers, and proposals received from HUB vendors.



OUTREACH ACTIVITIES

Advertisements: During FY 2011, the TLC ran print advertisements to promote its HUB program and to publicize minority/HUB outreach events in minority-owned newspapers. Examples of the types of advertising placed are available in Appendix E (page 27).

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

Website: Information about the the TLC's Minority/HUB Program is available via the agency's website (**www.txlottery.org**), which also provides links to Statewide HUB Program information.

Forums: In accordance with legislative mandates, the TLC participated in conferences, forums and vendor fairs to provide information regarding the agency's procurement opportunities. As part of the TLC's outreach program, staff attended Economic Opportunity Forums (EOFs) sponsored by state agencies and/or other governmental entities. These included forums presented by the Texas Procurement and Support Services (TPASS) division of the Comptroller of Public Accounts (CPA). In addition, the TLC participated in a number of forums, conferences and other events coordinated by other state agencies and/or small, minority- and woman-owned business organizations. A summary of the agency's outreach efforts is provided in Appendix C (page 24) of this report.

The TLC conducted its Annual HUB Forum on June 7, 2011, in Austin. The forum drew minority- and woman-owned companies from throughout the state. Texas Lottery Commission presenters provided an overview of the agency's procurement opportunities and processes, as well as other information to assist HUBs. The agency offered roundtable networking sessions for the fifth consecutive year, which provided attendees with the opportunity to meet face-to-face with agency management/staff, and representatives from the TLC's major contractors. Vendors who attend the TLC forum consistently provide positive feedback regarding the roundtable format and the opportunity to directly network with agency staff and contractors.

Subcontracting Opportunities: In FY 2011, the TLC continued to identify subcontracting opportunities for minority/HUB vendors and to monitor HUB Subcontracting Plan requirements.

MENTOR-PROTÉGÉ PROGRAM

In accordance with Texas Government Code, Section 2161.065, all state agencies with biennial budgets of more than \$10 million are required to have a Mentor-Protégé Program. The purpose of the Mentor-Protégé Program is to foster long-term relationships between prime contractors and HUBs. The ultimate goal of the program is to provide developmental assistance to HUBs that will potentially increase their ability to contract directly with the state and/or to obtain subcontract opportunities under a state contract.

FISCAL YEAR 2011 MINORITY/HUB ACCOMPLISHMENTS

The TLC sponsored one mentor-protégé relationship during FY 2011. The Mentor-Protégé Program is an ongoing initiative of the TLC. All relationships among mentors, protégés and the program sponsor are voluntary, and participation in the agency's Mentor-Protégé Program is neither a guarantee for a contract opportunity nor a promise of business.

MENTOR	PROTÉGÉ	EFFECTIVE DATE	TERMINATION DATE
GTECH CORPORATION	BUSINESS ASSETS ENTERPRISES, LP	12/05/07	12/05/11

HUB DISCUSSION WORKGROUP

The TLC participates in the HUB Discussion Workgroup, an established group of HUB Coordinators from state agencies and institutions of higher education that meets on a regular basis. The workgroup shares "best practices" and ideas, sponsors outreach events, and provides input to the CPA on methods to improve the state's HUB Program.

CONTRACTOR SUPPORT

Major contractors are encouraged to include minority businesses and HUBs when purchasing goods and/or services related to the fulfillment of their contracts with the TLC. When the TLC determines that subcontracting is probable for contracts with an expected value of \$100,000 or more, respondents must perform outreach activities and meet subcontracting plan requirements. The state's Centralized Master Bidders List and HUB Directory are key resources available to the TLC's major contractors for identifying HUBs that may be capable of performing subcontracting opportunities. Many of the TLC's largest contractors also participated in the TLC's FY 2011 HUB Forum, providing information and networking opportunities to potential HUB subcontractors. Through these efforts, the agency's major contractors who offered subcontracting opportunities to minority businesses and HUBs achieved the following results in FY 2011:

	MINORITY/HUB SUBCONTRACTING EXPENDITURES*
TLP, INC. DBA TRACY LOCKE AND LATIN WORKS	\$30,587,546
GTECH CORPORATION	\$4,857,632
SCIENTIFIC GAMES INTERNATIONAL, INC.	\$3,672,454
POLLARD BANKNOTE, LTD.	\$227,144
DAVILA, BUSCHHORN, & ASSOCIATES, P.C.	\$101,250
GTECH PRINTING CORPORATION	\$36,173
IPSOS-REID CORPORATION	\$28,736
SIERRA GROUP	\$6,376

TABLE B

*Amounts have been rounded to the nearest dollar.

FISCAL YEAR 2011 MINORITY/HUB ACCOMPLISHMENTS

RANK AMONG LARGEST-SPENDING AGENCIES

For FY 2011, the Texas Lottery Commission ranked 19th in terms of overall expenditures captured by the CPA's *Fiscal Year 2011 Annual Historically Underutilized Business (HUB) Report*. Of the 19 largest-spending agencies, the TLC ranked 3rd by overall HUB percentage (see Table C).

TABLE C

ANNUAL FISCAL YEAR 2011 HUB REPORT

NINETEEN LARGEST-SPENDING AGENCIES RANKED BY OVERALL HUB PERCENTAGE

RANK	AGENCY NAME	TOTAL EXPENDITURES	HUB EXPENDITURES	HUB PERCENTAGE
1	TEXAS A & M UNIVERSITY SYSTEM	\$438,008,263	\$139,809,005	31.92%
2	TEXAS A & M UNIVERSITY	\$153,338,772	\$42,898,353	27.98%
3	TEXAS LOTTERY COMMISSION	\$150,939,213	\$40,680,561	26.95%
4	UNIVERSITY OF TEXAS SYSTEM	\$617,780,171	\$154,103,865	24.94%
5	UNIVERSITY OF HOUSTON	\$209,413,982	\$43,937,018	20.98%
6	TEXAS TECH UNIVERSITY	\$160,782,825	\$32,845,743	20.43%
7	TEXAS HEALTH & HUMAN SERVICES COMMISSION	\$710,375,927	\$138,686,329	19.52%
8	TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES	\$159,376,480	\$27,528,288	17.27%
9	TEXAS DEPARTMENT OF STATE HEALTH SERVICES	\$340,922,755	\$57,498,566	16.87%
10	UNIVERSITY OF TEXAS AT AUSTIN	\$311,436,814	\$52,242,339	16.77%
11	TEXAS DEPARTMENT OF PUBLIC SAFETY	\$181,088,373	\$27,730,742	15.31%
12	UT SOUTHWESTERN MEDICAL CENTER AT DALLAS	\$455,048,611	\$60,206,739	13.23%
13	TEXAS EDUCATION AGENCY	\$166,372,620	\$20,871,207	12.54%
14	UNIVERSITY OF TEXAS MEDICAL BRANCH	\$358,833,325	\$35,826,839	9.98%
15	TEXAS DEPARTMENT OF TRANSPORTATION	\$4,716,624,187	\$447,068,894	9.48%
16	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	\$281,051,972	\$26,369,027	9.38%
17	GENERAL LAND OFFICE	\$164,869,617	\$14,199,352	8.61%
18	UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER	\$1,084,181,081	\$85,033,526	7.84%
19	FISCAL REPORTING - TREASURY	\$156,389,389	\$-	0.00%

Note: The largest-spending agencies are determined by total expenditures made for object codes which are reportable in the CPA's *Fiscal Year* 2011 Annual Historically Underutilized Business (HUB) Report. The state does not have an overall HUB goal, but utilizes six procurement category goals, in accordance with the State Disparity Study. **These figures are for HUB utilization only, and do not include expenditures** made to uncertified minority or woman-owned businesses, which are included in the Texas Lottery Commission's totals elsewhere in this report. These figures are unaudited.

MINORITY RETAILERS

The Texas Lottery Commission's minority retailer base consistently exceeds its statutory goal of 20 percent. In FY 2011, the agency's minority retailers numbered 7,173, which represented 42.65 percent of the Texas Lottery's total retailer base (see Figure 4 and Appendix B). This represents a slight increase from the previous fiscal year. In addition, the agency has maintained a minority retailer percentage of more than 40 percent for the past five fiscal years.

FISCAL YEAR 2012 RECOMMENDED IMPROVEMENTS

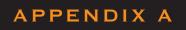
- Implement new statewide HUB rules, forms and procedures.
- Establish new procedure for setting agency-specific HUB goals.
- Continue building on new methods for educating vendors about HUB subcontracting plan preparation.
- Enhance the Commission's Mentor-Protégé Program and develop new mentor-protégé relationships.
- Develop new ideas for ways in which contractors can interact with potential minority/HUB subcontractors.
- Incorporate new ideas to expand the agency's Annual HUB Forum.
- Increase HUB Program visibility by providing more information and/or training opportunities to TLC staff.
- Maintain participation in the HUB Discussion Workgroup.





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DEFINITIONS

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

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

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

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

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

"ECONOMICALLY DISADVANTAGED" person means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, and Native Americans, and who has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.



DEFINITIONS

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

HUB SUBCONTRACTING PLAN: As defined by Texas Administrative Code Title 34, Part 1, Chapter 20, Subchapter B, Rule §20.11, a HUB subcontracting plan is "written documentation regarding the use of HUB subcontractors, which is required by a state agency in procurements with an expected value of \$100,000 or more which a potential contractor/vendor must prepare and return with their bid, proposal, offer, or other applicable expression of interest. The HUB subcontracting plan subsequently becomes a provision of the contract awarded as a result of the procurement process."

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

SALES AGENT OR SALES AGENCY: As defined in Texas Government Code §466.002(9), "sales agent" or "sales agency" means a person licensed under this chapter to sell tickets.

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

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

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



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
ANDERSON	39	10	25.64%
ANDREWS	10	0	0.00%
ANGELINA	61	12	19.67%
ARANSAS	22	7	31.82%
ARCHER	8	0	0.00%
ARMSTRONG	2	0	0.00%
ATASCOSA	34	17	50.00%
AUSTIN	31	20	64.52%
BAILEY	6	0	0.00%
BANDERA	11	3	27.27%
BASTROP	59	20	33.90%
BAYLOR	4	0	0.00%
BEE	17	5	29.41%
BELL	204	63	30.88%
BEXAR	930	471	50.65%
BLANCO	15	7	46.67%
BORDEN	0	0	0.00%
BOSQUE	29	12	41.38%
BOWIE	54	10	18.52%
BRAZORIA	177	111	62.71%
BRAZOS	129	85	65.89%
BREWSTER	9	2	22.22%
BRISCOE	2	0	0.00%
BROOKS	6	2	33.33%
BROWN	34	3	8.82%
BURLESON	23	14	60.87%
BURNET	37	14	37.84%
CALDWELL	24	8	33.33%
CALHOUN	18	9	50.00%
CALLAHAN	10	1	10.00%
CAMERON	193	52	26.94%
CAMP	13	1	7.69%
CARSON	6	1	16.67%
CASS	24	4	16.67%
CASTRO	7	0	0.00%
CHAMBERS	29	11	37.93%
CHEROKEE	43	19	44.19%
CHILDRESS	7	1	14.29%
CLAY	6	0	0.00%
COCHRAN	6	1	16.67%
COKE	3	0	0.00%
COLEMAN	9	1	11.11%
COLLIN	291	114	39.18%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
COLLINGSWORTH	3	0	0.00%
COLORADO	26	12	46.15%
COLOKADO	72	9	12.50%
COMANCHE	14	1	7.14%
CONCHO	5	0	0.00%
COOKE	37	13	35.14%
CORYELL	31	9	29.03%
COTTLE	2	0	0.00%
CRANE	5	0	0.00%
CROCKETT	5	1	20.00%
CROSBY	8	0	0.00%
CULBERSON	9	2	22.22%
DALLAM	11	0	0.00%
DALLAS	1617	813	50.28%
DAWSON	7	0	0.00%
DEAF SMITH	14	0	0.00%
DELTA	3	2	66.67%
DENTON	271	110	40.59%
DE WITT	15	3	20.00%
DICKENS	3	0	0.00%
DIMMIT	10	6	60.00%
DONLEY	5	0	0.00%
DUVAL	12	7	58.33%
EASTLAND	24	3	12.50%
ECTOR	97	14	14.43%
EDWARDS	3	1	33.33%
ELLIS	95	26	27.37%
EL PASO	393	99	25.19%
ERATH	27	6	22.22%
FALLS	16	6	37.50%
FANNIN	26	11	42.31%
FAYETTE	25	5	20.00%
FISHER	3	0	0.00%
FLOYD	5	1	20.00%
FOARD	1	0	0.00%
FORT BEND	228	145	63.60%
FRANKLIN	6	1	16.67%
FREESTONE	25	5	20.00%
FRIO	20	7	35.00%
GAINES	10	1	10.00%
GALVESTON	267	179	67.04%
GARZA	5	0	0.00%
GILLESPIE	13	1	7.69%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
GLASSCOCK	1	0	0.00%
GOLIAD	5	1	20.00%
GONZALES	18	9	50.00%
GRAY	18	3	16.67%
GRAYSON	104	40	38.46%
GREGG	141	30	21.28%
GRIMES	26	14	53.85%
GUADALUPE	73	24	32.88%
HALE	24	1	4.17%
HALL	7	0	0.00%
HAMILTON	9	1	11.11%
HANSFORD	4	0	0.00%
HARDEMAN	6	0	0.00%
HARDIN	59	7	11.86%
HARRIS	3227	2260	70.03%
HARRISON	52	11	21.15%
HARTLEY	0	0	0.00%
HASKELL	6	0	0.00%
HAYS	78	12	15.38%
HEMPHILL	5	0	0.00%
HENDERSON	59	22	37.29%
HIDALGO	346	154	44.51%
HILL	41	3	7.32%
HOCKLEY	14	1	7.14%
HOOD	47	7	14.89%
HOPKINS	27	8	29.63%
HOUSTON	21	5	23.81%
HOWARD	29	2	6.90%
HUDSPETH	3	2	66.67%
HUNT	67	31	46.27%
HUTCHINSON	19	1	5.26%
IRION	3	0	0.00%
JACK	8	1	12.50%
JACKSON	18	8	44.44%
JASPER	40	5	12.50%
JEFF DAVIS	2	0	0.00%
JEFFERSON	248	75	30.24%
JIM HOGG	5	2	40.00%
JIM WELLS	49	19	38.78%
JOHNSON	103	33	32.04%
JONES	9	0	0.00%
KARNES	14	1	7.14%
KAUFMAN	94	43	45.74%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
KENDALL	24	8	33.33%
KENEDY	0	0	0.00%
KENT	0	0	0.00%
KERR	37	1	2.70%
KIMBLE	11	1	9.09%
KING	0	0	0.00%
KINNEY	3	0	0.00%
KLEBERG	30	15	50.00%
KNOX	4	0	0.00%
LAMAR	42	18	42.86%
LAMB	14	0	0.00%
LAMPASAS	14	4	28.57%
LA SALLE	7	1	14.29%
LAVACA	21	4	19.05%
LEE	15	5	33.33%
LEON	28	6	21.43%
LIBERTY	76	40	52.63%
LIMESTONE	24	6	25.00%
LIPSCOMB	4	0	0.00%
LIVE OAK	17	3	17.65%
LLANO	21	1	4.76%
LOVING	0	0	0.00%
LUBBOCK	149	21	14.09%
LYNN	3	0	0.00%
MADISON	11	6	54.55%
MARION	14	4	28.57%
MARTIN	1	0	0.00%
MASON	5	1	20.00%
MATAGORDA	37	18	48.65%
MAVERICK	26	10	38.46%
MCCULLOCH	10	0	0.00%
MCLENNAN	196	73	37.24%
MCMULLEN	1	0	0.00%
MEDINA	32	6	18.75%
MENARD	3	0	0.00%
MIDLAND	74	4	5.41%
MILAM	24	4	16.67%
MILLS	4	0	0.00%
MITCHELL	5	0	0.00%
MONTAGUE	19	5	26.32%
MONTGOMERY	287	177	61.67%
MOORE	18	2	11.11%
MORRIS	14	2	14.29%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
MOTLEY	3	0	0.00%
NACOGDOCHES	54	15	27.78%
NAVARRO	43	17	39.53%
NEWTON	15	2	13.33%
NOLAN	19	0	0.00%
NUECES	230	65	28.26%
OCHILTREE	6	0	0.00%
OLDHAM	2	1	50.00%
ORANGE	70	9	12.86%
PALO PINTO	38	4	10.53%
PANOLA	16	4	25.00%
PARKER	60	14	23.33%
PARMER	8	0	0.00%
PECOS	22	8	36.36%
POLK	35	17	48.57%
POTTER	102	33	32.35%
PRESIDIO	8	1	12.50%
RAINS	14	5	35.71%
RANDALL	44	9	20.45%
REAGAN	3	0	0.00%
REAL	4	1	25.00%
RED RIVER	15	6	40.00%
REEVES	9	2	22.22%
REFUGIO	10	2	20.00%
ROBERTS	2	0	0.00%
ROBERTSON	24	10	41.67%
ROCKWALL	36	11	30.56%
RUNNELS	16	0	0.00%
RUSK	29	8	27.59%
SABINE	14	0	0.00%
SAN AUGUSTINE	10	2	20.00%
SAN JACINTO	17	14	82.35%
SAN PATRICIO	69	21	30.43%
SAN SABA	7	0	0.00%
SCHLEICHER			0.00%
SCURRY SHACKELFORD	13 5	0	0.00%
SHELBY	20	5	25.00%
SHERMAN	20	0	0.00%
SMITH	136	58	42.65%
SOMERVELL	10	2	20.00%
STARR	40	23	57.50%
STEPHENS	7	0	0.00%
UTERTIER (U	,	Ŭ	0.0070



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
STERLING	1	0	0.00%
STONEWALL	2	0	0.00%
SUTTON	9	0	0.00%
SWISHER	5	0	0.00%
TARRANT	1140	420	36.84%
TAYLOR	108	2	1.85%
TERRELL	1	0	0.00%
TERRY	9	0	0.00%
THROCKMORTON	2	0	0.00%
TITUS	27	8	29.63%
TOM GREEN	73	3	4.11%
TRAVIS	599	150	25.04%
TRINITY	19	8	42.11%
TYLER	15	1	6.67%
UPSHUR	17	4	23.53%
UPTON	4	0	0.00%
UVALDE	25	5	20.00%
VAL VERDE	23	6	26.09%
VAN ZANDT	36	10	27.78%
VICTORIA	63	15	23.81%
WALKER	49	30	61.22%
WALLER	38	24	63.16%
WARD	12	0	0.00%
WASHINGTON	33	11	33.33%
WEBB	131	41	31.30%
WHARTON	50	29	58.00%
WHEELER	7	0	0.00%
WICHITA	104	29	27.88%
WILBARGER	10	1	10.00%
WILLACY	13	6	46.15%
WILLIAMSON	179	53	29.61%
WILSON	26	8	30.77%
WINKLER	6	0	0.00%
WISE	44	17	38.64%
WOOD	28	8	28.57%
YOAKUM	7	0	0.00%
YOUNG	18	6	33.33%
ZAPATA	13	9	69.23%
ZAVALA	11	8	72.73%
TOTAL	16,817	7,173	42.65%



FISCAL YEAR 2011 HUB, MINORITY AND SMALL BUSINESS OUTREACH EVENTS

I. STATE ECONOMIC OPPORTUNITY FORUMS	LOCATION
HEALTH AND HUMAN SERVICES COMMISSION HUB FORUM	AUSTIN
11TH ANNUAL PURCHASING AND HUB CONNECTION FORUM (TEXAS WORK- FORCE COMMISSION AND TEACHER RETIREMENT SYSTEM)	AUSTIN
"FROM A PURCHASER'S POINT OF VIEW" WORKSHOP AND NETWORKING SESSION PRESENTED BY TEXAS PROCUREMENT AND SUPPORT SERVICES	AUSTIN
TEXAS FACILITIES COMMISSION/DEPARTMENT OF PUBLIC SAFETY/HEALTH AND HUMAN SERVICES COMMISSION HUB OUTREACH AND EDUCATIONAL EXPO	AUSTIN
UT HUB VENDOR FAIR	AUSTIN
TEXAS DEPARTMENT OF TRANSPORTATION SMALL BUSINESS BRIEFING	FORT WORTH
"DOING BUSINESS TEXAS STYLE" AT ACCESS 2011	IRVING
TEXAS PROCUREMENT AND SUPPORT SERVICES 2011 PROCUREMENT CONNECTION SEMINAR AND EXPO	AUSTIN
TEXAS DEPARTMENT OF TRANSPORTATION SMALL BUSINESS BRIEFING	SAN ANTONIO
15TH ANNUAL PROCUREMENT CONFERENCE - UNIVERSITY OF TEXAS ARLINGTON	ARLINGTON
II. TEXAS LOTTERY COMMISSION FORUMS	
TEXAS LOTTERY COMMISSION ANNUAL HUB FORUM	AUSTIN
III. VENDOR FAIRS, CONFERENCES & PROCUREMENT EVENTS	
TEXAS ASSOCIATION OF AFRICAN AMERICAN CHAMBERS OF COMMERCE (TAAACC) ANNUAL CONFERENCE	ROUND ROCK
TEXAS ASSOCIATION OF MEXICAN AMERICAN CHAMBERS OF COMMERCE (TAMACC) 35TH ANNUAL BUSINESS CONFERENCE	AUSTIN
TEXAS ASSOCIATION OF MEXICAN AMERICAN CHAMBERS OF COMMERCE (TAMACC) EDUCATIONAL DEVELOPMENT FOUNDATION CONFERENCE	DALLAS
10TH ANNUAL SMALL, MINORITY, WOMAN AND VETERAN BUSINESS OWNER'S CONFERENCE	SAN ANTONIO
CITY OF AUSTIN SMALL BUSINESS DEVELOPMENT'S 10 YEAR ANNIVERSARY RECEPTION	AUSTIN
GOVERNMENT PROCUREMENT CONNECTIONS	HOUSTON

WORKFORCE DIVERSITY HUMAN RESOURCES STATEMENT

The Commission strives to ensure that its employee population reflects the ethnic and gender composition of the state of Texas. A workforce comprising nearly 64 percent women and 43 percent minorities is the result of our aggressive approach to equal opportunity practices (see table below).

The Commission takes great pride in its workforce diversity. Efforts to maintain and enhance this diversity are apparent in the open and fair availability of employment opportunities to all members of the public, as well as to Commission employees. Commission staff is expected to treat others with respect, regardless of individual differences and lifestyle choices. The Commission recognizes that maintaining a diverse workforce plays a role in reaching our goal of increased minority participation. This recognition of the value of employee uniqueness is an important factor in the Commission's overall effectiveness.

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

- Encouraging a TEAM Approach
- Emphasizing employment recruiting and retention
- Monitoring workforce demographics
- Defining management roles and responsibilities
- Equal Employment Opportunity (EEO) training for management

TEXAS LOTTERY COMMISSION WORKFORCE

TEXAS LOTTERY EMPLOYEES BY ETHNICITY AS OF AUGUST 31, 2011

ETHNICITY	NUMBER OF EMPLOYEES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	39	11.85%
HISPANIC AMERICAN	96	29.18%
ASIAN AMERICAN	8	2.44%
NATIVE AMERICAN	1	0.30%
TOTAL MINORITIES	144	43.77%
CAUCASIAN	185	56.23%
TOTAL EMPLOYEES	329	100%

TEXAS LOTTERY EMPLOYEES BY GENDER AS OF AUGUST 31, 2011

ETHNICITY	NUMBER OF MALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	11	3.34%
HISPANIC AMERICAN	29	8.82%
ASIAN AMERICAN	4	1.22%
NATIVE AMERICAN	1	0.30%
CAUCASIAN	74	22.49%
TOTAL MALES	119	36.17%
ETHNICITY	NUMBER OF FEMALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	28	8.51%
HISPANIC AMERICAN	67	20.36%
ASIAN AMERICAN	4	1.22%
NATIVE AMERICAN	0	0.0%
CAUCASIAN	111	33.74%
TOTAL FEMALES	210	63.83%
TOTAL AGENCY EMPLOYEES	329	100%





The Texas Lottery Commission is committed to including Historically Underutilized Businesses (HUBs) in its procurement opportunities. Your minority- or woman-owned company may qualify to be certified as a Historically Underutilized Business (HUB) with the State of Texas.

For information about state certification and Texas Lottery procurement opportunities, contact our HUB Coordinator, Joyce Bertolacini at (512) 344-5293 or joyce.bertolacini@lottery.state.tx.us

To learn more about the State of Texas HUB Program, visit the Texas Procurement and Support Services web page at: http://www.window.state.tx.us/procurement/prog/hub/

La certificación HUB es una idea ganadora.

La Comisión de la Lotería de Texas está comprometida a incluir a las Empresas Históricamente Subutilizadas (HUB) en las oportunidades de adquisición. Las compañías de dueños minoritarios o mujeres podrán calificar para ser certificadas como las Empresas Históricamente Subutilizadas (HUB) por el Estado de Texas.

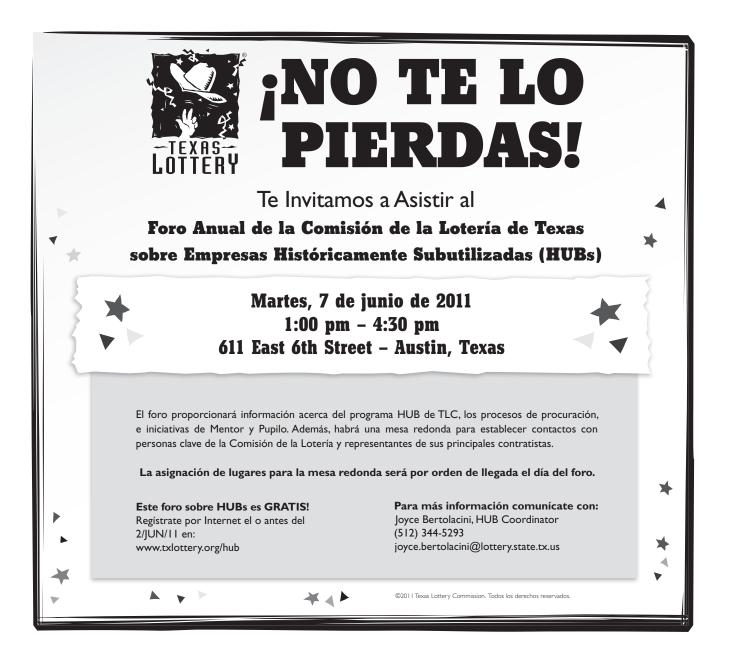
Para más información acerca de la certificación del estado y las oportunidades de adquisición de la Lotería de Texas, contacte a **Joyce Bertolacini**, su coordinador HUB al **(512) 344-5293** o a **joyce.bertolacini@lottery.state.tx.us**

Para saber más acerca del programa HUB del Estado de Texas, visite la página web de información y soporte de los servicios de adquisiciones: http://www.window.state.tx.us/procurement/prog/hub/











TEXAS LOTTERY COMMISSION

P.O. BOX 16630 AUSTIN, TEXAS 78761-6630 PHONE 512.344.5000 FAX 512.478.3682

W W W.T X L O T T E R Y. O R G W W W.T X B I N G O. O R G



AN AGENCY OF THE STATE OF TEXAS