



LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS 2012 AND 2013

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

by

Texas Lottery Commission

August 30, 2010

Legislative Appropriations Request

for Fiscal Years 2012 and 2013

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

by

Texas Lottery Commission

Commission Members

Mary Ann Williamson
David J. Schenck
J. Winston Krause

Dates of Term

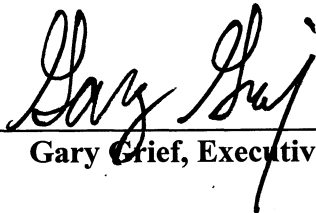
October 7, 2008 – February 1, 2015
October 17, 2007 – February 1, 2013
March 27, 2009 – February 1, 2011

Hometown

Weatherford, Texas
Dallas, Texas
Austin, Texas


Submitted: August 30, 2010

Submitted by:



Gary Grief, Executive Director

Approved by:


Mary Ann Williamson, Chairman

**Legislative Appropriations Request
for Fiscal Years 2012 and 2013
Texas Lottery Commission**

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ADMINISTRATOR'S STATEMENT
82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/3/2010**
TIME: **1:20:22PM**
PAGE: **1 of 4**

Agency code: **362**

Agency name: **Texas Lottery Commission**

Names, Terms of Office, Hometowns of Commission Members

| | | |
|---------------------|-------------------------------------|-------------|
| Mary Ann Williamson | October 7, 2008 – February 1, 2015 | Weatherford |
| David J. Schenck | October 17, 2007 – February 1, 2013 | Dallas |
| J. Winston Krause | March 27, 2009 – February 1, 2011 | Austin |

Texas Lottery Sales and Revenue

The Texas Lottery has generated well over \$17 billion for the state of Texas since the first ticket was sold in 1992. Prior to 1997, the proceeds were allocated to the General Revenue Fund. Since 1997, Texas Lottery proceeds have been transferred to the Foundation School Fund to support public education in our state. During that time, the Texas Lottery has contributed more than \$12 billion to the Foundation School Fund, and of that total, approximately \$1 billion was contributed in FY 2009, making it the sixth time the agency has reached the \$1 billion mark since 1998. Other Texas Lottery funds such as unclaimed prizes revert back to the state for programs authorized by the Texas Legislature. Beginning Fiscal Year 2010, Texas Lottery proceeds from the sale of certain instant ticket games also benefit the Fund for Veterans Assistance. Including unclaimed prize money, total revenue transferred to the state in FY2009 was \$1.04 billion, with \$1.00 billion going to the Foundation School Fund.

As noted above, in addition to transfers to the Foundation School Fund, the Texas Lottery Commission also contributes revenue from other sources such as unclaimed prizes and collection of debts owed to the state. During FY 2009, the Commission transferred \$43.1 million in unclaimed prizes to the state. This brings the unclaimed prize transfer total to \$523.8 million since the first statutory change addressing unclaimed prizes was made in 1999. The biggest beneficiary to date from unclaimed prizes has been the General Revenue Fund, which has received \$212.1 million. The Commission also assists in collecting debts owed to the state of Texas. Before the Commission pays a claimant his or her prize, agency staff checks to ensure that the winner does not have outstanding debts to the state. This effort has garnered more than \$4 million for the state over the past five years to satisfy debt that might have otherwise gone unpaid.

Charitable Bingo Revenue and Business Activities

Since the first licenses were issued in 1982, charitable bingo has had positive benefits for charities, players, and state, county and municipal governments in Texas. Gross receipts from the conduct of charitable bingo total more than \$15 billion, bingo prizes awarded have been in excess of \$11 billion, deposits to the General Revenue Fund have exceeded \$413 million and allocations to local jurisdictions have totaled approximately \$238.1 million. By the end of calendar year 2009, the total amount of charitable distributions from the conduct of bingo exceeded \$937 million.

Lottery Administrative Expenses

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

A major part of the agency's budget is concentrated in the Lottery Operations Division budget, which includes the commission paid to the lottery operator. The current lottery operator contract was effective October 10, 2001, and includes a current compensation rate to the lottery operator of 2.6999 percent of gross sales. The contract expires August 31, 2011. This is by far the largest contract managed by the agency. In FY 2009, the lottery operator received \$99.6 million in compensation from the agency.

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As the expiration of the current lottery operator contract drew near, the Texas Lottery Commission procured consultant services to provide expertise and assistance in analyzing and exploring options available for the delivery of core lottery business functions and developing the resulting new lottery operator procurement documentation. The agency also utilized the assistance of the Office of the Attorney General, the Comptroller of Public Accounts, outside counsel and internal resources. As a result, the agency released a Request for Proposal in January 2010 for lottery operations services and equipment. It is the agency's intent to announce the apparent successful proposer in late 2010.

Exceptional Items

The Commission has submitted 5 Exceptional Items amounting to \$4.2 million. The Exceptional Items have been prioritized in accordance with the agency's goal structure to allow for continued regulatory and revenue generating functions, provide essential services and allow for potential growth in Lottery revenue. A summary of each Exceptional Item follows:

Exceptional Item 1, Lottery Drawing Studio air conditioning system. This project in the amount of \$55,000 will provide replacement HVAC units for the agency's Lottery Drawings Studio. The project supports the agency's goal to Operate the Lottery by protecting mission critical equipment for the agency's lottery drawing function. These units for the Lottery Drawing Studio are needed to replace three units that have reached the end of their useful life. New lottery games and equipment have been added in recent years without increasing the air conditioning equipment capacity. The existing air conditioning units are operating at the maximum levels of their designed operating range. If this project is postponed, mission critical equipment for the agency's lottery drawing function could be at risk if the existing air conditioning units fail.

Exceptional Item 2, Bingo 5% Restoration. Funding for this item would provide for restoration of the 5% budget reduction in the amount of \$289,798 and two FTE's in the Bingo Division, one in Bingo Law Compliance Field Operations and one in Bingo Licensing. The increase in GR appropriation would be supported by fee increases to Bingo Operators and Lessors.

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

Additionally, the functions of the Bingo Licensing Program include the licensing of persons identified pursuant to the Bingo Enabling Act and the registration of individuals on the Registry of Approved Bingo Workers. The Licensing Department procedures for reviewing a Bingo license application or registration enhance quality and consistency of the process and strive to ensure eligibility of the applicant. This program promotes communication and cooperation between licensees and the CBOD so that qualified applicants and licensees know of Bingo Enabling Act and Charitable Bingo Administrative Rule requirements.

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

Exceptional Item 3, Oracle WebLogic Suite. This project in the amount of \$80,000 will replace Oracle Application Server which supports the agency's core technology applications. This software platform is being phased out by the manufacturer and replaced with Oracle's WebLogic Suite. The project supports the agency's goal to Operate the Lottery and Enforce Bingo Laws by ensuring technology applications used on a daily basis for business operations are operational and secure. The

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maintenance and support being provided by the manufacturer for the current software platform will end in December 2010. Continuing to use this software platform puts agency core applications at risk, since the manufacturer will no longer provide software fixes, patches or security updates.

Exceptional Item 4, Automated Charitable Bingo System (ACBS) Redesign. This project in the amount of \$2.5 million will redesign the Automated Charitable Bingo System (ACBS). Since implementation, there have been numerous changes to business processes including system application changes. The current toolset used to support ACBS will be out of support in 2013. Because of the requirement to convert to another toolset, and in order to meet the ongoing needs of the Charitable Bingo Program, it is necessary to redesign and convert the existing system. The ACBS is used daily by agency staff for the administration and management of the Charitable Bingo program. The increase in GR appropriation would be supported by a one-time fee increase to Bingo Operators and Lessors.

Exceptional Item 5, Bingo 5% Restoration, Bingo Prize Fee Allocation. Funding for this item would provide for restoration of the 5% budget reduction of the Bingo Prize Fee Allocation in the amount of \$1,263,550. Section 2001.503 of the Texas Occupations Code provides for a quarterly allocation to counties and cities of bingo prize fees collected by the Commission. These payments are based on bingo prize fees collected at counties and cities that impose a gross receipts tax on the conduct of bingo. Statute entitles these local jurisdictions to 50% of the fees collected by the Commission. If funding were not restored, the Commission will be in violation of Section 2001.503 of the Texas Occupations Code that provides for a quarterly allocation to counties and cities of bingo prize fees collected by the Commission.

Rider Revisions

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

A revision to Rider 11, Lottery Operator Contract is requested to amend with new contractual billing terms. The billing percentage rate will be determined in the new Lottery Operator Contract to be awarded in late 2010.

New Rider 701 is requested to appropriate the Commission the third party reimbursements collected by the Bingo division in accordance with Texas Occupations Code Section 2001.205(b), 2001.209(b), 2001.437(e) and 2001.560(d).

The Commission also requests the addition of two new Riders that are contingent upon the approval of Exceptional Items 2 and 4 relating to the funding of the restoration of the 5% budget reduction and the Automated Charitable Bingo System (ACBS) for FY 2012-13. The rider associated with the 5% budget reduction would appropriate funds from fee increases to Bingo Operators/Lessors to fund the exceptional item. The rider associated with the ACBS would appropriate funds from a one-time fee increase to the Bingo Operators/Lessors to fund the new system.

10% General Revenue-Related Base Reduction

The Commission's 10% reduction amount for General Revenue and General Revenue Dedicated Accounts follows:

| | |
|----------------------------|---|
| General Revenue: | \$2,951,361 of \$29,513,613 appropriation |
| General Revenue Dedicated: | \$42,005,906 of \$420,059,058 appropriation |

Outlined below is the proposed \$2.95 million reduction for the Bingo program funded by General Revenue.

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The agency is not able to comply with the 10% reduction amount for General Revenue Dedicated account as this account has been exempted for use on the 10% Base Reduction Schedule. We are not able to propose General Revenue funds for this reduction as the General Revenue Dedicated requirement of \$42.0 million is greater than the agency's total General Revenue appropriation.

In order to achieve a 10% General Revenue Base Reduction for the Bingo program, the Commission would reduce a total of 6.0 FTEs in Bingo in the areas of Bingo Law Compliance Field Operations Program and Bingo Licensing for the biennium to generate savings of \$550,616. Excluding the Bingo Prize Fee Allocation appropriation, 89% of Bingo's budget is salary related.

The Bingo Law Compliance Field Operations Program includes regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). In addition, it also conducts testing on bingo products for use in the state of Texas. The Bingo Licensing Program includes the licensing of persons identified pursuant to the Act and the registration of individuals on the Registry of Approved Bingo Workers. The elimination of these funds would result in fewer audits, inspections and investigation of license holders and increase the amount of time to process license applications and workers registered. This could result in bingo activities being conducted that are not in compliance with the Act and Rules. Additionally, the amount of prize fees and rental taxes remitted to the state could be affected as well as ensuring proceeds are used for an authorized purpose.

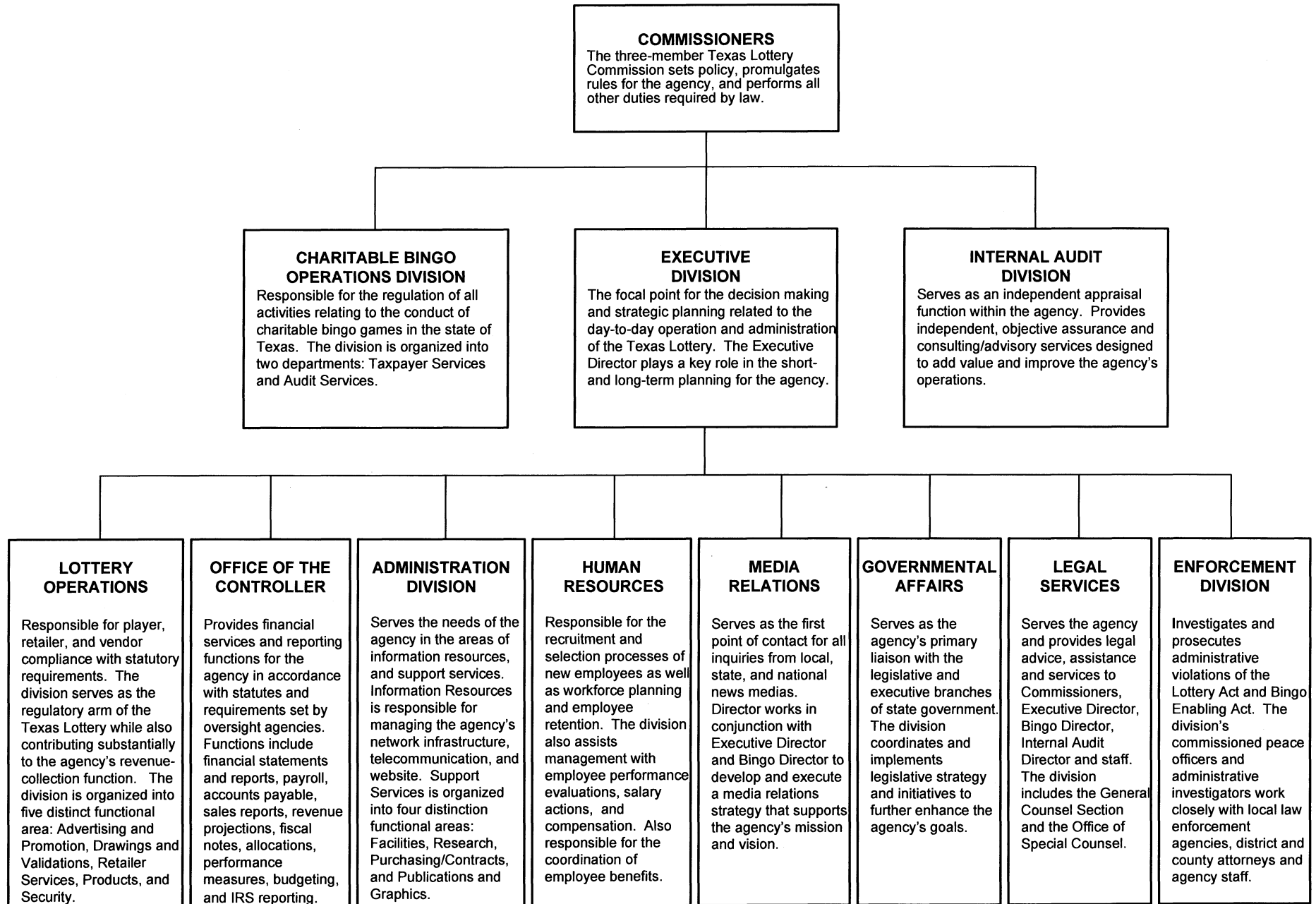
The Commission requests an exemption from the budget reduction in the amount of \$2,400,746 for the Bingo Prize Fee Allocation program. Section 2001.503 of the Texas Occupations Code provides for a quarterly allocation to counties and cities of bingo prize fees collected by the Commission. These payments are based on bingo prize fees collected at counties and cities that impose a gross receipts tax on the conduct of bingo. Statute entitles these local jurisdictions to 50% of the fees collected by the Commission.

Agency Statutory Authority to Conduct Background Checks

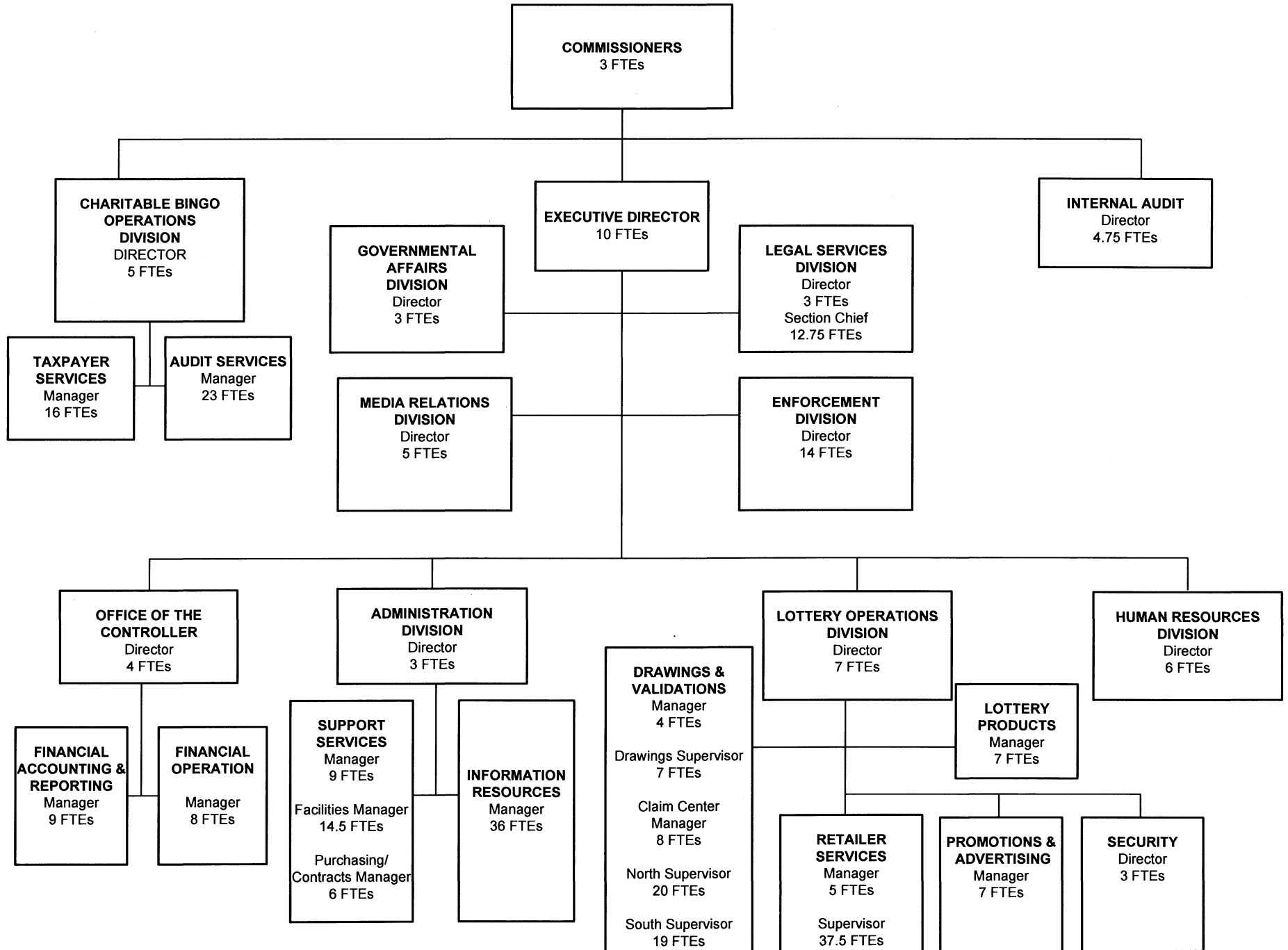
The Commission's Enforcement Division conducts background investigations of Texas Lottery applicants, bingo workers, bingo and lottery licensees, contract vendors, and contract vendor employees. Authority is granted to the Commission under Chapters 411, 466 and 467 of the Texas Government Code and the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

TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE

Descriptions



TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE
Agency FTEs 319.5





CERTIFICATE

Name: Texas Lottery Commission

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

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 7.01 (2010-11 GAA).

Handwritten signature of Gary Grief in cursive script.

Gary Grief
Executive Director

8-10-2010

Date

Handwritten signature of Mary Ann Williamson in cursive script.

Mary Ann Williamson
Chairman

8-10-2010

Date

Handwritten signature of Kathy Pyka in cursive script.

Kathy Pyka
Controller

8.10.2010

Date

2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:31:50PM

Agency code: 362 Agency name: Texas Lottery Commission

| Goal / Objective / STRATEGY | Exp 2009 | Est 2010 | Bud 2011 | Req 2012 | Req 2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 Run Self-supporting, Revenue-producing, and Secure Lottery | | | | | |
| 1 Generate Revenue through Ticket Sales | | | | | |
| 1 LOTTERY OPERATIONS | 6,852,761 | 7,323,810 | 7,186,005 | 7,316,998 | 7,402,080 |
| 2 LOTTERY FIELD OPERATIONS | 2,385,516 | 2,508,304 | 2,602,409 | 2,642,533 | 2,643,216 |
| 3 MARKETING AND PROMOTION | 4,146,181 | 4,906,311 | 4,974,223 | 5,010,411 | 5,011,026 |
| 4 SECURITY | 4,166,989 | 5,004,582 | 5,105,534 | 4,608,346 | 4,508,975 |
| 5 CENTRAL ADMINISTRATION | 11,972,460 | 14,474,150 | 13,575,516 | 13,542,950 | 12,682,251 |
| 6 LOTTERY OPERATOR CONTRACT(S) | 99,584,227 | 101,246,250 | 101,246,250 | 101,246,250 | 101,246,250 |
| 7 INSTANT TICKET PRODUCT. CONTRACT(S) | 18,165,003 | 16,600,000 | 18,000,000 | 18,000,000 | 19,500,000 |
| 8 MASS MEDIA ADVERTISING CONTRACT(S) | 29,484,133 | 32,400,000 | 32,000,000 | 32,000,000 | 32,000,000 |
| 9 DRAWING & BROADCAST CONTRACT(S) | 1,527,455 | 1,732,544 | 1,575,000 | 1,467,716 | 1,467,716 |
| 10 MARKET RESEARCH CONTRACT(S) | 633,788 | 767,000 | 931,170 | 931,170 | 931,170 |
| 11 RETAILER BONUS | 1,494,835 | 22,950,000 | 22,950,000 | 22,950,000 | 22,950,000 |
| TOTAL, GOAL 1 | \$180,413,348 | \$209,912,951 | \$210,146,107 | \$209,716,374 | \$210,342,684 |
| 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully | | | | | |
| 1 Curtail Violations of Bingo Laws/Rules | | | | | |
| 1 BINGO LICENSING | 751,975 | 924,185 | 904,930 | 832,481 | 832,481 |
| 2 BINGO EDUCATION AND DEVELOPMENT | 120,493 | 126,783 | 140,528 | 140,528 | 140,528 |
| 3 BINGO LAW COMPLIANCE FIELD OPER | 1,167,775 | 1,354,972 | 1,592,934 | 1,533,684 | 1,533,684 |
| 4 BINGO PRIZE FEE COLLECTION & ACCT | 186,014 | 215,443 | 246,388 | 246,388 | 246,388 |
| 5 BINGO PRIZE FEE ALLOCATIONS | 12,281,863 | 12,635,500 | 12,635,500 | 12,003,725 | 12,003,725 |
| TOTAL, GOAL 2 | \$14,508,120 | \$15,256,883 | \$15,520,280 | \$14,756,806 | \$14,756,806 |
| TOTAL, AGENCY STRATEGY REQUEST | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |

2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:31:50PM

Agency code: 362 Agency name: Texas Lottery Commission

| Goal / Objective / STRATEGY | Exp 2009 | Est 2010 | Bud 2011 | Req 2012 | Req 2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST* | | | | \$0 | \$0 |
| GRAND TOTAL, AGENCY REQUEST | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |
| METHOD OF FINANCING: | | | | | |
| General Revenue Funds: | | | | | |
| 1 General Revenue Fund | 14,508,120 | 15,256,883 | 15,520,280 | 14,756,806 | 14,756,806 |
| SUBTOTAL | \$14,508,120 | \$15,256,883 | \$15,520,280 | \$14,756,806 | \$14,756,806 |
| General Revenue Dedicated Funds: | | | | | |
| 5025 Lottery Acct | 180,413,348 | 209,912,951 | 210,146,107 | 209,716,374 | 210,342,684 |
| SUBTOTAL | \$180,413,348 | \$209,912,951 | \$210,146,107 | \$209,716,374 | \$210,342,684 |
| TOTAL, METHOD OF FINANCING | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |

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

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 82nd Regular Session, Agency Submission, Version 1
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DATE: 8/3/2010
 TIME: 1:32:07PM

Agency code: 362

Agency name: Texas Lottery Commission

| METHOD OF FINANCING | Exp 2009 | Est 2010 | Bud 2011 | Req 2012 | Req 2013 |
|---|--------------|--------------|--------------|--------------|--------------|
| <u>GENERAL REVENUE</u> | | | | | |
| 1 General Revenue Fund | | | | | |
| <i>REGULAR APPROPRIATIONS</i> | | | | | |
| Original Appropriation | \$0 | \$0 | \$0 | \$14,756,806 | \$14,756,806 |
| Regular Appropriations from MOF Table (2008-09 GAA) | \$15,431,376 | \$0 | \$0 | \$0 | \$0 |
| Regular Appropriations from MOF Table (2010-11 GAA) | \$0 | \$15,390,677 | \$15,390,676 | \$0 | \$0 |
| <i>RIDER APPROPRIATION</i> | | | | | |
| Art IX, Sec 17.44, Contingency Appn for HB 1474 (2010-11 GAA) | \$0 | \$156,004 | \$129,604 | \$0 | \$0 |
| Art IX, Sec 8.03, Reimbursements and Payments (2008-09 GAA) | \$67,748 | \$0 | \$0 | \$0 | \$0 |
| <i>TRANSFERS</i> | | | | | |
| Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA) | \$74,653 | \$0 | \$0 | \$0 | \$0 |
| HB 4586, Sec 89, Retention Payments | \$27,200 | \$0 | \$0 | \$0 | \$0 |
| <i>LAPSED APPROPRIATIONS</i> | | | | | |

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 82nd Regular Session, Agency Submission, Version 1
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DATE: 8/3/2010
 TIME: 1:32:20PM

Agency code: 362

Agency name: Texas Lottery Commission

| METHOD OF FINANCING | Exp 2009 | Est 2010 | Bud 2011 | Req 2012 | Req 2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>GENERAL REVENUE</u> | | | | | |
| Five Percent Reduction (2010-11 Biennium) | \$0 | \$(289,798) | \$0 | \$0 | \$0 |
| Regular Appropriations from MOF Table (2008-09 GAA) | \$(1,092,857) | \$0 | \$0 | \$0 | \$0 |
| TOTAL, General Revenue Fund | \$14,508,120 | \$15,256,883 | \$15,520,280 | \$14,756,806 | \$14,756,806 |
| TOTAL, ALL GENERAL REVENUE | \$14,508,120 | \$15,256,883 | \$15,520,280 | \$14,756,806 | \$14,756,806 |

GENERAL REVENUE FUND - DEDICATED

5025 GR Dedicated - Lottery Account No. 5025

REGULAR APPROPRIATIONS

Original Appropriation

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Original Appropriation | \$0 | \$0 | \$0 | \$209,366,904 | \$209,993,214 |
| Regular Appropriations from MOF Table (2008-09 GAA) | \$195,503,860 | \$0 | \$0 | \$0 | \$0 |
| Regular Appropriations from MOF Table (2010-11 GAA) | \$0 | \$183,361,743 | \$179,785,075 | \$0 | \$0 |

RIDER APPROPRIATION

Art IX, Sec 8.03, Reimbursements and Payments (2008-09 GAA)

| | | | | | |
|---|-----------|-----|-----|-----|-----|
| Art IX, Sec 8.03, Reimbursements and Payments (2008-09 GAA) | \$156,054 | \$0 | \$0 | \$0 | \$0 |
|---|-----------|-----|-----|-----|-----|

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 82nd Regular Session, Agency Submission, Version 1
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DATE: **8/3/2010**
 TIME: **1:32:20PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

| METHOD OF FINANCING | Exp 2009 | Est 2010 | Bud 2011 | Req 2012 | Req 2013 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>GENERAL REVENUE FUND - DEDICATED</u> | | | | | |
| Art IX, Sec 8.03, Reimbursements and Payments (2010-11 GAA) | \$0 | \$349,470 | \$809,470 | \$0 | \$0 |
| Art IX, Sec. 8.03 Reimbursements and Payments | \$0 | \$0 | \$0 | \$349,470 | \$349,470 |
| Rider 10, Retailer Incentive (2010-11 GAA) | \$0 | \$18,750,000 | \$18,750,000 | \$0 | \$0 |
| Rider 11, Lottery Operator Contract (2010-11 GAA) | \$0 | \$4,801,773 | \$6,960,342 | \$0 | \$0 |
| Rider 12, Appropriation of Increased Revenue (2010-11 GAA) | \$0 | \$2,649,965 | \$3,841,220 | \$0 | \$0 |
| <i>TRANSFERS</i> | | | | | |
| Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA) | \$601,735 | \$0 | \$0 | \$0 | \$0 |
| Government Code Section 466.015 (d) Advertising Budget Reduction | \$(2,000,000) | \$0 | \$0 | \$0 | \$0 |
| HB 4586, Sec 89, Retention Payments | \$208,600 | \$0 | \$0 | \$0 | \$0 |

LAPSED APPROPRIATIONS

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
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 TIME: 1:32:20PM

Agency code: 362

Agency name: Texas Lottery Commission

| METHOD OF FINANCING | Exp 2009 | Est 2010 | Bud 2011 | Req 2012 | Req 2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>GENERAL REVENUE FUND - DEDICATED</u> | | | | | |
| Regular Appropriations from MOF Table (2008-09 GAA) | \$(14,056,901) | \$0 | \$0 | \$0 | \$0 |
| TOTAL, GR Dedicated - Lottery Account No. 5025 | \$180,413,348 | \$209,912,951 | \$210,146,107 | \$209,716,374 | \$210,342,684 |
| TOTAL, ALL GENERAL REVENUE FUND - DEDICATED | \$180,413,348 | \$209,912,951 | \$210,146,107 | \$209,716,374 | \$210,342,684 |
| TOTAL, GR & GR-DEDICATED FUNDS | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |
| GRAND TOTAL | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |

FULL-TIME-EQUIVALENT POSITIONS

REGULAR APPROPRIATIONS

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Regular Appropriations from MOF Table (2008-09 GAA) | 318.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Regular Appropriations from MOF Table (2010-11 GAA) | 0.0 | 318.5 | 318.5 | 0.0 | 0.0 |
| Regular Appropriations | 0.0 | 0.0 | 0.0 | 319.5 | 319.5 |
| RIDER APPROPRIATION | | | | | |
| Art IX, Sec 17.44, Contingency Appn for HB 1474 (2010-11 GAA) | 0.0 | 3.0 | 3.0 | 0.0 | 0.0 |
| UNAUTHORIZED NUMBER OVER (BELOW) CAP | | | | | |
| Unauthorized Amount | (3.4) | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| TOTAL, ADJUSTED FTES | 315.1 | 321.5 | 321.5 | 319.5 | 319.5 |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/3/2010**
TIME: **1:32:20PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

| METHOD OF FINANCING | Exp 2009 | Est 2010 | Bud 2011 | Req 2012 | Req 2013 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| NUMBER OF 100% FEDERALLY FUNDED FTEs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

2.C. SUMMARY OF BASE REQUEST BY OBJECT OF EXPENSE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/3/2010**
 TIME: **1:33:16PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

| OBJECT OF EXPENSE | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1001 SALARIES AND WAGES | \$18,335,804 | \$19,306,182 | \$20,035,699 | \$19,890,800 | \$19,890,800 |
| 1002 OTHER PERSONNEL COSTS | \$599,508 | \$476,200 | \$493,880 | \$493,880 | \$493,880 |
| 2001 PROFESSIONAL FEES AND SERVICES | \$5,283,030 | \$5,821,444 | \$6,156,607 | \$5,337,323 | \$4,674,323 |
| 2002 FUELS AND LUBRICANTS | \$3,431 | \$8,200 | \$4,000 | \$4,000 | \$4,000 |
| 2003 CONSUMABLE SUPPLIES | \$134,823 | \$154,475 | \$154,535 | \$154,535 | \$154,535 |
| 2004 UTILITIES | \$424,249 | \$500,515 | \$518,459 | \$518,459 | \$518,459 |
| 2005 TRAVEL | \$314,326 | \$510,230 | \$497,493 | \$497,493 | \$497,493 |
| 2006 RENT - BUILDING | \$3,173,838 | \$3,223,138 | \$3,301,675 | \$3,383,465 | \$3,467,710 |
| 2007 RENT - MACHINE AND OTHER | \$1,755,079 | \$1,751,501 | \$1,078,432 | \$1,078,432 | \$1,078,432 |
| 2009 OTHER OPERATING EXPENSE | \$152,592,365 | \$180,310,149 | \$180,670,107 | \$180,811,068 | \$182,316,133 |
| 4000 GRANTS | \$12,281,863 | \$12,635,500 | \$12,635,500 | \$12,003,725 | \$12,003,725 |
| 5000 CAPITAL EXPENDITURES | \$23,152 | \$472,300 | \$120,000 | \$300,000 | \$0 |
| OOE Total (Excluding Riders) | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |
| OOE Total (Riders) | | | | | |
| Grand Total | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/3/2010
Time: 1:33:50PM

Agency code: 362

Agency name: Texas Lottery Commission

| Goal/ Objective / Outcome | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|---|----------|----------|----------|---------|---------|
| 1 Run Self-supporting, Revenue-producing, and Secure Lottery | | | | | |
| 1 Generate Revenue through Ticket Sales | | | | | |
| KEY 1 Percent of Retailers Satisfied with Lottery Commission | 95.07% | 95.00% | 95.00% | 95.00% | 95.00% |
| 2 Per Capita Net Lottery Sales | 153.26 | 152.14 | 149.84 | 147.58 | 145.36 |
| 3 % of Net Lottery Sales Spent on Agency Administration | 4.89% | 5.50% | 5.60% | 5.59% | 5.61% |
| 4 Percentage of Bad Debt to Lottery Sales | 0.00% | 0.02% | 0.02% | 0.02% | 0.02% |
| 5 Ratio of Advertising Expense to Net Lottery Sales | 0.81% | 0.86% | 0.85% | 0.85% | 0.85% |
| KEY 6 State Revenue Received Per Advertising Dollar Expended | 35.43 | 32.97 | 33.13 | 33.13 | 33.13 |
| 7 Percent of Licensees with No Recent Violations | 98.95% | 98.00% | 98.00% | 98.00% | 98.00% |
| 8 Percentage of Retailer Surveys Completed | 84.59% | 85.00% | 85.00% | 85.00% | 85.00% |
| 9 Percentage of Eligible Players Served | 33.80% | 34.00% | 34.00% | 34.00% | 34.00% |

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/3/2010

Time: 1:33:54PM

Agency code: 362

Agency name: Texas Lottery Commission

| Goal/ Objective / Outcome | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|----------|----------|----------|---------|---------|
| 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 | 96.17% | 94.50% | 92.50% | 92.50% | 92.50% |
| 2 Percentage of Bingo Audits Referred for Disciplinary Action | 54.55% | 60.00% | 60.00% | 60.00% | 60.00% |
| KEY 3 Percent of Complaints Referred for Disciplinary Action | 4.86% | 15.00% | 15.00% | 15.00% | 15.00% |
| 4 Percent of Documented Complaints Completed within Six Months | 92.36% | 92.00% | 92.00% | 87.00% | 87.00% |
| KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions) | 34.67 | 36.00 | 38.00 | 38.00 | 38.00 |
| KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req | 98.97% | 98.00% | 98.00% | 98.00% | 98.00% |
| 7 Percentage of Organizations Receiving an Audit | 0.67% | 1.00% | 4.08% | 3.08% | 3.08% |
| 8 Percentage of Organizations Receiving an Inspection | 21.35 | 35.00 | 45.00 | 37.50 | 37.50 |

2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME : 1:35:18PM

Agency code: 362

Agency name: Texas Lottery Commission

| Priority | Item | 2012 | | | 2013 | | | Biennium | |
|---|--------------------------------|------------------------|--------------------|------------|---------------------|--------------------|------------|---------------------|--------------------|
| | | GR and GR/GR Dedicated | All Funds | FTEs | GR and GR Dedicated | All Funds | FTEs | GR and GR Dedicated | All Funds |
| 1 | Air Conditioning System | \$55,000 | \$55,000 | | \$0 | \$0 | | \$55,000 | \$55,000 |
| 2 | Bingo 5% Restoration | \$144,899 | \$144,899 | 2.0 | \$144,899 | \$144,899 | 2.0 | \$289,798 | \$289,798 |
| 3 | Oracle WebLogic Suite | \$80,000 | \$80,000 | | \$0 | \$0 | | \$80,000 | \$80,000 |
| 4 | ACBS Redesign | \$1,250,000 | \$1,250,000 | | \$1,250,000 | \$1,250,000 | | \$2,500,000 | \$2,500,000 |
| 5 | Bingo 5% Prize Fee Restoration | \$631,775 | \$631,775 | | \$631,775 | \$631,775 | | \$1,263,550 | \$1,263,550 |
| Total, Exceptional Items Request | | \$2,161,674 | \$2,161,674 | 2.0 | \$2,026,674 | \$2,026,674 | 2.0 | \$4,188,348 | \$4,188,348 |

Method of Financing

| | | | | | | | | |
|-----------------------------|--------------------|--------------------|--|--------------------|--------------------|--|--------------------|--------------------|
| General Revenue | \$2,026,674 | \$2,026,674 | | \$2,026,674 | \$2,026,674 | | \$4,053,348 | \$4,053,348 |
| General Revenue - Dedicated | 135,000 | 135,000 | | 0 | 0 | | 135,000 | 135,000 |
| Federal Funds | | | | | | | | |
| Other Funds | | | | | | | | |
| | \$2,161,674 | \$2,161,674 | | \$2,026,674 | \$2,026,674 | | \$4,188,348 | \$4,188,348 |

Full Time Equivalent Positions 2.0 2.0

Number of 100% Federally Funded FTEs 0.0 0.0

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/3/2010
 TIME : 1:35:35PM

Agency code: 362 Agency name: Texas Lottery Commission

| Goal/Objective/STRATEGY | Base 2012 | Base 2013 | Exceptional 2012 | Exceptional 2013 | Total Request 2012 | Total Request 2013 |
|---|----------------------|----------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| 1 Run Self-supporting, Revenue-producing, and Secure Lottery | | | | | | |
| 1 Generate Revenue through Ticket Sales | | | | | | |
| 1 LOTTERY OPERATIONS | \$7,316,998 | \$7,402,080 | \$55,000 | \$0 | \$7,371,998 | \$7,402,080 |
| 2 LOTTERY FIELD OPERATIONS | 2,642,533 | 2,643,216 | 0 | 0 | 2,642,533 | 2,643,216 |
| 3 MARKETING AND PROMOTION | 5,010,411 | 5,011,026 | 0 | 0 | 5,010,411 | 5,011,026 |
| 4 SECURITY | 4,608,346 | 4,508,975 | 0 | 0 | 4,608,346 | 4,508,975 |
| 5 CENTRAL ADMINISTRATION | 13,542,950 | 12,682,251 | 80,000 | 0 | 13,622,950 | 12,682,251 |
| 6 LOTTERY OPERATOR CONTRACT(S) | 101,246,250 | 101,246,250 | 0 | 0 | 101,246,250 | 101,246,250 |
| 7 INSTANT TICKET PRODUCT. CONTRACT(S) | 18,000,000 | 19,500,000 | 0 | 0 | 18,000,000 | 19,500,000 |
| 8 MASS MEDIA ADVERTISING CONTRACT(S) | 32,000,000 | 32,000,000 | 0 | 0 | 32,000,000 | 32,000,000 |
| 9 DRAWING & BROADCAST CONTRACT(S) | 1,467,716 | 1,467,716 | 0 | 0 | 1,467,716 | 1,467,716 |
| 10 MARKET RESEARCH CONTRACT(S) | 931,170 | 931,170 | 0 | 0 | 931,170 | 931,170 |
| 11 RETAILER BONUS | 22,950,000 | 22,950,000 | 0 | 0 | 22,950,000 | 22,950,000 |
| TOTAL, GOAL 1 | \$209,716,374 | \$210,342,684 | \$135,000 | \$0 | \$209,851,374 | \$210,342,684 |

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/3/2010
 TIME : 1:35:41PM

| Agency code: 362 | | Agency name: Texas Lottery Commission | | | | |
|--|----------------------|---------------------------------------|---------------------|---------------------|-----------------------|-----------------------|
| Goal/Objective/STRATEGY | Base 2012 | Base 2013 | Exceptional 2012 | Exceptional 2013 | Total Request 2012 | Total Request 2013 |
| 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Law | | | | | | |
| 1 <i>Curtail Violations of Bingo Laws/Rules</i> | | | | | | |
| 1 BINGO LICENSING | \$832,481 | \$832,481 | \$1,294,984 | \$1,294,984 | \$2,127,465 | \$2,127,465 |
| 2 BINGO EDUCATION AND DEVELOPMENT | 140,528 | 140,528 | 0 | 0 | 140,528 | 140,528 |
| 3 BINGO LAW COMPLIANCE FIELD OPER | 1,533,684 | 1,533,684 | 99,915 | 99,915 | 1,633,599 | 1,633,599 |
| 4 BINGO PRIZE FEE COLLECTION & ACCT | 246,388 | 246,388 | 0 | 0 | 246,388 | 246,388 |
| 5 BINGO PRIZE FEE ALLOCATIONS | 12,003,725 | 12,003,725 | 631,775 | 631,775 | 12,635,500 | 12,635,500 |
| TOTAL, GOAL 2 | \$14,756,806 | \$14,756,806 | \$2,026,674 | \$2,026,674 | \$16,783,480 | \$16,783,480 |
| TOTAL, AGENCY STRATEGY REQUEST | \$224,473,180 | \$225,099,490 | \$2,161,674 | \$2,026,674 | \$226,634,854 | \$227,126,164 |
| TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST | | | | | | |
| GRAND TOTAL, AGENCY REQUEST | \$224,473,180 | \$225,099,490 | \$2,161,674 | \$2,026,674 | \$226,634,854 | \$227,126,164 |

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/3/2010
 TIME : 1:35:41PM

| Agency code: 362 | | Agency name: Texas Lottery Commission | | | | |
|---|----------------------|---------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Goal/Objective/STRATEGY | Base 2012 | Base 2013 | Exceptional 2012 | Exceptional 2013 | Total Request 2012 | Total Request 2013 |
| General Revenue Funds: | | | | | | |
| 1 General Revenue Fund | \$14,756,806 | \$14,756,806 | \$2,026,674 | \$2,026,674 | \$16,783,480 | \$16,783,480 |
| | \$14,756,806 | \$14,756,806 | \$2,026,674 | \$2,026,674 | \$16,783,480 | \$16,783,480 |
| General Revenue Dedicated Funds: | | | | | | |
| 5025 Lottery Acct | 209,716,374 | 210,342,684 | 135,000 | 0 | 209,851,374 | 210,342,684 |
| | \$209,716,374 | \$210,342,684 | \$135,000 | \$0 | \$209,851,374 | \$210,342,684 |
| TOTAL, METHOD OF FINANCING | \$224,473,180 | \$225,099,490 | \$2,161,674 | \$2,026,674 | \$226,634,854 | \$227,126,164 |
| FULL TIME EQUIVALENT POSITIONS | 319.5 | 319.5 | 2.0 | 2.0 | 321.5 | 321.5 |

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/3/2010

Time: 1:36:14PM

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome

| | BL 2012 | BL 2013 | Excp 2012 | Excp 2013 | Total Request 2012 | Total Request 2013 |
|---|------------|------------|--------------|--------------|--------------------------|--------------------------|
| 1 Run Self-supporting, Revenue-producing, and Secure Lottery | | | | | | |
| 1 <i>Generate Revenue through Ticket Sales</i> | | | | | | |
| KEY 1 Percent of Retailers Satisfied with Lottery Commission | | | | | | |
| | 95.00% | 95.00% | | | 95.00% | 95.00% |
| 2 Per Capita Net Lottery Sales | | | | | | |
| | 147.58 | 145.36 | | | 147.58 | 145.36 |
| 3 % of Net Lottery Sales Spent on Agency Administration | | | | | | |
| | 5.59% | 5.61% | | | 5.59% | 5.61% |
| 4 Percentage of Bad Debt to Lottery Sales | | | | | | |
| | 0.02% | 0.02% | | | 0.02% | 0.02% |
| 5 Ratio of Advertising Expense to Net Lottery Sales | | | | | | |
| | 0.85% | 0.85% | | | 0.85% | 0.85% |
| KEY 6 State Revenue Received Per Advertising Dollar Expended | | | | | | |
| | 33.13 | 33.13 | | | 33.13 | 33.13 |
| 7 Percent of Licensees with No Recent Violations | | | | | | |
| | 98.00% | 98.00% | | | 98.00% | 98.00% |
| 8 Percentage of Retailer Surveys Completed | | | | | | |
| | 85.00% | 85.00% | | | 85.00% | 85.00% |

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/3/2010
Time: 1:36:18PM

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome

| | BL 2012 | BL 2013 | Excp 2012 | Excp 2013 | Total Request 2012 | Total Request 2013 |
|---|------------|------------|--------------|--------------|--------------------------|--------------------------|
| 9 Percentage of Eligible Players Served | 34.00% | 34.00% | | | 34.00% | 34.00% |
| 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully | | | | | | |
| 1 <i>Curtail Violations of Bingo Laws/Rules</i> | | | | | | |
| 1 Percent of Licensees with No Recent Violations | 92.50% | 92.50% | | | 92.50% | 92.50% |
| 2 Percentage of Bingo Audits Referred for Disciplinary Action | 60.00% | 60.00% | | | 60.00% | 60.00% |
| KEY 3 Percent of Complaints Referred for Disciplinary Action | 15.00% | 15.00% | | | 15.00% | 15.00% |
| 4 Percent of Documented Complaints Completed within Six Months | 87.00% | 87.00% | 92.00% | 92.00% | 92.00% | 92.00% |
| KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions) | 38.00 | 38.00 | | | 38.00 | 38.00 |
| 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 | 3.08% | 3.08% | 4.08% | 4.08% | 4.08% | 4.08% |

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/3/2010
Time: 1:36:18PM

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome

| | BL 2012 | BL 2013 | Excp 2012 | Excp 2013 | Total Request 2012 | Total Request 2013 |
|--|--------------------|--------------------|----------------------|----------------------|-----------------------------------|-----------------------------------|
| 8 Percentage of Organizations Receiving an Inspection | 37.50 | 37.50 | 45.00 | 45.00 | 45.00 | 45.00 |

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:31PM

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: 1 Lottery Operations

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Output Measures: | | | | | | |
| KEY 1 | Number of Retailer Business Locations Licensed | 16,647.00 | 16,700.00 | 16,800.00 | 16,900.00 | 17,000.00 |
| 2 | Number of Denials or Revocations of Licenses | 199.00 | 215.00 | 220.00 | 220.00 | 220.00 |
| 3 | Dollars Collected via the Debt Set-off Program (Thousands) | 1,204,384.00 | 1,200,000.00 | 1,200,000.00 | 1,100,000.00 | 1,100,000.00 |
| 4 | # New Licenses Issued to Individual Retailers | 2,616.00 | 2,254.00 | 2,350.00 | 2,450.00 | 2,550.00 |
| 5 | # Licenses Renewed to Individual Retailers | 7,720.00 | 7,000.00 | 7,000.00 | 7,050.00 | 7,100.00 |
| Efficiency Measures: | | | | | | |
| 1 | Average Cost Per Retailer Location License Issued | 135.00 | 165.00 | 165.00 | 165.00 | 165.00 |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$2,665,607 | \$2,793,571 | \$2,894,300 | \$2,894,300 | \$2,894,300 |
| 1002 | OTHER PERSONNEL COSTS | \$76,835 | \$71,400 | \$78,220 | \$78,220 | \$78,220 |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$35,487 | \$16,000 | \$6,000 | \$6,000 | \$6,000 |
| 2002 | FUELS AND LUBRICANTS | \$3,431 | \$8,200 | \$4,000 | \$4,000 | \$4,000 |
| 2003 | CONSUMABLE SUPPLIES | \$111,216 | \$116,765 | \$121,765 | \$121,765 | \$121,765 |
| 2004 | UTILITIES | \$110,113 | \$154,330 | \$141,857 | \$141,857 | \$141,857 |
| 2005 | TRAVEL | \$21,930 | \$43,995 | \$38,000 | \$38,000 | \$38,000 |
| 2006 | RENT - BUILDING | \$2,993,147 | \$2,987,622 | \$2,917,923 | \$2,999,713 | \$3,083,958 |
| 2007 | RENT - MACHINE AND OTHER | \$444,940 | \$457,404 | \$456,404 | \$456,404 | \$456,404 |
| 2009 | OTHER OPERATING EXPENSE | \$390,055 | \$674,523 | \$527,536 | \$576,739 | \$577,576 |
| 5000 | CAPITAL EXPENDITURES | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL, OBJECT OF EXPENSE | | \$6,852,761 | \$7,323,810 | \$7,186,005 | \$7,316,998 | \$7,402,080 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$6,852,761 | \$7,323,810 | \$7,186,005 | \$7,316,998 | \$7,402,080 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$6,852,761 | \$7,323,810 | \$7,186,005 | \$7,316,998 | \$7,402,080 |

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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: 1 Lottery Operations

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$7,316,998 | \$7,402,080 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$6,852,761 | \$7,323,810 | \$7,186,005 | \$7,316,998 | \$7,402,080 |
| FULL TIME EQUIVALENT POSITIONS: | | 57.6 | 60.1 | 59.3 | 59.3 | 59.3 |

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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: 2 Lottery Field Operations

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Output Measures: | | | | | | |
| 1 | Number of Prize Checks Processed from Claim Centers (Thousands) | 60,439.00 | 56,708.00 | 55,007.00 | 55,000.00 | 55,000.00 |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$2,188,134 | \$2,272,504 | \$2,360,259 | \$2,360,259 | \$2,360,259 |
| 1002 | OTHER PERSONNEL COSTS | \$65,680 | \$71,980 | \$78,100 | \$78,100 | \$78,100 |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$8,800 | \$13,592 | \$14,000 | \$14,000 | \$14,000 |
| 2003 | CONSUMABLE SUPPLIES | \$3,004 | \$3,750 | \$2,340 | \$2,340 | \$2,340 |
| 2005 | TRAVEL | \$73,924 | \$90,138 | \$88,000 | \$88,000 | \$88,000 |
| 2006 | RENT - BUILDING | \$1,400 | \$3,200 | \$3,200 | \$3,200 | \$3,200 |
| 2007 | RENT - MACHINE AND OTHER | \$90 | \$0 | \$0 | \$0 | \$0 |
| 2009 | OTHER OPERATING EXPENSE | \$44,484 | \$53,140 | \$56,510 | \$96,634 | \$97,317 |
| TOTAL, OBJECT OF EXPENSE | | \$2,385,516 | \$2,508,304 | \$2,602,409 | \$2,642,533 | \$2,643,216 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$2,385,516 | \$2,508,304 | \$2,602,409 | \$2,642,533 | \$2,643,216 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$2,385,516 | \$2,508,304 | \$2,602,409 | \$2,642,533 | \$2,643,216 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$2,642,533 | \$2,643,216 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$2,385,516 | \$2,508,304 | \$2,602,409 | \$2,642,533 | \$2,643,216 |
| FULL TIME EQUIVALENT POSITIONS: | | 50.5 | 52.3 | 51.4 | 51.4 | 51.4 |

STRATEGY DESCRIPTION AND JUSTIFICATION:

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

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:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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: 3 Marketing and Promotion

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Output Measures: | | | | | | |
| 1 | Number of Newsletters Distributed to Retailers | 101,500.00 | 102,947.00 | 103,650.00 | 104,262.00 | 104,880.00 |
| 2 | Number of Retailer Visits | 593,926.00 | 534,849.00 | 436,800.00 | 439,400.00 | 442,000.00 |
| Efficiency Measures: | | | | | | |
| KEY 1 | Average Cost Per Survey Issued | 1.69 | 1.76 | 1.76 | 1.76 | 1.76 |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$1,991,010 | \$2,057,327 | \$2,128,693 | \$2,128,693 | \$2,128,693 |
| 1002 | OTHER PERSONNEL COSTS | \$54,965 | \$48,000 | \$51,700 | \$51,700 | \$51,700 |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$131,923 | \$180,075 | \$60,600 | \$60,600 | \$60,600 |
| 2003 | CONSUMABLE SUPPLIES | \$4,712 | \$5,930 | \$5,000 | \$5,000 | \$5,000 |
| 2004 | UTILITIES | \$35 | \$0 | \$0 | \$0 | \$0 |
| 2005 | TRAVEL | \$77,752 | \$113,946 | \$108,775 | \$108,775 | \$108,775 |
| 2006 | RENT - BUILDING | \$170,593 | \$221,316 | \$370,352 | \$370,352 | \$370,352 |
| 2007 | RENT - MACHINE AND OTHER | \$40,331 | \$44,475 | \$0 | \$0 | \$0 |
| 2009 | OTHER OPERATING EXPENSE | \$1,669,274 | \$2,228,742 | \$2,249,103 | \$2,285,291 | \$2,285,906 |
| 5000 | CAPITAL EXPENDITURES | \$5,586 | \$6,500 | \$0 | \$0 | \$0 |
| TOTAL, OBJECT OF EXPENSE | | \$4,146,181 | \$4,906,311 | \$4,974,223 | \$5,010,411 | \$5,011,026 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$4,146,181 | \$4,906,311 | \$4,974,223 | \$5,010,411 | \$5,011,026 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$4,146,181 | \$4,906,311 | \$4,974,223 | \$5,010,411 | \$5,011,026 |

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$5,010,411 | \$5,011,026 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$4,146,181 | \$4,906,311 | \$4,974,223 | \$5,010,411 | \$5,011,026 |
| FULL TIME EQUIVALENT POSITIONS: | | 32.0 | 32.1 | 31.7 | 31.7 | 31.7 |

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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: 4 Security

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

Output Measures:

| | | | | | |
|---|----------|----------|----------|----------|----------|
| 1 Number of Lottery Investigations Initiated | 1,195.00 | 1,098.00 | 1,085.00 | 1,085.00 | 1,085.00 |
| 2 Number of Lottery Investigations Completed | 512.00 | 536.00 | 525.00 | 525.00 | 525.00 |
| 3 Number of Lottery Background Investigations Completed | 651.00 | 546.00 | 545.00 | 545.00 | 545.00 |

Efficiency Measures:

| | | | | | |
|---|--------|--------|--------|--------|--------|
| 1 Average Time to Complete Investigations (Days) | 42.71 | 54.00 | 60.00 | 60.00 | 60.00 |
| 2 Average Cost Per Complete Investigation | 238.70 | 226.03 | 235.00 | 260.00 | 260.00 |
| 3 Average Time to Complete Lottery Background Investigations (Days) | 16.87 | 17.65 | 40.00 | 40.00 | 40.00 |

Objects of Expense:

| | | | | | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1001 SALARIES AND WAGES | \$2,075,416 | \$2,124,286 | \$2,177,161 | \$2,177,161 | \$2,177,161 |
| 1002 OTHER PERSONNEL COSTS | \$50,643 | \$38,860 | \$36,940 | \$36,940 | \$36,940 |
| 2001 PROFESSIONAL FEES AND SERVICES | \$1,089,289 | \$1,150,299 | \$1,792,971 | \$1,132,971 | \$1,332,971 |
| 2003 CONSUMABLE SUPPLIES | \$2,873 | \$6,250 | \$6,750 | \$6,750 | \$6,750 |
| 2005 TRAVEL | \$51,122 | \$62,027 | \$53,000 | \$53,000 | \$53,000 |
| 2007 RENT - MACHINE AND OTHER | \$189,578 | \$201,840 | \$203,400 | \$203,400 | \$203,400 |
| 2009 OTHER OPERATING EXPENSE | \$708,068 | \$1,120,220 | \$715,312 | \$698,124 | \$698,753 |
| 5000 CAPITAL EXPENDITURES | \$0 | \$300,800 | \$120,000 | \$300,000 | \$0 |
| TOTAL, OBJECT OF EXPENSE | \$4,166,989 | \$5,004,582 | \$5,105,534 | \$4,608,346 | \$4,508,975 |

Method of Financing:

| | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| 5025 Lottery Acct | \$4,166,989 | \$5,004,582 | \$5,105,534 | \$4,608,346 | \$4,508,975 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | \$4,166,989 | \$5,004,582 | \$5,105,534 | \$4,608,346 | \$4,508,975 |

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$4,608,346 | \$4,508,975 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$4,166,989 | \$5,004,582 | \$5,105,534 | \$4,608,346 | \$4,508,975 |
| FULL TIME EQUIVALENT POSITIONS: | | 35.5 | 34.0 | 34.6 | 34.6 | 34.6 |

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).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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: 5 Central Administration

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$7,427,208 | \$7,837,338 | \$7,959,834 | \$7,959,834 | \$7,959,834 |
| 1002 | OTHER PERSONNEL COSTS | \$239,419 | \$175,160 | \$179,460 | \$179,460 | \$179,460 |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$1,839,288 | \$1,828,434 | \$1,643,366 | \$1,591,366 | \$728,366 |
| 2003 | CONSUMABLE SUPPLIES | \$12,085 | \$20,380 | \$17,380 | \$17,380 | \$17,380 |
| 2004 | UTILITIES | \$314,101 | \$343,748 | \$376,602 | \$376,602 | \$376,602 |
| 2005 | TRAVEL | \$32,603 | \$120,484 | \$130,078 | \$130,078 | \$130,078 |
| 2006 | RENT - BUILDING | \$8,698 | \$11,000 | \$10,200 | \$10,200 | \$10,200 |
| 2007 | RENT - MACHINE AND OTHER | \$1,071,836 | \$1,010,687 | \$401,790 | \$401,790 | \$401,790 |
| 2009 | OTHER OPERATING EXPENSE | \$1,009,656 | \$2,961,919 | \$2,856,806 | \$2,876,240 | \$2,878,541 |
| 5000 | CAPITAL EXPENDITURES | \$17,566 | \$165,000 | \$0 | \$0 | \$0 |
| TOTAL, OBJECT OF EXPENSE | | \$11,972,460 | \$14,474,150 | \$13,575,516 | \$13,542,950 | \$12,682,251 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$11,972,460 | \$14,474,150 | \$13,575,516 | \$13,542,950 | \$12,682,251 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$11,972,460 | \$14,474,150 | \$13,575,516 | \$13,542,950 | \$12,682,251 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$13,542,950 | \$12,682,251 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$11,972,460 | \$14,474,150 | \$13,575,516 | \$13,542,950 | \$12,682,251 |
| FULL TIME EQUIVALENT POSITIONS: | | 102.6 | 102.1 | 103.6 | 103.6 | 103.6 |

STRATEGY DESCRIPTION AND JUSTIFICATION:

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

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

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
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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: 6 Lottery Operator Contract(s). Estimated and Nontransferable.

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|-------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Objects of Expense: | | | | | | |
| 2009 | OTHER OPERATING EXPENSE | \$99,584,227 | \$101,246,250 | \$101,246,250 | \$101,246,250 | \$101,246,250 |
| TOTAL, OBJECT OF EXPENSE | | \$99,584,227 | \$101,246,250 | \$101,246,250 | \$101,246,250 | \$101,246,250 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$99,584,227 | \$101,246,250 | \$101,246,250 | \$101,246,250 | \$101,246,250 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$99,584,227 | \$101,246,250 | \$101,246,250 | \$101,246,250 | \$101,246,250 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$101,246,250 | \$101,246,250 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$99,584,227 | \$101,246,250 | \$101,246,250 | \$101,246,250 | \$101,246,250 |

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for vendor services for instant ticket and on-line gaming system design, operation and maintenance; lottery management system design, operation and maintenance; telecommunications network design, operation and maintenance; terminal installation, maintenance and repair; marketing research personnel and services; promotions personnel and services; field sales personnel and services; instant ticket and on-line ticket stock warehousing; instant ticket and on-line ticket stock packing; instant ticket and on-line ticket distribution; ticket order processing and telemarketing; hotline support system; and facilities. The system provides the ability to control, monitor and report all lottery activity.

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
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Agency code: **362** Agency name: **Texas Lottery Commission**

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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: 7 Instant Ticket Production Contract(s)

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Objects of Expense: | | | | | | |
| 2009 | OTHER OPERATING EXPENSE | \$18,165,003 | \$16,600,000 | \$18,000,000 | \$18,000,000 | \$19,500,000 |
| TOTAL, OBJECT OF EXPENSE | | \$18,165,003 | \$16,600,000 | \$18,000,000 | \$18,000,000 | \$19,500,000 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$18,165,003 | \$16,600,000 | \$18,000,000 | \$18,000,000 | \$19,500,000 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$18,165,003 | \$16,600,000 | \$18,000,000 | \$18,000,000 | \$19,500,000 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$18,000,000 | \$19,500,000 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$18,165,003 | \$16,600,000 | \$18,000,000 | \$18,000,000 | \$19,500,000 |

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Output Measures: | | | | | | |
| | 1 \$ Amount of Advertising Budget Spent on Print Advertising (Millions) | 0.86 | 1.00 | 0.91 | 0.90 | 0.90 |
| | 2 \$ Amount of Advertising Budget Spent on Radio Advertising Millions) | 6.74 | 7.05 | 6.96 | 6.75 | 6.75 |
| KEY 3 | Dollar Amount of Advertising Budget Spent on TV Advertising (Millions) | 11.11 | 12.76 | 12.45 | 12.25 | 12.25 |
| | 4 \$ Amt of Advertising Budget Spent on Other Advertising (Millions) | 10.77 | 11.59 | 11.68 | 12.10 | 12.10 |
| Efficiency Measures: | | | | | | |
| KEY 1 | Percentage of Adult Texans Aware of Lottery Advertising | 59.27 % | 59.00 % | 59.00 % | 59.00 % | 59.00 % |
| Objects of Expense: | | | | | | |
| 2009 | OTHER OPERATING EXPENSE | \$29,484,133 | \$32,400,000 | \$32,000,000 | \$32,000,000 | \$32,000,000 |
| TOTAL, OBJECT OF EXPENSE | | \$29,484,133 | \$32,400,000 | \$32,000,000 | \$32,000,000 | \$32,000,000 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$29,484,133 | \$32,400,000 | \$32,000,000 | \$32,000,000 | \$32,000,000 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$29,484,133 | \$32,400,000 | \$32,000,000 | \$32,000,000 | \$32,000,000 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$32,000,000 | \$32,000,000 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$29,484,133 | \$32,400,000 | \$32,000,000 | \$32,000,000 | \$32,000,000 |
| FULL TIME EQUIVALENT POSITIONS: | | | | | | |
| STRATEGY DESCRIPTION AND JUSTIFICATION: | | | | | | |

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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: 8 Mass Media Advertising Contract(s)

Statewide Goal/Benchmark: 4 0

Service Categories:

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

Activities relating to this strategy include contracting for the production of radio, television, internet and print advertising, as well as the planning, buying and placement of electronic and print media across the State of Texas. Additionally this strategy provides for the production and placement of outdoor signage and point-of-sale materials, as well as related advertising services. The advertising services vendor(s) support the Texas Lottery in achieving the following goals: Enhancing the marketing effectiveness of the Texas Lottery; effectively reaching and educating the public to increase sales and enhance the awareness of Texas Lottery games. The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Objects of Expense: | | | | | | |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$1,527,455 | \$1,732,544 | \$1,575,000 | \$1,467,716 | \$1,467,716 |
| TOTAL, OBJECT OF EXPENSE | | \$1,527,455 | \$1,732,544 | \$1,575,000 | \$1,467,716 | \$1,467,716 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$1,527,455 | \$1,732,544 | \$1,575,000 | \$1,467,716 | \$1,467,716 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$1,527,455 | \$1,732,544 | \$1,575,000 | \$1,467,716 | \$1,467,716 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$1,467,716 | \$1,467,716 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$1,527,455 | \$1,732,544 | \$1,575,000 | \$1,467,716 | \$1,467,716 |

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include supervision of the broadcast and production of all Texas on-line game drawings. The broadcast drawings for all on-line Lottery Games are held in a secure drawings studio located at the Texas Lottery's headquarters. The drawings are held in accordance with the State Lottery Act and applicable administrative rules and procedures.

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Generate Revenue through Ticket Sales

Service Categories:

STRATEGY: 9 Drawing and Broadcast Services Contract(s)

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|-------------|--------------------|-----------------|-----------------|-----------------|----------------|----------------|
|-------------|--------------------|-----------------|-----------------|-----------------|----------------|----------------|

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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 Market Research Services Contract(s)

Statewide Goal/Benchmark: 4 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Objects of Expense: | | | | | | |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$633,788 | \$767,000 | \$931,170 | \$931,170 | \$931,170 |
| TOTAL, OBJECT OF EXPENSE | | \$633,788 | \$767,000 | \$931,170 | \$931,170 | \$931,170 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$633,788 | \$767,000 | \$931,170 | \$931,170 | \$931,170 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$633,788 | \$767,000 | \$931,170 | \$931,170 | \$931,170 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$931,170 | \$931,170 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$633,788 | \$767,000 | \$931,170 | \$931,170 | \$931,170 |

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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: 11 Retailer Bonus

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|-------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Objects of Expense: | | | | | | |
| 2009 | OTHER OPERATING EXPENSE | \$1,494,835 | \$22,950,000 | \$22,950,000 | \$22,950,000 | \$22,950,000 |
| TOTAL, OBJECT OF EXPENSE | | \$1,494,835 | \$22,950,000 | \$22,950,000 | \$22,950,000 | \$22,950,000 |
| Method of Financing: | | | | | | |
| 5025 | Lottery Acct | \$1,494,835 | \$22,950,000 | \$22,950,000 | \$22,950,000 | \$22,950,000 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED) | | \$1,494,835 | \$22,950,000 | \$22,950,000 | \$22,950,000 | \$22,950,000 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$22,950,000 | \$22,950,000 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$1,494,835 | \$22,950,000 | \$22,950,000 | \$22,950,000 | \$22,950,000 |

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

Agency code: **362** Agency name: **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

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|--|------------------|------------------|------------------|------------------|------------------|
| Output Measures: | | | | | | |
| KEY 1 | Number of Licenses Issued to Individuals and Organizations | 7,135.00 | 8,500.00 | 8,500.00 | 8,500.00 | 8,500.00 |
| 2 | Number of Applications Processed | 7,559.00 | 8,800.00 | 8,800.00 | 8,800.00 | 8,800.00 |
| 3 | Number of Worker Registry Applications Processed | 4,585.00 | 8,000.00 | 6,000.00 | 6,000.00 | 6,000.00 |
| Efficiency Measures: | | | | | | |
| 1 | Average Bingo License (New) Processing Time (Days) | 75.55 | 45.00 | 40.00 | 65.00 | 65.00 |
| 2 | Average Bingo License (Renewal) Processing Time (Days) | 36.19 | 30.00 | 25.00 | 35.00 | 35.00 |
| 3 | Average Cost Per License Issued | 28.92 | 30.00 | 30.00 | 30.00 | 30.00 |
| Explanatory/Input Measures: | | | | | | |
| 1 | Number of Annual License Holders | 1,754.00 | 1,650.00 | 1,700.00 | 1,680.00 | 1,650.00 |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$692,057 | \$700,302 | \$724,119 | \$651,670 | \$651,670 |
| 1002 | OTHER PERSONNEL COSTS | \$29,875 | \$30,140 | \$28,220 | \$28,220 | \$28,220 |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$17,000 | \$129,000 | \$129,000 | \$129,000 | \$129,000 |
| 2003 | CONSUMABLE SUPPLIES | \$311 | \$500 | \$500 | \$500 | \$500 |
| 2007 | RENT - MACHINE AND OTHER | \$8,304 | \$37,095 | \$16,838 | \$16,838 | \$16,838 |
| 2009 | OTHER OPERATING EXPENSE | \$4,428 | \$27,148 | \$6,253 | \$6,253 | \$6,253 |
| TOTAL, OBJECT OF EXPENSE | | \$751,975 | \$924,185 | \$904,930 | \$832,481 | \$832,481 |
| Method of Financing: | | | | | | |
| 1 | General Revenue Fund | \$751,975 | \$924,185 | \$904,930 | \$832,481 | \$832,481 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS) | | \$751,975 | \$924,185 | \$904,930 | \$832,481 | \$832,481 |

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

Agency code: **362** Agency name: **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

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 | | | |
|--|-------------|----------|----------|----------|------------------|------------------|------------------|------------------|------------------|
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$832,481 | \$832,481 | | | |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | | | | \$751,975 | \$924,185 | \$904,930 | \$832,481 | \$832,481 |
| FULL TIME EQUIVALENT POSITIONS: | | | | | 13.0 | 13.0 | 13.0 | 12.0 | 12.0 |

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

Agency code: **362** Agency name: **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

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|---|------------------|------------------|------------------|------------------|------------------|
| Output Measures: | | | | | | |
| 1 | Number of Individuals Receiving Education | 3,330.00 | 750.00 | 700.00 | 700.00 | 700.00 |
| Efficiency Measures: | | | | | | |
| 1 | Average Cost of Bingo Training Class | 931.09 | 950.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$97,234 | \$121,603 | \$125,713 | \$125,713 | \$125,713 |
| 1002 | OTHER PERSONNEL COSTS | \$13,468 | \$1,680 | \$1,760 | \$1,760 | \$1,760 |
| 2005 | TRAVEL | \$9,791 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |
| 2009 | OTHER OPERATING EXPENSE | \$0 | \$500 | \$10,055 | \$10,055 | \$10,055 |
| TOTAL, OBJECT OF EXPENSE | | \$120,493 | \$126,783 | \$140,528 | \$140,528 | \$140,528 |
| Method of Financing: | | | | | | |
| 1 | General Revenue Fund | \$120,493 | \$126,783 | \$140,528 | \$140,528 | \$140,528 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS) | | \$120,493 | \$126,783 | \$140,528 | \$140,528 | \$140,528 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$140,528 | \$140,528 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$120,493 | \$126,783 | \$140,528 | \$140,528 | \$140,528 |
| FULL TIME EQUIVALENT POSITIONS: | | 1.9 | 3.0 | 3.0 | 3.0 | 3.0 |

STRATEGY DESCRIPTION AND JUSTIFICATION:

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

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

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

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

Agency code: **362** Agency name: **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: 3 Bingo Law Compliance Field Operations

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|---------------------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Output Measures: | | | | | | |
| | 1 Number of Inspections Conducted | 351.00 | 460.00 | 525.00 | 450.00 | 450.00 |
| | 2 Number of Bingo Audits and Reviews Completed | 11.00 | 20.00 | 68.00 | 58.00 | 58.00 |
| KEY | 3 Number of Bingo Complaints Completed | 144.00 | 130.00 | 130.00 | 130.00 | 130.00 |
| | 4 \$ Amt of Adjustments to Charitable Distributions by Audit & Inspection | 64,455.00 | 0.00 | 100,000.00 | 100,000.00 | 100,000.00 |
| | 5 Number of Bingo Background Investigations Completed | 323.00 | 374.00 | 365.00 | 365.00 | 365.00 |
| Efficiency Measures: | | | | | | |
| | 1 Average Time for Bingo Complaint Completion (Days) | 93.58 | 120.00 | 120.00 | 120.00 | 120.00 |
| | 2 Average Cost Per Bingo Complaint Completed | 1,179.29 | 500.00 | 500.00 | 500.00 | 500.00 |
| | 3 Average Time to Conduct Compliance Audit (Hours) | 483.55 | 500.00 | 350.00 | 350.00 | 350.00 |
| | 4 Average Time to Complete Bingo Background Investigations (Days) | 24.26 | 27.81 | 40.00 | 40.00 | 40.00 |
| | 5 Average Cost per Bingo Audit Completed | 7,785.73 | 12,900.00 | 12,900.00 | 12,900.00 | 12,900.00 |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$1,023,137 | \$1,192,028 | \$1,427,492 | \$1,355,042 | \$1,355,042 |
| 1002 | OTHER PERSONNEL COSTS | \$63,763 | \$33,060 | \$33,120 | \$33,120 | \$33,120 |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$0 | \$4,500 | \$4,500 | \$4,500 | \$4,500 |
| 2003 | CONSUMABLE SUPPLIES | \$622 | \$500 | \$500 | \$500 | \$500 |
| 2004 | UTILITIES | \$0 | \$2,437 | \$0 | \$0 | \$0 |
| 2005 | TRAVEL | \$47,204 | \$76,640 | \$76,640 | \$76,640 | \$76,640 |
| 2009 | OTHER OPERATING EXPENSE | \$33,049 | \$45,807 | \$50,682 | \$63,882 | \$63,882 |
| TOTAL, OBJECT OF EXPENSE | | \$1,167,775 | \$1,354,972 | \$1,592,934 | \$1,533,684 | \$1,533,684 |
| Method of Financing: | | | | | | |
| 1 | General Revenue Fund | \$1,167,775 | \$1,354,972 | \$1,592,934 | \$1,533,684 | \$1,533,684 |

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

Agency code: **362** Agency name: **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: 3 Bingo Law Compliance Field Operations

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS) | | \$1,167,775 | \$1,354,972 | \$1,592,934 | \$1,533,684 | \$1,533,684 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$1,533,684 | \$1,533,684 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$1,167,775 | \$1,354,972 | \$1,592,934 | \$1,533,684 | \$1,533,684 |
| FULL TIME EQUIVALENT POSITIONS: | | 18.3 | 19.9 | 19.9 | 18.9 | 18.9 |

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:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

Agency code: **362** Agency name: **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

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|--|------------------|------------------|------------------|------------------|------------------|
| Output Measures: | | | | | | |
| KEY 1 | Number of Days to Allocate Payments to Local Jurisdictions | 14.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| 2 | Percentage of Licensees Who Fail to Pay | 4.28 | 5.40 | 5.00 | 5.00 | 5.00 |
| 3 | Number of Bingo Reports Processed | 8,302.00 | 8,400.00 | 8,300.00 | 8,200.00 | 8,100.00 |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$176,001 | \$207,223 | \$238,128 | \$238,128 | \$238,128 |
| 1002 | OTHER PERSONNEL COSTS | \$4,860 | \$5,920 | \$6,360 | \$6,360 | \$6,360 |
| 2003 | CONSUMABLE SUPPLIES | \$0 | \$400 | \$300 | \$300 | \$300 |
| 2009 | OTHER OPERATING EXPENSE | \$5,153 | \$1,900 | \$1,600 | \$1,600 | \$1,600 |
| TOTAL, OBJECT OF EXPENSE | | \$186,014 | \$215,443 | \$246,388 | \$246,388 | \$246,388 |
| Method of Financing: | | | | | | |
| 1 | General Revenue Fund | \$186,014 | \$215,443 | \$246,388 | \$246,388 | \$246,388 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS) | | \$186,014 | \$215,443 | \$246,388 | \$246,388 | \$246,388 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$246,388 | \$246,388 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$186,014 | \$215,443 | \$246,388 | \$246,388 | \$246,388 |
| FULL TIME EQUIVALENT POSITIONS: | | 3.7 | 5.0 | 5.0 | 5.0 | 5.0 |
| STRATEGY DESCRIPTION AND JUSTIFICATION: | | | | | | |

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

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

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

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

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

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

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:36:37PM

Agency code: **362** Agency name: **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: 5 Bingo Prize Fee Allocations. Estimated and Nontransferable.

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Objects of Expense: | | | | | | |
| 4000 | GRANTS | \$12,281,863 | \$12,635,500 | \$12,635,500 | \$12,003,725 | \$12,003,725 |
| TOTAL, OBJECT OF EXPENSE | | \$12,281,863 | \$12,635,500 | \$12,635,500 | \$12,003,725 | \$12,003,725 |
| Method of Financing: | | | | | | |
| 1 | General Revenue Fund | \$12,281,863 | \$12,635,500 | \$12,635,500 | \$12,003,725 | \$12,003,725 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS) | | \$12,281,863 | \$12,635,500 | \$12,635,500 | \$12,003,725 | \$12,003,725 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$12,003,725 | \$12,003,725 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$12,281,863 | \$12,635,500 | \$12,635,500 | \$12,003,725 | \$12,003,725 |

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include the allocation of revenue to local jurisdictions in a manner consistent with the provisions of the Bingo Enabling Act (Act).

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
TIME: 1:36:37PM

SUMMARY TOTALS:

| | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| OBJECTS OF EXPENSE: | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |
| METHODS OF FINANCE (INCLUDING RIDERS): | | | | \$224,473,180 | \$225,099,490 |
| METHODS OF FINANCE (EXCLUDING RIDERS): | \$194,921,468 | \$225,169,834 | \$225,666,387 | \$224,473,180 | \$225,099,490 |
| FULL TIME EQUIVALENT POSITIONS: | 315.1 | 321.5 | 321.5 | 319.5 | 319.5 |

3.B. Rider Revisions and Additions Request

| | | | | |
|----------------------------|---|-----------------------------------|-------------------------|-------------------------------|
| Agency Code: 362 | Agency Name: Texas Lottery Commission | Prepared By: Kathy Pyka | Date: 8/30/10 | Request Level: Base |
|----------------------------|---|-----------------------------------|-------------------------|-------------------------------|

| Current Rider Number | Page Number in 2010-11 GAA | Proposed Rider Language | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------------------|--|-------------|-------------|-------------|-------------|-------------|---|--|--|--|--|---|----|---------|----|---|-----------------------|----|----------------|----|----------|---------------------------------------|--|--|--|--|---|----|----------------|----|----------|----------------------------|----|----------------|----|----------|
| 2. | VII-11 | <p>Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for “Lease Payments to the Master Equipment Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under “Acquisition of Information Resource Technologies” may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas.</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;"><u>2010</u></th> <th style="width: 20%; text-align: center;"><u>2012</u></th> <th style="width: 20%; text-align: center;"><u>2011</u></th> <th style="width: 20%; text-align: center;"><u>2013</u></th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">a. 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;">300,000</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 40px;">Total, Capital Budget</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 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>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: 40px;">Total, Method of Financing</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> </tbody> </table> <p><i>This rider revision is requested to reflect the FY 2012-13 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>2010</u> | <u>2012</u> | <u>2011</u> | <u>2013</u> | a. Acquisition of Capital Equipment and Items | | | | | (1) Capitalized Lottery Drawing Equipment | \$ | 300,000 | \$ | 0 | Total, Capital Budget | \$ | <u>300,000</u> | \$ | <u>0</u> | Method of Financing (Capital Budget): | | | | | GR Dedicated – Lottery Account No. 5025 | \$ | <u>300,000</u> | \$ | <u>0</u> | Total, Method of Financing | \$ | <u>300,000</u> | \$ | <u>0</u> |
| | <u>2010</u> | <u>2012</u> | <u>2011</u> | <u>2013</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. Acquisition of Capital Equipment and Items | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (1) Capitalized Lottery Drawing Equipment | \$ | 300,000 | \$ | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total, Capital Budget | \$ | <u>300,000</u> | \$ | <u>0</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Method of Financing (Capital Budget): | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GR Dedicated – Lottery Account No. 5025 | \$ | <u>300,000</u> | \$ | <u>0</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total, Method of Financing | \$ | <u>300,000</u> | \$ | <u>0</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

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

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

| | | |
|----|--------|--|
| 7. | VII-11 | <p>Appropriations Limited to Revenue Collections. Fees, fines, <u>rental taxes</u> and other miscellaneous revenues as authorized and generated by the operation of charity bingo shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal B, Enforce Bingo Laws, as well as the “other direct and indirect costs” associated with this goal, appropriated elsewhere in this Act. “Other direct and indirect costs” for Goal B, Enforce Bingo Laws, are estimated to be \$711,815 xxx for fiscal year 2010 <u>2012</u> and \$734,986 xxx for fiscal year 2011 <u>2013</u>. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.</p> <p><i>This rider revision is requested to reflect updated estimates of other direct and indirect costs for the FY 2012-13 biennium. The amounts are to be provided by the Legislative Budget Board. The rider is further revised to clarify the use of rental taxes as a source of revenue to cover the cost of appropriations.</i></p> |
| 8. | VII-11 | <p>Petty Cash Fund Authorized. The Texas Lottery Commission is authorized to establish a petty cash fund to be used by Commission employees for the purchase of evidence and/or information and other expenses deemed necessary for agency security and enforcement activities, including audits and expenses, incurred by auditing. The petty cash fund, not to exceed \$1,500, may be maintained in cash or at a local bank and shall be subject to such rules and regulations as the executive director may recommend and the commission may adopt.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p> |
| 9. | VII-12 | <p>Local Bingo Prize Fees. The amounts appropriated above in Strategy B.1.5, Bingo Prize Fee Allocations, include \$12,003,725 12,635,500 in 2010 <u>2012</u> and \$12,003,725 12,635,500 in 2011 <u>2013</u> from bingo prize fees collected pursuant to Texas Occupations Code, Section 2001.504 for allocation to counties and municipalities as required by the Texas Occupations Code, Section 2001.503. Bingo prize fees collected in excess of amounts appropriated above are hereby appropriated for the same purpose.</p> <p><i>This rider revision is requested to reflect updated fiscal years.</i></p> |

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

| | | |
|-----|--------|--|
| 10. | VII-12 | <p>Retailer Commissions.</p> <p>a. Pursuant to Government Code, Chapter 466, an amount equal to 5 percent of gross sales shall be made available for the purpose of paying retailer commissions.</p> <p>b. In addition to the 5 percent retailer commission amount in subsection (a) above, an amount not to exceed an additional one-half of one percent of gross sales each fiscal year may be made available for the purpose of paying sales performance retailer commissions. Prior to providing additional retail commission above 5 percent of gross sales, the Texas Lottery Commission shall provide a report to the Governor and the Legislative Budget Board outlining the Texas Lottery Commission's plans to implement a retailer sales performance commission or other similar sales performance incentive program and the projected benefits of the program to lottery ticket sales and state revenues.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p> |
| 11. | VII-12 | <p>Lottery Operator Contract. The amounts included above in Strategy A.1.6, Lottery Operator Contract, are estimated appropriations out of the State Lottery Account in the General Revenue Fund and may be used for payment of lottery operator contractual obligations. The estimated amount appropriated for fiscal year 2010 <u>2012</u> is an amount equal to 2.6999 percent of gross sales in fiscal year 2010 <u>2012</u>; and the estimated amount appropriated for fiscal year 2011 <u>2013</u> is an amount equal to 2.6999 percent of gross sales in fiscal year 2011 <u>2013</u>.</p> <p><i>This rider revision is requested to reflect updated fiscal years and revised contractual billing terms. The billing percentage rate will be determined in the new Lottery Operator Contract which is anticipated to be executed by the end of the calendar year.</i></p> |
| 12. | VII-12 | <p>Appropriation of Increased Revenues. In addition to the amounts appropriated above, there is hereby appropriated out of the State Lottery Account in the General Revenue Fund, an amount equal to 1.49 percent of the amount by which gross sales exceed \$3,572,150,000 <u>\$3,750,000,000</u> in fiscal year 2010 <u>2012</u> and the amount by which gross sales exceed \$3,492,200,000 <u>\$3,750,000,000</u> in fiscal year 2011 <u>2013</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, 2010 <u>2012</u>, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2010 <u>2012</u>.</p> <p><i>This rider revision is requested to reflect current estimates of lottery sales for the FY 2012-13 biennium.</i></p> |

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

| | | |
|-----|--------|---|
| 13. | VII-12 | <p>Instant Ticket Game Closure. The commission shall provide a semi-annual report, on April 1 and October 1, to the Legislative Budget Board detailing the number of instant ticket games closed and the amount of time to end the sale of each game following closure.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p> |
| 14. | VII-12 | <p>Sale of Lottery. None of the funds appropriated above may be spent for the purpose of exploring, investigating, negotiating, calculating, or otherwise taking any action that would result in selling the Texas Lottery.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p> |
| 15. | VII-12 | <p>Adjustment to Appropriated Amounts. In the event the Texas Lottery Commission determines that activities, which have previously been outsourced through the Lottery Operator Contract, should be operated by the agency or multiple vendors in order to ensure greater accountability or improved services, the Texas Lottery Commission may, upon written approval from the Governor and Legislative Budget Board, exceed:</p> <ul style="list-style-type: none"> a. the appropriation transferability restriction on Strategy A.1.6, Lottery Operator Contract(s); b. the transfer restrictions included under Article IX, Sec. 14.01, Appropriation Transfers; c. the number of Full-Time Equivalent position restrictions under Article IX, Sec. 6.10, Limitation on State Employment Levels; and d. the capital budget restrictions included under Article IX, Sec. 14.03 Limitation on Expenditures – Capital Budget. A request by the Texas Lottery Commission to the Governor and LBB to exceed the limitations listed above must be submitted by the agency’s governing board and must include at minimum: <ul style="list-style-type: none"> (1) the date on which the board approved the request; (2) a statement justifying the need to exceed all appropriation transfer limitations; (3) a statement justifying the need to exceed the full-time equivalent position limitation; (4) a statement justifying the need to exceed the capital budget restriction; (5) the source of funds of the appropriation adjustment; and (6) a justification for the commission or multiple vendors to perform the activities previously outsourced through the Lottery Operator Contract. <p><i>The Commission is not requesting any revisions to this Rider.</i></p> |

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

| | | |
|------|-------------|---|
| 16. | VII-13 | <p>Contingent Capital Budget Increase. Contingent upon the Texas Lottery Commission realizing an increase in appropriated revenues and receiving a certification from the Comptroller of Public Accounts that additional appropriations in the amount of \$2,500,000 or more are available to the Texas Lottery Commission from Rider 12, Appropriation of Increased Revenue, the capital budget authority for the Texas Lottery Commission may be increased by \$2,500,000 for the acquisition of an Automated Charitable Bingo System, and appropriations from Rider 12, Appropriation of Increased Revenue, may be used to acquire this capital budget item.</p> <p><i>The Commission is requesting deletion of this Rider.</i></p> |
| 701. | Article VII | <p><u>Bingo Third Party Reimbursements.</u> In addition to the amounts appropriated above, there is hereby appropriated out of the General Revenue Fund third party reimbursements collected by the Bingo division in accordance with Texas Occupations Code Section 2001.205(b), 2001.209(b), 2001.437(e) and 2001.560(d).</p> <p><i>The Commission is requesting appropriated receipt appropriation for these Bingo fee collection items recovered for the cost of audits and investigations.</i></p> |
| 702. | Article VII | <p><u>Appropriation, Contingent Upon Revenue.</u> Of the amounts appropriated above in Strategy B.1.1., Bingo Licensing and B.1.3. Bingo Law Compliance Field Operation, \$144,899 in fiscal year 2012 and \$144,899 in fiscal year 2013 for restoration of the 5% budget reduction is contingent on the Lottery Commission covering the additional costs by assessing fees sufficient to generate increased revenues in excess of Bingo revenues estimated in the Comptroller's Biennial Revenue Estimate for 2012 and 2013. Also, the "Number of Full-time Equivalent (FTEs)" indicated in the agency's bill pattern shall be increased by 2.0 FTEs in each fiscal year contingent upon the agency meeting the above revenue target. Upon completion of the necessary actions to assess or increase such fees, the Commission shall furnish to the Comptroller of Public Accounts documentation of such action and the revised fee structure supporting the estimated revenues to be generated. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose.</p> <p><i>This rider revision is contingent upon approval of Exceptional Item 2 related to the funding of the restoration of the 5% budget reduction for the FY 2012-13 biennium. The fee increase to Bingo Operators/Lessors would be used for the funding of this Exceptional Item.</i></p> |

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

| | | |
|------|-------------|---|
| 703. | Article VII | <p><u>Appropriation, Contingent Upon Revenue.</u> <u>Of the amounts appropriated above in Strategy B.1.1., Bingo Licensing, \$1,250,000 in fiscal year 2012 and \$1,250,000 in fiscal year 2013 for replacing the Automated Charitable Bingo System is contingent on the Lottery Commission covering the additional costs by assessing one time fees sufficient to generate increased revenues in excess of Bingo revenues estimated in the Comptroller's Biennial Revenue Estimate for 2012 and 2013. Upon completion of the necessary actions to assess or increase such fees, the Commission shall furnish to the Comptroller of Public Accounts documentation of such action and the revised fee structure supporting the estimated revenues to be generated. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose.</u></p> <p><i>This rider revision is contingent upon approval of Exceptional Item 4 related to the funding of the Automated Charitable Bingo System for the FY 2012-13 biennium. The fee increase to Bingo Operators/Lessors would be a one-time increase during the FY 2012-13 biennium used for the funding of this Exceptional Item.</i></p> |
|------|-------------|---|

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

| 704. | Article VII | <p>Capital Budget. <u>None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for “Lease Payments to the Master Equipment Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under “Acquisition of Information Resource Technologies” may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas.</u></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">2012</th> <th style="width: 20%; text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">2013</th> </tr> </thead> <tbody> <tr> <td colspan="3"><u>a.Acquisition of Information Resource Technologies</u></td> </tr> <tr> <td style="padding-left: 20px;"><u>(1) Automated Charitable Bingo System</u></td> <td style="text-align: right; vertical-align: bottom;">\$ 1,250,000</td> <td style="text-align: right; vertical-align: bottom;">\$ 1,250,000</td> </tr> <tr> <td style="padding-left: 20px;"><u>(2) Oracle WebLogic Suite</u></td> <td style="text-align: right; vertical-align: bottom;">80,000</td> <td></td> </tr> <tr> <td colspan="3"><u>b.Acquisition of Capital Equipment Items</u></td> </tr> <tr> <td style="padding-left: 40px;"><u>(1) Lottery Drawing Studio Air Conditioning System</u></td> <td style="text-align: right; vertical-align: bottom;">55,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><u>Total, Capital Budget</u></td> <td style="text-align: right; vertical-align: bottom; border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,385,000</td> <td style="text-align: right; vertical-align: bottom; border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,250,000</td> </tr> <tr> <td colspan="3"><u>Method of Financing (Capital Budget):</u></td> </tr> <tr> <td style="padding-left: 20px;"><u>General Revenue</u></td> <td style="text-align: right; vertical-align: bottom;">\$ 1,250,000</td> <td style="text-align: right; vertical-align: bottom;">\$ 1,250,000</td> </tr> <tr> <td style="padding-left: 20px;"><u>GR Dedicated – Lottery Account No. 5025</u></td> <td style="text-align: right; vertical-align: bottom;">135,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><u>Total, Method of Financing</u></td> <td style="text-align: right; vertical-align: bottom; border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,385,000</td> <td style="text-align: right; vertical-align: bottom; border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,250,000</td> </tr> </tbody> </table> <p><i>This rider revision is requested to reflect the FY 2012-13 Capital Budget Requests submitted as Exceptional Item Requests. An explanation of the capital budget item requested is included in the Capital Budget Supporting Schedules.</i></p> | | 2012 | 2013 | <u>a.Acquisition of Information Resource Technologies</u> | | | <u>(1) Automated Charitable Bingo System</u> | \$ 1,250,000 | \$ 1,250,000 | <u>(2) Oracle WebLogic Suite</u> | 80,000 | | <u>b.Acquisition of Capital Equipment Items</u> | | | <u>(1) Lottery Drawing Studio Air Conditioning System</u> | 55,000 | | <u>Total, Capital Budget</u> | \$ 1,385,000 | \$ 1,250,000 | <u>Method of Financing (Capital Budget):</u> | | | <u>General Revenue</u> | \$ 1,250,000 | \$ 1,250,000 | <u>GR Dedicated – Lottery Account No. 5025</u> | 135,000 | | <u>Total, Method of Financing</u> | \$ 1,385,000 | \$ 1,250,000 |
|---|--------------|--|--|------|------|---|--|--|--|--------------|--------------|----------------------------------|--------|--|---|--|--|---|--------|--|------------------------------|--------------|--------------|--|--|--|------------------------|--------------|--------------|--|---------|--|-----------------------------------|--------------|--------------|
| | 2012 | 2013 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>a.Acquisition of Information Resource Technologies</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>(1) Automated Charitable Bingo System</u> | \$ 1,250,000 | \$ 1,250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>(2) Oracle WebLogic Suite</u> | 80,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>b.Acquisition of Capital Equipment Items</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>(1) Lottery Drawing Studio Air Conditioning System</u> | 55,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Total, Capital Budget</u> | \$ 1,385,000 | \$ 1,250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Method of Financing (Capital Budget):</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>General Revenue</u> | \$ 1,250,000 | \$ 1,250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>GR Dedicated – Lottery Account No. 5025</u> | 135,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Total, Method of Financing</u> | \$ 1,385,000 | \$ 1,250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:37:05PM

Agency code: 362

Agency name:
Texas Lottery Commission

| CODE | DESCRIPTION | Excp 2012 | Excp 2013 |
|---------------------------------|---|-----------------|------------|
| | Item Name: Lottery Drawing Studio Air Conditioning System | | |
| | Item Priority: 1 | | |
| | Includes Funding for the Following Strategy or Strategies: 01-01-01 Lottery Operations | | |
| OBJECTS OF EXPENSE: | | | |
| 5000 | CAPITAL EXPENDITURES | 55,000 | 0 |
| | TOTAL, OBJECT OF EXPENSE | \$55,000 | \$0 |
| METHOD OF FINANCING: | | | |
| 5025 | Lottery Acct | 55,000 | 0 |
| | TOTAL, METHOD OF FINANCING | \$55,000 | \$0 |

DESCRIPTION / JUSTIFICATION:

The project will provide replacement HVAC units for the agency's Lottery Drawings Studio. The project supports the agency's goal to Operate the Lottery by protecting mission critical equipment for the agency's lottery drawing function.

HVAC units for the Lottery Drawing Studio are needed to replace three units that have reached the end of their useful life. New lottery games and equipment have been added in recent years without increasing the air conditioning equipment. The existing air conditioning units are operating at the maximum levels of their designed operating range. If this project is postponed, mission critical equipment for the agency's lottery drawing function could be at risk if the existing air conditioning units fail.

EXTERNAL/INTERNAL FACTORS:

The existing HVAC units are operating at the maximum levels of their designed operating range. If this project is postponed, mission critical equipment for the agency's lottery drawing function could be at risk if the existing HVAC units fail.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:37:08PM

Agency code: 362

Agency name:
Texas Lottery Commission

| CODE | DESCRIPTION | Excp 2012 | Excp 2013 |
|------|---|-----------|-----------|
| | Item Name: Bingo 5% Budget Restoration | | |
| | Item Priority: 2 | | |
| | Includes Funding for the Following Strategy or Strategies: 02-01-01 Determine Eligibility and Process Applications | | |
| | 02-01-03 Bingo Law Compliance Field Operations | | |

OBJECTS OF EXPENSE:

| | | | |
|------|---------------------------------|----------------|----------------|
| 1001 | SALARIES AND WAGES | 144,899 | 144,899 |
| | TOTAL, OBJECT OF EXPENSE | 144,899 | 144,899 |

METHOD OF FINANCING:

| | | | |
|---|-----------------------------------|----------------|----------------|
| 1 | General Revenue Fund | 144,899 | 144,899 |
| | TOTAL, METHOD OF FINANCING | 144,899 | 144,899 |

FULL-TIME EQUIVALENT POSITIONS (FTE):

| | | |
|--|------|------|
| | 2.00 | 2.00 |
|--|------|------|

DESCRIPTION / JUSTIFICATION:

Funding for this exception item would provide restoration of the 5% budget reduction in the amount of \$289,789 and two FTE's in the Bingo Division, one in Bingo Law Compliance Field Operations and one in Bingo Licensing. The increase in GR approp. would be supported by fee increases to Bingo Operators and Lessors.

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

The functions of Bingo Licensing include the licensing of persons identified pursuant to the Bingo Enabling Act and the registration of individuals on the Registry of Approved Bingo Workers. The Licensing Department procedures for reviewing a Bingo license application or registration enhance quality and consistency of the process and strive to ensure eligibility of the applicant. This program promotes communication and cooperation between licensees and the CBOD so that qualified applicants and licensees know of Bingo Enabling Act and Charitable Bingo Administrative Rule requirements.

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

EXTERNAL/INTERNAL FACTORS:

Funding for this exceptional item would restore 2 FTEs to assist in carrying out the CBOD's statutory objective to ensure compliance with the Act and Rules.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:37:08PM

Agency code: 362

Agency name:
Texas Lottery Commission

| CODE | DESCRIPTION | Excp 2012 | Excp 2013 |
|-----------------------------|--|-----------------|------------|
| | Item Name: Oracle WebLogic Suite | | |
| | Item Priority: 3 | | |
| | Includes Funding for the Following Strategy or Strategies: 01-01-05 Central Administration | | |
| OBJECTS OF EXPENSE: | | | |
| 5000 | CAPITAL EXPENDITURES | 80,000 | 0 |
| | TOTAL, OBJECT OF EXPENSE | \$80,000 | \$0 |
| METHOD OF FINANCING: | | | |
| 5025 | Lottery Acct | 80,000 | 0 |
| | TOTAL, METHOD OF FINANCING | \$80,000 | \$0 |

DESCRIPTION / JUSTIFICATION:

This project is to replace Oracle Application Server which supports the agency's core technology applications. This software platform is being phased out by the manufacturer and replaced with Oracle's WebLogic Suite. The project supports the agency's goal to Operate the Lottery and Enforce Bingo Laws by ensuring technology applications used on a daily basis for business operations are operational and secure.

The maintenance and support being provided by the manufacturer for the current software platform will end in December 2010. Continuing to use this puts agency core applications at risk, since the manufacturer will no longer provide software fixes, patches or security updates.

EXTERNAL/INTERNAL FACTORS:

The maintenance and support being provided by the manufacturer for the current software platform will end in December 2010. Continuing to use this puts agency core applications at risk, since the manufacturer will no longer provide software fixes, patches or security updates.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:37:08PM

Agency code: 362

Agency name:
Texas Lottery Commission

| CODE | DESCRIPTION | Excp 2012 | Excp 2013 |
|-----------------------------|---|--------------------|--------------------|
| | Item Name: Automated Charitable Bingo System Redesign | | |
| | Item Priority: 4 | | |
| | Includes Funding for the Following Strategy or Strategies: 02-01-01 Determine Eligibility and Process Applications | | |
| OBJECTS OF EXPENSE: | | | |
| 2001 | PROFESSIONAL FEES AND SERVICES | 1,250,000 | 1,250,000 |
| | TOTAL, OBJECT OF EXPENSE | \$1,250,000 | \$1,250,000 |
| METHOD OF FINANCING: | | | |
| 1 | General Revenue Fund | 1,250,000 | 1,250,000 |
| | TOTAL, METHOD OF FINANCING | \$1,250,000 | \$1,250,000 |

DESCRIPTION / JUSTIFICATION:

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

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

The increase in GR appropriation would be supported by one-time fee increases to Bingo Operators and Lessors. The fee increases would have a Sunset provision noting that the increases are only for the FY 2012-13 biennium.

EXTERNAL/INTERNAL FACTORS:

Support for the existing system ends in 2013.

The Texas Lottery Commission does not have existing staff necessary to redesign and convert the Automated Charitable Bingo System.

If ACBS is not converted, it will become necessary to maintain multiple development and production infrastructures. Additionally, the Lottery will have no support from the vendor for upgrades necessary to support the system. This will result in additional costs and staff resources.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:37:08PM

Agency code: 362

Agency name:
Texas Lottery Commission

| <u>CODE</u> | <u>DESCRIPTION</u> | <u>Excp 2012</u> | <u>Excp 2013</u> |
|---------------------------------|--|------------------|------------------|
| | Item Name: Bingo 5% Prize Fee Allocation Restoration | | |
| | Item Priority: 5 | | |
| | Includes Funding for the Following Strategy or Strategies: 02-01-05 Bingo Prize Fee Allocations. Estimated and Nontransferable. | | |
| OBJECTS OF EXPENSE: | | | |
| 4000 | GRANTS | 631,775 | 631,775 |
| | TOTAL, OBJECT OF EXPENSE | \$631,775 | \$631,775 |
| METHOD OF FINANCING: | | | |
| 1 | General Revenue Fund | 631,775 | 631,775 |
| | TOTAL, METHOD OF FINANCING | \$631,775 | \$631,775 |

DESCRIPTION / JUSTIFICATION:

The Commission requests restoration of the budget reduction for the Bingo Prize Fee Allocation program. Section 2001.503 of the Texas Occupations Code provides for a quarterly allocation to counties and cities of bingo prize fees collected by the Commission. These payments are based on bingo prize fees collected at counties and cities that impose a gross receipts tax on the conduct of bingo. Statute entitles these local jurisdictions to 50% of the fees collected by the Commission.

EXTERNAL/INTERNAL FACTORS:

If funding were not restored, the Commission will be in violation of Section 2001.503 of the Texas Occupations Code that provides for a quarterly allocation to counties and cities of bingo prize fees collected by the Commission

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010

TIME: 1:37:19PM

Agency code: 362 Agency name: Texas Lottery Commission

| Code Description | Excp 2012 | Excp 2013 |
|--|-----------------|------------|
| Item Name: Lottery Drawing Studio Air Conditioning System | | |
| Allocation to Strategy: 1-1-1 Lottery Operations | | |
| OBJECTS OF EXPENSE: | | |
| 5000 CAPITAL EXPENDITURES | 55,000 | 0 |
| TOTAL, OBJECT OF EXPENSE | \$55,000 | \$0 |
| METHOD OF FINANCING: | | |
| 5025 Lottery Acct | 55,000 | 0 |
| TOTAL, METHOD OF FINANCING | \$55,000 | \$0 |

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: **8/3/2010**
TIME: **1:37:23PM**

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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

| Code Description | Excp 2012 | Excp 2013 |
|--|-----------------|-----------------|
| Item Name: Bingo 5% Budget Restoration | | |
| Allocation to Strategy: 2-1-1 Determine Eligibility and Process Applications | | |
| EFFICIENCY MEASURES: | | |
| <u>1</u> Average Bingo License (New) Processing Time (Days) | 35.00 | 30.00 |
| <u>2</u> Average Bingo License (Renewal) Processing Time (Days) | 25.00 | 25.00 |
| OBJECTS OF EXPENSE: | | |
| 1001 SALARIES AND WAGES | 44,984 | 44,984 |
| TOTAL, OBJECT OF EXPENSE | \$44,984 | \$44,984 |
| METHOD OF FINANCING: | | |
| 1 General Revenue Fund | 44,984 | 44,984 |
| TOTAL, METHOD OF FINANCING | \$44,984 | \$44,984 |
| FULL-TIME EQUIVALENT POSITIONS (FTE): | 1.0 | 1.0 |

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
TIME: 1:37:23PM

Agency code: 362 Agency name: Texas Lottery Commission

| Code | Description | Excp 2012 | Excp 2013 |
|--|--|-----------------|-----------------|
| Item Name: Bingo 5% Budget Restoration | | | |
| Allocation to Strategy: 2-1-3 Bingo Law Compliance Field Operations | | | |
| STRATEGY IMPACT ON OUTCOME MEASURES: | | | |
| <u>4</u> | Percent of Documented Complaints Completed within Six Months | 92.00% | 92.00% |
| <u>7</u> | Percentage of Organizations Receiving an Audit | 4.08% | 4.08% |
| <u>8</u> | Percentage of Organizations Receiving an Inspection | 45.00 | 45.00 |
| OUTPUT MEASURES: | | | |
| <u>1</u> | Number of Inspections Conducted | 75.00 | 75.00 |
| <u>2</u> | Number of Bingo Audits and Reviews Completed | 10.00 | 10.00 |
| OBJECTS OF EXPENSE: | | | |
| 1001 | SALARIES AND WAGES | 99,915 | 99,915 |
| TOTAL, OBJECT OF EXPENSE | | \$99,915 | \$99,915 |
| METHOD OF FINANCING: | | | |
| 1 | General Revenue Fund | 99,915 | 99,915 |
| TOTAL, METHOD OF FINANCING | | \$99,915 | \$99,915 |
| FULL-TIME EQUIVALENT POSITIONS (FTE): | | 1.0 | 1.0 |

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: **8/3/2010**

82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

TIME: **1:37:23PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

| Code Description | Excp 2012 | Excp 2013 |
|---|-----------------|------------|
| Item Name: Oracle WebLogic Suite | | |
| Allocation to Strategy: 1-1-5 Central Administration | | |
| OBJECTS OF EXPENSE: | | |
| 5000 CAPITAL EXPENDITURES | 80,000 | 0 |
| TOTAL, OBJECT OF EXPENSE | \$80,000 | \$0 |
| METHOD OF FINANCING: | | |
| 5025 Lottery Acct | 80,000 | 0 |
| TOTAL, METHOD OF FINANCING | \$80,000 | \$0 |

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010

TIME: 1:37:23PM

Agency code: **362**

Agency name: **Texas Lottery Commission**

| Code Description | Excp 2012 | Excp 2013 |
|---|--------------------|--------------------|
| Item Name: Automated Charitable Bingo System Redesign | | |
| Allocation to Strategy: 2-1-1 Determine Eligibility and Process Applications | | |
| OBJECTS OF EXPENSE: | | |
| 2001 PROFESSIONAL FEES AND SERVICES | 1,250,000 | 1,250,000 |
| TOTAL, OBJECT OF EXPENSE | \$1,250,000 | \$1,250,000 |
| METHOD OF FINANCING: | | |
| 1 General Revenue Fund | 1,250,000 | 1,250,000 |
| TOTAL, METHOD OF FINANCING | \$1,250,000 | \$1,250,000 |

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/3/2010**

TIME: **1:37:23PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

| Code Description | Excp 2012 | Excp 2013 |
|--|------------------|------------------|
| Item Name: Bingo 5% Prize Fee Allocation Restoration | | |
| Allocation to Strategy: 2-1-5 Bingo Prize Fee Allocations. Estimated and Nontransferable. | | |
| OBJECTS OF EXPENSE: | | |
| 4000 GRANTS | 631,775 | 631,775 |
| TOTAL, OBJECT OF EXPENSE | \$631,775 | \$631,775 |
| METHOD OF FINANCING: | | |
| 1 General Revenue Fund | 631,775 | 631,775 |
| TOTAL, METHOD OF FINANCING | \$631,775 | \$631,775 |

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
TIME: 1:37:35PM

Agency Code: 362 Agency name: Texas Lottery Commission

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

| CODE DESCRIPTION | Excp 2012 | Excp 2013 |
|------------------|-----------|-----------|
|------------------|-----------|-----------|

OBJECTS OF EXPENSE:

| | | |
|----------------------------------|-----------------|------------|
| 5000 CAPITAL EXPENDITURES | 55,000 | 0 |
| Total, Objects of Expense | \$55,000 | \$0 |

METHOD OF FINANCING:

| | | |
|---------------------------------|-----------------|------------|
| 5025 Lottery Acct | 55,000 | 0 |
| Total, Method of Finance | \$55,000 | \$0 |

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Lottery Drawing Studio Air Conditioning System

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
TIME: 1:37:38PM

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: 5 Central Administration

Statewide Goal/Benchmark: 4 - 0
 Service Categories:
 Service: 03 Income: A.2 Age: B.3

| CODE DESCRIPTION | Excp 2012 | Excp 2013 |
|-------------------------|------------------|------------------|
|-------------------------|------------------|------------------|

OBJECTS OF EXPENSE:

| | | |
|----------------------------------|-----------------|------------|
| 5000 CAPITAL EXPENDITURES | 80,000 | 0 |
| Total, Objects of Expense | \$80,000 | \$0 |

METHOD OF FINANCING:

| | | |
|---------------------------------|-----------------|------------|
| 5025 Lottery Acct | 80,000 | 0 |
| Total, Method of Finance | \$80,000 | \$0 |

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Oracle WebLogic Suite

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
TIME: 1:37:38PM

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

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

| CODE DESCRIPTION | Excp 2012 | Excp 2013 |
|-------------------------|------------------|------------------|
|-------------------------|------------------|------------------|

EFFICIENCY MEASURES:

| | | |
|--|-------|-------|
| 1 Average Bingo License (New) Processing Time (Days) | 35.00 | 35.00 |
| 2 Average Bingo License (Renewal) Processing Time (Days) | 25.00 | 25.00 |

OBJECTS OF EXPENSE:

| | | |
|-------------------------------------|--------------------|--------------------|
| 1001 SALARIES AND WAGES | 44,984 | 44,984 |
| 2001 PROFESSIONAL FEES AND SERVICES | 1,250,000 | 1,250,000 |
| Total, Objects of Expense | \$1,294,984 | \$1,294,984 |

METHOD OF FINANCING:

| | | |
|---------------------------------|--------------------|--------------------|
| 1 General Revenue Fund | 1,294,984 | 1,294,984 |
| Total, Method of Finance | \$1,294,984 | \$1,294,984 |

FULL-TIME EQUIVALENT POSITIONS (FTE):

| | |
|-----|-----|
| 1.0 | 1.0 |
|-----|-----|

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Bingo 5% Budget Restoration
 Automated Charitable Bingo System Redesign

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
TIME: 1:37:38PM

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

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

| CODE DESCRIPTION | Excp 2012 | Excp 2013 |
|-------------------------|------------------|------------------|
|-------------------------|------------------|------------------|

STRATEGY IMPACT ON OUTCOME MEASURES:

| | | |
|---|---------|---------|
| <u>4</u> Percent of Documented Complaints Completed within Six Months | 92.00 % | 92.00 % |
| <u>7</u> Percentage of Organizations Receiving an Audit | 4.08 % | 4.08 % |
| <u>8</u> Percentage of Organizations Receiving an Inspection | 45.00 | 45.00 |

OUTPUT MEASURES:

| | | |
|---|-------|-------|
| <u>1</u> Number of Inspections Conducted | 75.00 | 75.00 |
| <u>2</u> Number of Bingo Audits and Reviews Completed | 10.00 | 10.00 |

OBJECTS OF EXPENSE:

| | | |
|----------------------------------|-----------------|-----------------|
| 1001 SALARIES AND WAGES | 99,915 | 99,915 |
| Total, Objects of Expense | \$99,915 | \$99,915 |

METHOD OF FINANCING:

| | | |
|---------------------------------|-----------------|-----------------|
| 1 General Revenue Fund | 99,915 | 99,915 |
| Total, Method of Finance | \$99,915 | \$99,915 |

FULL-TIME EQUIVALENT POSITIONS (FTE):

| | |
|-----|-----|
| 1.0 | 1.0 |
|-----|-----|

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Bingo 5% Budget Restoration

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
TIME: 1:37:38PM

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

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

| CODE DESCRIPTION | Excp 2012 | Excp 2013 |
|-------------------------|------------------|------------------|
|-------------------------|------------------|------------------|

OBJECTS OF EXPENSE:

| | | |
|----------------------------------|------------------|------------------|
| 4000 GRANTS | 631,775 | 631,775 |
| Total, Objects of Expense | \$631,775 | \$631,775 |

METHOD OF FINANCING:

| | | |
|---------------------------------|------------------|------------------|
| 1 General Revenue Fund | 631,775 | 631,775 |
| Total, Method of Finance | \$631,775 | \$631,775 |

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Bingo 5% Prize Fee Allocation Restoration

5.A. CAPITAL BUDGET PROJECT SCHEDULE
82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/3/2010**
TIME: **1:37:49PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2010

Bud 2011

BL 2012

BL 2013

5005 Acquisition of Information Resource Technologies

2/2 Telephone System Upgrade

OBJECTS OF EXPENSE

Capital

General 5000 CAPITAL EXPENDITURES

\$165,000

\$0

\$0

\$0

Capital Subtotal OOE, Project 2

\$165,000

\$0

\$0

\$0

Subtotal OOE, Project 2

\$165,000

\$0

\$0

\$0

TYPE OF FINANCING

Capital

General CA 5025 Lottery Acct

\$165,000

\$0

\$0

\$0

Capital Subtotal TOF, Project 2

\$165,000

\$0

\$0

\$0

Subtotal TOF, Project 2

\$165,000

\$0

\$0

\$0

5/5 Oracle WebLogic Suite

OBJECTS OF EXPENSE

Capital

General 5000 CAPITAL EXPENDITURES

\$0

\$0

\$0

\$0

Capital Subtotal OOE, Project 5

\$0

\$0

\$0

\$0

Subtotal OOE, Project 5

\$0

\$0

\$0

\$0

TYPE OF FINANCING

Capital

General CA 5025 Lottery Acct

\$0

\$0

\$0

\$0

Capital Subtotal TOF, Project 5

\$0

\$0

\$0

\$0

5.A. CAPITAL BUDGET PROJECT SCHEDULE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:37:53PM

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2010

Bud 2011

BL 2012

BL 2013

| | | | | | |
|--|--------------------------------|------------------|------------|------------|------------|
| Subtotal TOF, Project | 5 | \$0 | \$0 | \$0 | \$0 |
| <i>6/6 Automated Charitable Bingo System (ACBS) Redesign</i> | | | | | |
| OBJECTS OF EXPENSE | | | | | |
| <u>Capital</u> | | | | | |
| General 2001 | PROFESSIONAL FEES AND SERVICES | \$0 | \$0 | \$0 | \$0 |
| Capital Subtotal OOE, Project | 6 | \$0 | \$0 | \$0 | \$0 |
| Subtotal OOE, Project | 6 | \$0 | \$0 | \$0 | \$0 |
| TYPE OF FINANCING | | | | | |
| <u>Capital</u> | | | | | |
| General CA | 1 General Revenue Fund | \$0 | \$0 | \$0 | \$0 |
| Capital Subtotal TOF, Project | 6 | \$0 | \$0 | \$0 | \$0 |
| Subtotal TOF, Project | 6 | \$0 | \$0 | \$0 | \$0 |
| Capital Subtotal, Category | 5005 | \$165,000 | \$0 | \$0 | \$0 |
| Informational Subtotal, Category | 5005 | | | | |
| Total, Category | 5005 | \$165,000 | \$0 | \$0 | \$0 |

5007 Acquisition of Capital Equipment and Items

1/1 Capitalized Lottery Drawing Equipment

OBJECTS OF EXPENSE

Capital

| | | | | | |
|-------------------------------|----------------------|-----------|-----------|-----------|-----|
| General 5000 | CAPITAL EXPENDITURES | \$180,000 | \$120,000 | \$300,000 | \$0 |
| Capital Subtotal OOE, Project | 1 | \$180,000 | \$120,000 | \$300,000 | \$0 |

5.A. CAPITAL BUDGET PROJECT SCHEDULE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:37:53PM

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2010

Bud 2011

BL 2012

BL 2013

| | | | | | |
|---|---|-----------|-----------|-----------|-----|
| Subtotal OOE, Project | 1 | \$180,000 | \$120,000 | \$300,000 | \$0 |
| TYPE OF FINANCING | | | | | |
| <u>Capital</u> | | | | | |
| General CA 5025 Lottery Acct | | \$180,000 | \$120,000 | \$300,000 | \$0 |
| Capital Subtotal TOF, Project | 1 | \$180,000 | \$120,000 | \$300,000 | \$0 |
| Subtotal TOF, Project | 1 | \$180,000 | \$120,000 | \$300,000 | \$0 |
| <i>3/3 Studio Surveillance System</i> | | | | | |
| OBJECTS OF EXPENSE | | | | | |
| <u>Capital</u> | | | | | |
| General 5000 CAPITAL EXPENDITURES | | \$120,800 | \$0 | \$0 | \$0 |
| Capital Subtotal OOE, Project | 3 | \$120,800 | \$0 | \$0 | \$0 |
| Subtotal OOE, Project | 3 | \$120,800 | \$0 | \$0 | \$0 |
| TYPE OF FINANCING | | | | | |
| <u>Capital</u> | | | | | |
| General CA 5025 Lottery Acct | | \$120,800 | \$0 | \$0 | \$0 |
| Capital Subtotal TOF, Project | 3 | \$120,800 | \$0 | \$0 | \$0 |
| Subtotal TOF, Project | 3 | \$120,800 | \$0 | \$0 | \$0 |
| <i>4/4 Lottery Drawing Studio Air Conditioning System</i> | | | | | |
| OBJECTS OF EXPENSE | | | | | |
| <u>Capital</u> | | | | | |
| General 5000 CAPITAL EXPENDITURES | | \$0 | \$0 | \$0 | \$0 |
| Capital Subtotal OOE, Project | 4 | \$0 | \$0 | \$0 | \$0 |

5.A. CAPITAL BUDGET PROJECT SCHEDULE
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:37:53PM

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

| | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|---------------------------------------|------------------|------------------|------------------|------------|
| Subtotal OOE, Project 4 | \$0 | \$0 | \$0 | \$0 |
| TYPE OF FINANCING | | | | |
| <u>Capital</u> | | | | |
| General CA 5025 Lottery Acct | \$0 | \$0 | \$0 | \$0 |
| Capital Subtotal TOF, Project 4 | \$0 | \$0 | \$0 | \$0 |
| Subtotal TOF, Project 4 | \$0 | \$0 | \$0 | \$0 |
| Capital Subtotal, Category 5007 | \$300,800 | \$120,000 | \$300,000 | \$0 |
| Informational Subtotal, Category 5007 | | | | |
| Total, Category 5007 | \$300,800 | \$120,000 | \$300,000 | \$0 |
| AGENCY TOTAL -CAPITAL | \$465,800 | \$120,000 | \$300,000 | \$0 |
| AGENCY TOTAL -INFORMATIONAL | | | | |
| AGENCY TOTAL | \$465,800 | \$120,000 | \$300,000 | \$0 |
| METHOD OF FINANCING: | | | | |
| <u>Capital</u> | | | | |
| General 1 General Revenue Fund | \$0 | \$0 | \$0 | \$0 |
| General 5025 Lottery Acct | \$465,800 | \$120,000 | \$300,000 | \$0 |
| Total, Method of Financing-Capital | \$465,800 | \$120,000 | \$300,000 | \$0 |
| Total, Method of Financing | \$465,800 | \$120,000 | \$300,000 | \$0 |

5.A. CAPITAL BUDGET PROJECT SCHEDULE
82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/3/2010**
TIME: **1:37:53PM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2010

Bud 2011

BL 2012

BL 2013

TYPE OF FINANCING:

Capital

| | | | | |
|-----------------------------------|------------------|------------------|------------------|------------|
| General CA CURRENT APPROPRIATIONS | \$465,800 | \$120,000 | \$300,000 | \$0 |
| Total, Type of Financing-Capital | \$465,800 | \$120,000 | \$300,000 | \$0 |
| Total, Type of Financing | \$465,800 | \$120,000 | \$300,000 | \$0 |

5.B. CAPITAL BUDGET PROJECT INFORMATION
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:38:02PM

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

PROJECT DESCRIPTION

General Information

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

| | | | |
|---|------------|------------------------|------|
| Number of Units / Average Unit Cost | 0 | | |
| Estimated Completion Date | | | |
| Additional Capital Expenditure Amounts Required | | 2014 | 2015 |
| | | 0 | 0 |
| Type of Financing | CA | CURRENT APPROPRIATIONS | |
| Projected Useful Life | 3-7 years | | |
| Estimated/Actual Project Cost | \$ 300,000 | | |
| Length of Financing/ Lease Period | | | |

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

| | | | | | |
|--|------|------|------|------|----------------------------|
| | 2012 | 2013 | 2014 | 2015 | 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: 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:

Daily or twice daily use to conduct on-line draws.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:38:02PM

| | | | |
|------------------|------|----------------|---------------------------|
| Agency Code: | 362 | Agency name: | Texas Lottery Commission |
| Category Number: | 5007 | Category Name: | ACQUISITN CAP EQUIP ITEMS |
| Project number: | 4 | Project Name: | Air Conditioning System |

PROJECT DESCRIPTION

General Information

The project will provide replacement HVAC units for the agency's Lottery Drawings Studio. The project supports the agency's goal to Operate the Lottery by protecting mission critical equipment for the agency's lottery drawing function.

HVAC units for the Lottery Drawing Studio are needed to replace three units that have reached the end of their useful life. New lottery games and equipment have been added in recent years without increasing the air conditioning equipment. The existing air conditioning units are operating at the maximum levels of their designed operating range. If this project is postponed, mission critical equipment for the agency's lottery drawing function could be at risk if the existing air conditioning units fail.

Number of Units / Average Unit Cost 3 units/ \$18,333
Estimated Completion Date August 31, 2012

| | | |
|--|-------------|-------------|
| Additional Capital Expenditure Amounts Required | 2014 | 2015 |
| | 0 | 0 |

Type of Financing CA CURRENT APPROPRIATIONS
Projected Useful Life 15 Years

Estimated/Actual Project Cost \$ 0
Length of Financing/ Lease Period

| | | | | | |
|---|-------------|-------------|-------------|-------------|--------------------------------|
| <u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u> | 2012 | 2013 | 2014 | 2015 | 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: This project will provide adequate cooling to the drawings studio due to additional drawings requirements

Project Location: Lottery Drawings Studio at Austin Headquarters.

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

Frequency of Use and External Factors Affecting Use:

This equipment will be used daily. There are no external factors that would affect usage.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:38:02PM

| | | | |
|------------------|-------------|----------------|---------------------------------|
| Agency Code: | 362 | Agency name: | Texas Lottery Commission |
| Category Number: | 5005 | Category Name: | ACQUISITN INFO RES TECH. |
| Project number: | 5 | Project Name: | Oracle WebLogic Suite |

PROJECT DESCRIPTION

General Information

This project is to replace Oracle Application Server which supports the agency's core technology applications. This software platform is being phased out by the manufacturer and replaced with Oracle's WebLogic Suite. The project supports the agency's goal to Operate the Lottery and Enforce Bingo Laws by ensuring technology applications used on a daily basis for business operations are operational and secure.

The maintenance and support being provided by the manufacturer for the current software platform will end in December 2010. Continuing to use this puts agency core applications at risk, since the manufacturer will no longer provide software fixes, patches or security updates.

| | | | |
|--|------------------|------------------------|-------------|
| Number of Units / Average Unit Cost | 1 unit/ \$80,000 | | |
| Estimated Completion Date | August 31, 2012 | | |
| Additional Capital Expenditure Amounts Required | | 2014 | 2015 |
| | | 0 | 0 |
| Type of Financing | CA | CURRENT APPROPRIATIONS | |
| Projected Useful Life | | | |
| Estimated/Actual Project Cost | \$ 0 | | |
| Length of Financing/ Lease Period | | | |

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

| | | | | | |
|--|-------------|-------------|-------------|-------------|------------------------------------|
| | 2012 | 2013 | 2014 | 2015 | 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: This project will replace the current Oracle Application Server with Oracle's WebLogic Suite application which the manufacturer will no longer support after December 2010.

Project Location: Austin Headquarters

Beneficiaries: All agency staff will benefit from this project.

Frequency of Use and External Factors Affecting Use:

The applications supported by this software will be used daily. There are no external factors that would affect usage.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME: 1:38:02PM

| | | | |
|------------------|-------------|----------------|---------------------------------|
| Agency Code: | 362 | Agency name: | Texas Lottery Commission |
| Category Number: | 5005 | Category Name: | ACQUISITN INFO RES TECH. |
| Project number: | 6 | Project Name: | ACBS Redesign |

PROJECT DESCRIPTION

General Information

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

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

The increase in GR appropriation would be supported by one-time fee increases to Bingo Operators and Lessors. The fee increases would have a Sunset provision noting that the increases are only for the FY 2012-13 biennium.

| | | | | | | | |
|--|---|-------------|-------------|-------------|--|---|---|
| Number of Units / Average Unit Cost | 20,000 hours @ \$125/hr | | | | | | |
| Estimated Completion Date | August 31, 2013 | | | | | | |
| Additional Capital Expenditure Amounts Required | <table border="0"> <tr> <td></td> <td>2014</td> <td>2015</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table> | | 2014 | 2015 | | 0 | 0 |
| | 2014 | 2015 | | | | | |
| | 0 | 0 | | | | | |
| Type of Financing | CA CURRENT APPROPRIATIONS | | | | | | |
| Projected Useful Life | 10+ years | | | | | | |
| Estimated/Actual Project Cost | \$ 0 | | | | | | |
| Length of Financing/ Lease Period | | | | | | | |

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

| | | | | | |
|--|-------------|-------------|-------------|-------------|------------------------------------|
| | 2012 | 2013 | 2014 | 2015 | 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: ACBS supports the mission critical function of the Charitable Bingo licensing and management. Vendor maintenance for the ACBS software platform will only be supported through 2013. ACBS must be converted to ensure continued availability of the system beyond 2013.

Project Location: Austin Headquarters

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

Frequency of Use and External Factors Affecting Use:

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

5.C. CAPITAL BUDGET ALLOCATION TO STRATEGIES (BASELINE)
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/3/2010**
 TIME: **1:38:14PM**

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

Category Code/Name

Project Sequence/Project Id/Name

| Goal/Obj/Str | Strategy Name | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|--|---|------------------|------------------|------------------|------------|
| 5005 Acquisition of Information Resource Technologies | | | | | |
| <i>2/2</i> | <i>Telephone System Upgrade</i> | | | | |
| <u>GENERAL BUDGET</u> | | | | | |
| Capital | 1-1-5 CENTRAL ADMINISTRATION | 165,000 | 0 | \$0 | \$0 |
| | TOTAL, PROJECT | <u>\$165,000</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | | | |
| <i>5/5</i> | <i>Oracle WebLogic Suite</i> | | | | |
| <u>GENERAL BUDGET</u> | | | | | |
| Capital | 1-1-5 CENTRAL ADMINISTRATION | 0 | 0 | 0 | 0 |
| | TOTAL, PROJECT | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | | | |
| <i>6/6</i> | <i>ACBS Redesign</i> | | | | |
| <u>GENERAL BUDGET</u> | | | | | |
| Capital | 2-1-1 BINGO LICENSING | 0 | 0 | 0 | 0 |
| | TOTAL, PROJECT | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | | | |
| 5007 Acquisition of Capital Equipment and Items | | | | | |
| <i>1/1</i> | <i>Capitalized Lottery Drawing Equip.</i> | | | | |
| <u>GENERAL BUDGET</u> | | | | | |
| Capital | 1-1-4 SECURITY | 180,000 | 120,000 | 300,000 | 0 |
| | TOTAL, PROJECT | <u>\$180,000</u> | <u>\$120,000</u> | <u>\$300,000</u> | <u>\$0</u> |

3/3 Studio Surveillance System
GENERAL BUDGET

5.C. CAPITAL BUDGET ALLOCATION TO STRATEGIES (BASELINE)
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/3/2010**
 TIME: **1:38:17PM**

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

Category Code/Name

Project Sequence/Project Id/Name

| | Goal/Obj/Str | Strategy Name | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|-----------------------|---------------------|--|-------------------------|-------------------------|-------------------------|-------------------|
| Capital | 1-1-4 | SECURITY | 120,800 | 0 | \$0 | \$0 |
| | | TOTAL, PROJECT | <u>\$120,800</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | | | | |
| <i>4/4</i> | | <i>Air Conditioning System</i> | | | | |
| GENERAL BUDGET | | | | | | |
| Capital | 1-1-1 | LOTTERY OPERATIONS | 0 | 0 | 0 | 0 |
| | | TOTAL, PROJECT | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | TOTAL CAPITAL, ALL PROJECTS | \$465,800 | \$120,000 | \$300,000 | \$0 |
| | | TOTAL INFORMATIONAL, ALL PROJECTS | | | | |
| | | TOTAL, ALL PROJECTS | <u>\$465,800</u> | <u>\$120,000</u> | <u>\$300,000</u> | <u>\$0</u> |

CAPITAL BUDGET PROJECT SCHEDULE - EXCEPTIONAL
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PAGE: **1 of 2**

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

Category Code / Category Name

Project Number / Name

OOE / TOF / MOF CODE

Excp 2012

Excp 2013

5005 Acquisition of Information Resource Technologies

5 Oracle WebLogic Suite

Objects of Expense

5000 CAPITAL EXPENDITURES

Subtotal OOE, Project 5

80,000

0

80,000

0

Type of Financing

CA 5025 Lottery Acct

80,000

0

Subtotal TOF, Project 5

80,000

0

6 ACBS Redesign

Objects of Expense

2001 PROFESSIONAL FEES AND SERVICES

Subtotal OOE, Project 6

1,250,000

1,250,000

1,250,000

1,250,000

Type of Financing

CA 1 General Revenue Fund

1,250,000

1,250,000

Subtotal TOF, Project 6

1,250,000

1,250,000

Subtotal Category 5005

1,330,000

1,250,000

5007 Acquisition of Capital Equipment and Items

4 Air Conditioning System

Objects of Expense

5000 CAPITAL EXPENDITURES

Subtotal OOE, Project 4

55,000

0

55,000

0

Type of Financing

CA 5025 Lottery Acct

55,000

0

Subtotal TOF, Project 4

55,000

0

CAPITAL BUDGET PROJECT SCHEDULE - EXCEPTIONAL
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TIME : **1:38:30PM**
PAGE: **2 of 2**

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

Category Code / Category Name
Project Number / Name
OOE / TOF / MOF CODE

| | | Excp 2012 | Excp 2013 |
|-----------------------------------|-------------|------------------|------------------|
| Subtotal Category | 5007 | 55,000 | 0 |
| AGENCY TOTAL | | 1,385,000 | 1,250,000 |
| METHOD OF FINANCING: | | | |
| 1 General Revenue Fund | | 1,250,000 | 1,250,000 |
| 5025 Lottery Acct | | 135,000 | 0 |
| Total, Method of Financing | | 1,385,000 | 1,250,000 |
| TYPE OF FINANCING: | | | |
| CA CURRENT APPROPRIATIONS | | 1,385,000 | 1,250,000 |
| Total, Type of Financing | | 1,385,000 | 1,250,000 |

CAPITAL BUDGET ALLOCATION TO STRATEGIES BY PROJECT - EXCEPTIONAL
82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
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PAGE: 1 of 1

Agency code: 362 Agency name: Texas Lottery Commission

Category Code/Name

Project Number/Name

| Goal/Obj/Str | Strategy Name | Excp 2012 | Excp 2013 |
|--|----------------------------|------------------|------------------|
| 5005 Acquisition of Information Resource Technologies | | | |
| 5 | Oracle WebLogic Suite | | |
| 1 1 5 | CENTRAL ADMINISTRATION | 80,000 | 0 |
| | TOTAL, PROJECT | 80,000 | 0 |
| 6 ACBS Redesign | | | |
| 2 1 1 | BINGO LICENSING | 1,250,000 | 1,250,000 |
| | TOTAL, PROJECT | 1,250,000 | 1,250,000 |
| 5007 Acquisition of Capital Equipment and Items | | | |
| 4 | Air Conditioning System | | |
| 1 1 1 | LOTTERY OPERATIONS | 55,000 | 0 |
| | TOTAL, PROJECT | 55,000 | 0 |
| | TOTAL, ALL PROJECTS | 1,385,000 | 1,250,000 |

6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/3/2010
Time: 1:38:59PM

Agency Code: 362 Agency: Texas Lottery Commission

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2008 - 2009 HUB Expenditure Information

| Statewide HUB Goals | Procurement Category | HUB Expenditures FY 2008 | | | | Total Expenditures FY 2008 | HUB Expenditures FY 2009 | | | | Total Expenditures FY 2009 |
|------------------------|----------------------------|--------------------------|--------------|--------|---------------------|----------------------------------|--------------------------|--------------|-----------|---------------------|----------------------------------|
| | | % Goal | % Actual | Diff | Actual \$ | % Goal | % Actual | Diff | Actual \$ | | |
| 57.2% | Special Trade Construction | 57.2 % | 23.5% | -33.7% | \$33,022 | \$140,531 | 57.2 % | 23.2% | -34.0% | \$22,058 | \$95,156 |
| 20.0% | Professional Services | 20.0 % | 89.0% | 69.0% | \$531,885 | \$597,325 | 20.0 % | 91.9% | 71.9% | \$878,352 | \$956,267 |
| 33.0% | Other Services | 33.0 % | 26.4% | -6.6% | \$38,482,261 | \$145,766,460 | 33.0 % | 21.9% | -11.1% | \$32,670,936 | \$149,021,286 |
| 12.6% | Commodities | 12.6 % | 34.7% | 22.1% | \$1,619,546 | \$4,662,388 | 12.6 % | 50.6% | 38.0% | \$2,009,658 | \$3,969,838 |
| | Total Expenditures | | 26.9% | | \$40,666,714 | \$151,166,704 | | 23.1% | | \$35,581,004 | \$154,042,547 |

B. Assessment of Fiscal Year 2008 - 2009 Efforts to Meet HUB Procurement Goals

Attainment:

The agency attained or exceeded two of four, or 50% of the applicable statewide HUB procurement goals in fiscal year 2008.
The agency attained or exceeded two of four, or 50% of the applicable statewide HUB procurement goals in fiscal year 2009.

Applicability:

The "Heavy Construction" and "Building Construction" categories were not applicable to agency operations in either Fiscal Year 2008 or 2009, since the agency did not have any strategies or programs relating to heavy or building construction.

Factors Affecting Attainment:

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

Most of the TLC's spending falls within the "Other Services" category, including many of the agency's largest contracts. Over 70% of expenditures in this category are for specialized lottery-related services, which are obtainable from a limited number of vendors. The agency's HUB credit in "Other Services" is attained mainly through subcontracting expenditures, which may fluctuate from year to year.

"Good-Faith" Efforts:

The TLC made the following good faith efforts during Fiscal Years 2008 and 2009:

- Included the agency's HUB Coordinator in procurements over \$100,000 to assist in identifying subcontracting opportunities and evaluating subcontracting plans.
- Provided potential proposers/bidders with lists of certified HUBs for subcontracting opportunities.
- Hosted pre-bid and pre-proposal conferences to highlight the agency's HUB subcontracting requirements.
- Participated in statewide HUB forums and other outreach events to provide information about agency procurement processes and contract opportunities.

6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE
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Automated Budget and Evaluation System of Texas (ABEST)

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Hosted an annual HUB Forum at agency headquarters which included networking sessions with key staff and TLC prime vendors.
Placed advertisements in minority publications throughout the state.
Made HUB information available via the TLC Web site.
Provided HUB participation updates to Texas Lottery commissioners.
Worked to establish new mentor protégé relationships.
Assisted eligible vendors to become certified or re-certified as HUBs.
Continued to maintain a minority lottery retailer percentage of more than 41%.

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

DATE: 8/3/2010

82nd Regular Session, Agency Submission, Version 1

TIME: 1:39:34PM

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: 362

Agency name: Texas Lottery Commission

| FUND/ACCOUNT | Act 2009 | Exp 2010 | Exp 2011 | Bud 2012 | Est 2013 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 General Revenue Fund | | | | | |
| Beginning Balance (Unencumbered): | \$0 | \$0 | \$0 | \$0 | \$0 |
| Estimated Revenue: | | | | | |
| 3152 Bingo Operators/Lessors | 2,900,760 | 2,970,000 | 2,935,000 | 2,935,000 | 2,935,000 |
| 3153 Bingo Equipment | 59,000 | 66,000 | 62,000 | 62,000 | 62,000 |
| 3166 Bingo Rental Tax | 1,222,561 | 1,230,000 | 1,225,000 | 1,225,000 | 1,225,000 |
| 3170 Bingo Prize Fees | 26,163,743 | 25,940,000 | 25,940,000 | 25,940,000 | 25,940,000 |
| 3719 Fees/Copies or Filing of Records | 2,175 | 1,330 | 1,330 | 1,330 | 1,330 |
| 3727 Fees - Administrative Services | 0 | 60 | 0 | 0 | 0 |
| 3769 Forfeitures | 5,837 | 0 | 0 | 0 | 0 |
| 3770 Administrative Penalties | 56,213 | 245,000 | 55,000 | 55,000 | 55,000 |
| 3795 Other Misc Government Revenue | 820 | 123 | 0 | 0 | 0 |
| 3802 Reimbursements-Third Party | 65,573 | 62,000 | 62,500 | 62,500 | 62,500 |
| 3852 Interest on Local Deposits-St Agy | 42 | 0 | 0 | 0 | 0 |
| Subtotal: Actual/Estimated Revenue | 30,476,724 | 30,514,513 | 30,280,830 | 30,280,830 | 30,280,830 |
| Total Available | \$30,476,724 | \$30,514,513 | \$30,280,830 | \$30,280,830 | \$30,280,830 |
| DEDUCTIONS: | | | | | |
| Expended/Budgeted | (14,406,267) | (15,256,883) | (15,520,280) | (14,756,806) | (14,756,806) |
| Transfer-Employee Benefits | (466,390) | (706,978) | (706,651) | (661,546) | (661,546) |
| Benefit Replacement Pay | (21,127) | (27,653) | (28,000) | (28,000) | (28,000) |
| Unemployment Benefits | 0 | 0 | 0 | 0 | 0 |
| Art. IX, Sec. 19.62, Salary Increase (2008-09 GAA) | (74,653) | 0 | 0 | 0 | 0 |
| HB 4586, Sec. 89, Single Retention Payment (81st Leg.) | (27,200) | 0 | 0 | 0 | 0 |
| Rider 10, Local Bingo Prize Fees (2008-09 GAA) | 0 | 0 | 0 | 0 | 0 |
| Rider 9, Local Bingo Prize Fees (2010-11 GAA) | 0 | 0 | 0 | 0 | 0 |
| Total, Deductions | \$(14,995,637) | \$(15,991,514) | \$(16,254,931) | \$(15,446,352) | \$(15,446,352) |
| Ending Fund/Account Balance | \$15,481,087 | \$14,522,999 | \$14,025,899 | \$14,834,478 | \$14,834,478 |

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
TIME: 1:39:40PM

Agency Code: **362**

Agency name: **Texas Lottery Commission**

FUND/ACCOUNT

Act 2009

Exp 2010

Exp 2011

Bud 2012

Est 2013

REVENUE ASSUMPTIONS:

Revenue for FY 2011-2013 are projected to remain relatively flat.

CONTACT PERSON:

Kathy Pyka

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

DATE: 8/3/2010
TIME: 1:39:40PM

82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)
Agency name: Texas Lottery Commission

Agency Code: 362

| FUND/ACCOUNT | Act 2009 | Exp 2010 | Exp 2011 | Bud 2012 | Est 2013 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| 5025 Lottery Acct | | | | | |
| Beginning Balance (Unencumbered): | \$0 | \$0 | \$0 | \$0 | \$0 |
| Estimated Revenue: | | | | | |
| 3176 Lottery License Application Fees | 302,544 | 308,000 | 305,000 | 305,000 | 305,000 |
| 3177 Lottery Ticket Sales | 3,720,113,711 | 3,750,000,000 | 3,750,000,000 | 3,750,000,000 | 3,750,000,000 |
| 3178 Lottery Security Proceeds | 64,625 | 62,000 | 62,000 | 62,000 | 62,000 |
| 3719 Fees/Copies or Filing of Records | 8,561 | 15,000 | 12,000 | 12,000 | 12,000 |
| 3727 Fees - Administrative Services | 505,495 | 380,000 | 380,000 | 380,000 | 380,000 |
| 3777 Default Fund - Warrant Voided | 1,547 | 5,000 | 0 | 0 | 0 |
| 3802 Reimbursements-Third Party | 156,054 | 440,000 | 809,470 | 349,470 | 349,470 |
| 3850 Interest on Lottery Prize Investmnt | 1,141 | 0 | 0 | 0 | 0 |
| 3854 Interest - Other | 16 | 0 | 0 | 0 | 0 |
| Subtotal: Actual/Estimated Revenue | 3,721,153,694 | 3,751,210,000 | 3,751,568,470 | 3,751,108,470 | 3,751,108,470 |
| Total Available | \$3,721,153,694 | \$3,751,210,000 | \$3,751,568,470 | \$3,751,108,470 | \$3,751,108,470 |
| DEDUCTIONS: | | | | | |
| Expended/Budgeted | (179,603,013) | (183,711,213) | (180,594,545) | (209,716,374) | (210,342,684) |
| Transfer - Employee Benefits | (3,768,442) | (4,818,099) | (4,921,863) | (4,921,863) | (4,921,863) |
| Benefit Replacement Pay | (115,578) | (123,326) | (123,000) | (123,000) | (123,000) |
| Unemployment Benefits | (1,382) | (5,500) | (3,500) | (3,500) | (3,500) |
| Art. IX, Sec. 19.62, Salary Increase (2008-09 GAA) | (601,735) | 0 | 0 | 0 | 0 |
| HB 4586, Sec. 89, Single Retention Payment (81st Leg.) | (208,600) | 0 | 0 | 0 | 0 |
| Rider 12, Appropriation if Increased Fees (2010-11 GAA) | 0 | (2,649,965) | (3,841,220) | 0 | 0 |
| Rider 11, Lottery Operator Contract (2010-11 GAA) | 0 | (4,801,773) | (6,960,342) | 0 | 0 |
| Rider 10, Retailer Incentive (2010-11 GAA) | 0 | (18,750,000) | (18,750,000) | 0 | 0 |
| Lottery Winnings/Install Payments | (2,299,752,566) | (2,287,500,000) | (2,287,500,000) | (2,287,500,000) | (2,287,500,000) |
| Retailer Commissions | (186,145,362) | (187,500,000) | (187,500,000) | (187,500,000) | (187,500,000) |
| Transfers to Foundation School Fund | (1,000,405,304) | (1,012,000,000) | (1,012,000,000) | (1,012,000,000) | (1,012,000,000) |
| Transfers to Department of State Health Services | (10,000,000) | (10,000,000) | (10,000,000) | (10,000,000) | (10,000,000) |
| Transfers to Texas Veterans Commission | 0 | (6,500,000) | (7,820,000) | (7,820,000) | (7,820,000) |
| Transfers (Unclaimed Prizes) to General Revenue | (33,088,652) | (77,500,000) | (40,000,000) | (40,000,000) | (40,000,000) |

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

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DATE: 8/3/2010
TIME: 1:39:40PM

Agency Code: **362**

Agency name: **Texas Lottery Commission**

| FUND/ACCOUNT | Act 2009 | Exp 2010 | Exp 2011 | Bud 2012 | Est 2013 |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Total, Deductions | \$(3,713,690,634) | \$(3,795,859,876) | \$(3,760,014,470) | \$(3,759,584,737) | \$(3,760,211,047) |
| Ending Fund/Account Balance | \$7,463,060 | \$(44,649,876) | \$(8,446,000) | \$(8,476,267) | \$(9,102,577) |

REVENUE ASSUMPTIONS:

Revenue for FY 2011-2013 are projected to remain relatively flat.

CONTACT PERSON:

Kathy Pyka

6.F.a. ADVISORY COMMITTEE SUPPORTING SCHEDULE ~ PART A
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/3/2010
 Time: 1:40:14PM

Agency Code: 362 Agency: Texas Lottery Commission

BINGO ADVISORY COMMITTEE

Statutory Authorization: Texas Occupations Code, Section 2001.057
 Number of Members: 9
 Committee Status: Ongoing
 Date Created: 03/06/1995
 Date to Be Abolished: 08/31/2010
 Strategy (Strategies): 1-1-5 CENTRAL ADMINISTRATION
 2-1-1 BINGO LICENSING

| Advisory Committee Costs | Expended 2009 | Estimated 2010 | Budgeted 2011 | Requested 2012 | Requested 2013 |
|--|--------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
| Other Expenditures in Support of Committee Activities | | | | | |
| Personnel | \$6,914 | \$7,670 | \$7,853 | \$7,853 | \$7,853 |
| Other Operating | 2,949 | 1,830 | 2,890 | 2,890 | 2,890 |
| Total, Committee Expenditures | \$9,863 | \$9,500 | \$10,743 | \$10,743 | \$10,743 |
| Method of Financing | | | | | |
| General Revenue Fund | \$5,734 | \$6,940 | \$7,113 | \$7,113 | \$7,113 |
| Lottery Acct | 4,129 | 2,560 | 3,630 | 3,630 | 3,630 |
| Total, Method of Financing | \$9,863 | \$9,500 | \$10,743 | \$10,743 | \$10,743 |
| Meetings Per Fiscal Year | 4 | 3 | 4 | 4 | 4 |

6.F.a. ADVISORY COMMITTEE SUPPORTING SCHEDULE ~ PART A
82nd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/3/2010
Time: 1:40:09PM

Agency Code: 362 Agency: Texas Lottery Commission

Description and Justification for Continuation/Consequences of Abolishing

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

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

Pursuant to Bingo Administrative Rule 401.102, the Bingo Advisory Committee will cease to exist on August 31, unless the Texas Lottery Commission, prior to August 31, votes to continue it. The Texas Lottery Commission will evaluate the B.A.C. in the August 2010 commission meeting and determine if it shall remain in existence beyond August 31, 2010.

6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/3/2010
 Time: 1:40:58PM

Agency code: 362 Agency name: Texas Lottery Commission

| Item Priority and Name/ Method of Financing | REVENUE LOSS | | | REDUCTION AMOUNT | | | TARGET |
|---|--------------|------------|----------------|------------------|------------------|------------------|--------|
| | 2012 | 2013 | Biennial Total | 2012 | 2013 | Biennial Total | |
| 1 FTE Reduction | | | | | | | |
| Category: Programs - Service Reductions (FTEs-Layoffs) | | | | | | | |
| Item Comment: The Commission would be required to reduce 3.0 FTEs in Bingo Law Compliance Field Operations for the biennium to generate sufficient savings. Excluding the Bingo Prize Fee Allocation appropriation, 89% of Bingo's budget is salary related. | | | | | | | |
| <p>The functions of the Bingo Law Compliance Field Operations Program include regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). In addition, it also conducts testing on bingo products for use in the state of Texas. The elimination of these funds would result in fewer audits, inspections and investigation of license holders. This could result in bingo activities being conducted that are not in compliance with the Act and Rules. Additionally, the amount of prize fees and rental taxes remitted to the state could be affected as well as ensuring proceeds are used for an authorized purpose.</p> | | | | | | | |
| Strategy: 2-1-3 Bingo Law Compliance Field Operations | | | | | | | |
| <u>General Revenue Funds</u> | | | | | | | |
| 1 General Revenue Fund | \$0 | \$0 | \$0 | \$137,654 | \$137,654 | \$275,308 | |
| General Revenue Funds Total | \$0 | \$0 | \$0 | \$137,654 | \$137,654 | \$275,308 | |
| Item Total | \$0 | \$0 | \$0 | \$137,654 | \$137,654 | \$275,308 | |
| FTE Reductions (From FY 2012 and FY 2013 Base Request) | | | | 3.0 | 3.0 | | |

2 FTE Reduction

Category: Programs - Service Reductions (FTEs-Layoffs)

Item Comment: The Commission would be required to reduce 2.0 FTEs in Bingo Law Compliance Field Operations Program and reduce 1.0 FTE in Bingo Licensing for the biennium to generate sufficient savings. Excluding the Bingo Prize Fee Allocation appropriation, 89% of Bingo's budget is salary related.

The Bingo Law Compliance Field Operations Program includes regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). In addition, it also conducts testing on bingo products for use in the state of Texas. The Bingo Licensing Program includes the licensing of persons identified pursuant to the Act and the registration of individuals on the Registry of Approved Bingo Workers. The elimination of these funds would result in fewer audits, inspections and investigation of license holders and increase the amount of time to process license applications and workers registered. This could result in bingo activities being conducted that are not in compliance with the Act and Rules. Additionally, the amount of prize fees and rental taxes remitted to the state could be affected as well as ensuring proceeds are used for an authorized purpose.

6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/3/2010
 Time: 1:41:03PM

Agency code: 362 Agency name: Texas Lottery Commission

| Item Priority and Name/ Method of Financing | REVENUE LOSS | | | REDUCTION AMOUNT | | | TARGET |
|---|--------------|------------|----------------|------------------|------------------|--------------------|--------|
| | 2012 | 2013 | Biennial Total | 2012 | 2013 | Biennial Total | |
| Strategy: 2-1-1 Determine Eligibility and Process Applications | | | | | | | |
| <u>General Revenue Funds</u> | | | | | | | |
| 1 General Revenue Fund | \$0 | \$0 | \$0 | \$35,268 | \$35,268 | \$70,536 | |
| General Revenue Funds Total | \$0 | \$0 | \$0 | \$35,268 | \$35,268 | \$70,536 | |
| Strategy: 2-1-3 Bingo Law Compliance Field Operations | | | | | | | |
| <u>General Revenue Funds</u> | | | | | | | |
| 1 General Revenue Fund | \$0 | \$0 | \$0 | \$102,386 | \$102,386 | \$204,772 | |
| General Revenue Funds Total | \$0 | \$0 | \$0 | \$102,386 | \$102,386 | \$204,772 | |
| Item Total | \$0 | \$0 | \$0 | \$137,654 | \$137,654 | \$275,308 | |
| FTE Reductions (From FY 2012 and FY 2013 Base Request) | | | | 3.0 | 3.0 | | |
| 3 Bingo Prize Fee Allocation Reduction | | | | | | | |
| Category: Programs - Grant/Loan/Pass-through Reductions | | | | | | | |
| Item Comment: The Commission requests an exemption from the budget reduction for the Bingo Prize Fee Allocation program. Section 2001.503 of the Texas Occupations Code provides for a quarterly allocation to counties and cities of bingo prize fees collected by the Commission. These payments are based on bingo prize fees collected at counties and cities that impose a gross receipts tax on the conduct of bingo. Statute entitles these local jurisdictions to 50% of the fees collected by the Commission. | | | | | | | |
| Strategy: 2-1-5 Bingo Prize Fee Allocations. Estimated and Nontransferable. | | | | | | | |
| <u>General Revenue Funds</u> | | | | | | | |
| 1 General Revenue Fund | \$0 | \$0 | \$0 | \$600,186 | \$600,187 | \$1,200,373 | |
| General Revenue Funds Total | \$0 | \$0 | \$0 | \$600,186 | \$600,187 | \$1,200,373 | |
| Item Total | \$0 | \$0 | \$0 | \$600,186 | \$600,187 | \$1,200,373 | |
| FTE Reductions (From FY 2012 and FY 2013 Base Request) | | | | | | | |

6.I 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/3/2010
 Time: 1:41:03PM

Agency code: 362 Agency name: Texas Lottery Commission

| Item Priority and Name/ Method of Financing | REVENUE LOSS | | | REDUCTION AMOUNT | | | TARGET |
|---|--------------|------------|----------------|--------------------|--------------------|--------------------|-----------------------|
| | 2012 | 2013 | Biennial Total | 2012 | 2013 | Biennial Total | |
| 4 Bingo Prize Fee Allocation Reduction | | | | | | | |
| Category: Programs - Grant/Loan/Pass-through Reductions | | | | | | | |
| Item Comment: The Commission requests an exemption from the budget reduction for the Bingo Prize Fee Allocation program. Section 2001.503 of the Texas Occupations Code provides for a quarterly allocation to counties and cities of bingo prize fees collected by the Commission. These payments are based on bingo prize fees collected at counties and cities that impose a gross receipts tax on the conduct of bingo. Statute entitles these local jurisdictions to 50% of the fees collected by the Commission. | | | | | | | |
| Strategy: 2-1-5 Bingo Prize Fee Allocations. Estimated and Nontransferable. | | | | | | | |
| <u>General Revenue Funds</u> | | | | | | | |
| 1 General Revenue Fund | \$0 | \$0 | \$0 | \$600,186 | \$600,187 | \$1,200,373 | |
| General Revenue Funds Total | \$0 | \$0 | \$0 | \$600,186 | \$600,187 | \$1,200,373 | |
| Item Total | \$0 | \$0 | \$0 | \$600,186 | \$600,187 | \$1,200,373 | |
| FTE Reductions (From FY 2012 and FY 2013 Base Request) | | | | | | | |
| AGENCY TOTALS | | | | | | | |
| General Revenue Total | | | | \$1,475,680 | \$1,475,682 | \$2,951,362 | \$2,951,361 |
| GR Dedicated Total | | | | | | | \$42,005,906 |
| Agency Grand Total | \$0 | \$0 | \$0 | \$1,475,680 | \$1,475,682 | \$2,951,362 | |
| Difference, Options Total Less Target | | | | | | | \$(42,005,905) |
| Agency FTE Reductions (From FY 2012 and FY 2013 Base Request) | | | | 6.0 | 6.0 | | |

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
 82nd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 362

Agency name: Texas Lottery Commission

| Strategy | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1-1-1 Lottery Operations | | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$ 2,013,516 | \$ 2,145,863 | \$ 2,165,870 | \$ 2,185,771 | \$ 2,185,771 |
| 1002 OTHER PERSONNEL COSTS | 64,906 | 47,958 | 48,830 | 49,281 | 49,281 |
| 2001 PROFESSIONAL FEES AND SERVICES | 498,630 | 500,625 | 447,160 | 436,988 | 200,010 |
| 2003 CONSUMABLE SUPPLIES | 3,277 | 5,579 | 4,728 | 4,773 | 4,773 |
| 2004 UTILITIES | 85,154 | 94,119 | 102,474 | 103,415 | 103,415 |
| 2005 TRAVEL | 8,840 | 32,988 | 35,395 | 35,719 | 35,719 |
| 2006 RENT - BUILDING | 2,359 | 3,012 | 2,775 | 2,800 | 2,800 |
| 2007 RENT - MACHINE AND OTHER | 290,575 | 276,726 | 109,328 | 110,330 | 110,330 |
| 2009 OTHER OPERATING EXPENSE | 273,718 | 810,974 | 777,337 | 789,815 | 790,448 |
| 5000 CAPITAL EXPENDITURES | 4,763 | 45,175 | 0 | 0 | 0 |
| Total, Objects of Expense | \$ 3,245,738 | \$ 3,963,019 | \$ 3,693,897 | \$ 3,718,892 | \$ 3,482,547 |
| METHOD OF FINANCING: | | | | | |
| 5025 Lottery Acct | 3,245,738 | 3,963,019 | 3,693,897 | 3,718,892 | 3,482,547 |
| Total, Method of Financing | \$ 3,245,738 | \$ 3,963,019 | \$ 3,693,897 | \$ 3,718,892 | \$ 3,482,547 |
| FULL TIME EQUIVALENT POSITIONS | 27.8 | 28.0 | 28.1 | 28.4 | 28.4 |
| Method of Allocation | | | | | |

Indirect and support costs in Strategy A.1.5. Central Administration are allocated proportionately among remaining non-contractual and grant strategies on the basis of FTEs for each fiscal year. This basis was selected because administrative demands are closely related to FTEs.

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
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 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/3/2010
 TIME : 1:41:54PM

Agency code: 362

Agency name: Texas Lottery Commission

| Strategy | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1-1-2 Lottery Field Operations | | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$ 1,764,705 | \$ 1,868,421 | \$ 1,877,725 | \$ 1,895,236 | \$ 1,895,236 |
| 1002 OTHER PERSONNEL COSTS | 56,886 | 41,758 | 42,335 | 42,729 | 42,729 |
| 2001 PROFESSIONAL FEES AND SERVICES | 437,015 | 435,899 | 387,670 | 378,904 | 173,424 |
| 2003 CONSUMABLE SUPPLIES | 2,871 | 4,859 | 4,100 | 4,138 | 4,138 |
| 2004 UTILITIES | 74,630 | 81,950 | 88,840 | 89,669 | 89,669 |
| 2005 TRAVEL | 7,746 | 28,723 | 30,685 | 30,972 | 30,972 |
| 2006 RENT - BUILDING | 2,067 | 2,622 | 2,406 | 2,429 | 2,429 |
| 2007 RENT - MACHINE AND OTHER | 254,668 | 240,948 | 94,782 | 95,666 | 95,666 |
| 2009 OTHER OPERATING EXPENSE | 239,894 | 706,121 | 673,921 | 684,833 | 685,380 |
| 5000 CAPITAL EXPENDITURES | 4,174 | 39,336 | 0 | 0 | 0 |
| Total, Objects of Expense | \$ 2,844,656 | \$ 3,450,637 | \$ 3,202,464 | \$ 3,224,576 | \$ 3,019,643 |
| METHOD OF FINANCING: | | | | | |
| 5025 Lottery Acct | 2,844,656 | 3,450,637 | 3,202,464 | 3,224,576 | 3,019,643 |
| Total, Method of Financing | \$ 2,844,656 | \$ 3,450,637 | \$ 3,202,464 | \$ 3,224,576 | \$ 3,019,643 |
| FULL TIME EQUIVALENT POSITIONS | 24.4 | 24.3 | 24.4 | 24.7 | 24.7 |
| Method of Allocation | | | | | |

Indirect and support costs in Strategy A.1.5. Central Administration are allocated proportionately among remaining non-contractual and grant strategies on the basis of FTEs for each fiscal year. This basis was selected because administrative demands are closely related to FTEs.

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Agency name: Texas Lottery Commission

| Strategy | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1-1-3 Marketing and Promotion | | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$ 1,118,538 | \$ 1,146,603 | \$ 1,158,156 | \$ 1,168,504 | \$ 1,168,504 |
| 1002 OTHER PERSONNEL COSTS | 36,057 | 25,626 | 26,111 | 26,345 | 26,345 |
| 2001 PROFESSIONAL FEES AND SERVICES | 276,997 | 267,500 | 239,110 | 233,613 | 106,924 |
| 2003 CONSUMABLE SUPPLIES | 1,820 | 2,982 | 2,529 | 2,551 | 2,551 |
| 2004 UTILITIES | 47,304 | 50,290 | 54,796 | 55,285 | 55,285 |
| 2005 TRAVEL | 4,910 | 17,627 | 18,926 | 19,095 | 19,095 |
| 2006 RENT - BUILDING | 1,310 | 1,609 | 1,484 | 1,497 | 1,497 |
| 2007 RENT - MACHINE AND OTHER | 161,419 | 147,864 | 58,460 | 58,983 | 58,983 |
| 2009 OTHER OPERATING EXPENSE | 152,054 | 433,329 | 415,665 | 422,232 | 422,570 |
| 5000 CAPITAL EXPENDITURES | 2,645 | 24,140 | 0 | 0 | 0 |
| Total, Objects of Expense | \$ 1,803,054 | \$ 2,117,570 | \$ 1,975,237 | \$ 1,988,105 | \$ 1,861,754 |
| METHOD OF FINANCING: | | | | | |
| 5025 Lottery Acct | 1,803,054 | 2,117,570 | 1,975,237 | 1,988,105 | 1,861,754 |
| Total, Method of Financing | \$ 1,803,054 | \$ 2,117,570 | \$ 1,975,237 | \$ 1,988,105 | \$ 1,861,754 |
| FULL TIME EQUIVALENT POSITIONS | 15.5 | 14.9 | 15.1 | 15.2 | 15.2 |
| Method of Allocation | | | | | |

Indirect and support costs in Strategy A.1.5. Central Administration are allocated proportionately among remaining non-contractual and grant strategies on the basis of FTEs for each fiscal year. This basis was selected because administrative demands are closely related to FTEs.

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
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Agency name: Texas Lottery Commission

| Strategy | | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|----------------------------------|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1-1-4 | Security | | | | | |
| OBJECTS OF EXPENSE: | | | | | | |
| 1001 | SALARIES AND WAGES | \$ 1,241,086 | \$ 1,214,787 | \$ 1,264,022 | \$ 1,275,961 | \$ 1,275,961 |
| 1002 | OTHER PERSONNEL COSTS | 40,007 | 27,150 | 28,498 | 28,767 | 28,767 |
| 2001 | PROFESSIONAL FEES AND SERVICES | 307,345 | 283,407 | 260,967 | 255,096 | 116,757 |
| 2003 | CONSUMABLE SUPPLIES | 2,019 | 3,159 | 2,760 | 2,786 | 2,786 |
| 2004 | UTILITIES | 52,486 | 53,281 | 59,804 | 60,369 | 60,369 |
| 2005 | TRAVEL | 5,448 | 18,675 | 20,656 | 20,852 | 20,852 |
| 2006 | RENT - BUILDING | 1,453 | 1,705 | 1,620 | 1,635 | 1,635 |
| 2007 | RENT - MACHINE AND OTHER | 179,104 | 156,656 | 63,804 | 64,407 | 64,407 |
| 2009 | OTHER OPERATING EXPENSE | 168,714 | 459,097 | 453,661 | 461,061 | 461,430 |
| 5000 | CAPITAL EXPENDITURES | 2,935 | 25,575 | 0 | 0 | 0 |
| Total, Objects of Expense | | \$ 2,000,597 | \$ 2,243,492 | \$ 2,155,792 | \$ 2,170,934 | \$ 2,032,964 |

METHOD OF FINANCING:

| | | | | | | |
|-----------------------------------|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 5025 | Lottery Acct | 2,000,597 | 2,243,492 | 2,155,792 | 2,170,934 | 2,032,964 |
| Total, Method of Financing | | \$ 2,000,597 | \$ 2,243,492 | \$ 2,155,792 | \$ 2,170,934 | \$ 2,032,964 |

FULL TIME EQUIVALENT POSITIONS

17.1 15.8 16.5 16.6 16.6

Method of Allocation

Indirect and support costs in Strategy A.1.5. Central Administration are allocated proportionately among remaining non-contractual and grant strategies on the basis of FTEs for each fiscal year. This basis was selected because administrative demands are closely related to FTEs.

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
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Agency code: 362

Agency name: Texas Lottery Commission

| Strategy | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2-1-1 Determine Eligibility and Process Applications | | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$ 454,545 | \$ 464,754 | \$ 475,202 | \$ 442,567 | \$ 442,567 |
| 1002 OTHER PERSONNEL COSTS | 14,652 | 10,387 | 10,714 | 9,978 | 9,978 |
| 2001 PROFESSIONAL FEES AND SERVICES | 112,564 | 108,426 | 98,109 | 88,480 | 40,497 |
| 2003 CONSUMABLE SUPPLIES | 740 | 1,209 | 1,038 | 966 | 966 |
| 2004 UTILITIES | 19,223 | 20,384 | 22,483 | 20,939 | 20,939 |
| 2005 TRAVEL | 1,995 | 7,145 | 7,766 | 7,232 | 7,232 |
| 2006 RENT - BUILDING | 532 | 652 | 609 | 567 | 567 |
| 2007 RENT - MACHINE AND OTHER | 65,596 | 59,934 | 23,987 | 22,340 | 22,340 |
| 2009 OTHER OPERATING EXPENSE | 61,791 | 175,642 | 170,551 | 159,919 | 160,047 |
| 5000 CAPITAL EXPENDITURES | 1,075 | 9,785 | 0 | 0 | 0 |
| Total, Objects of Expense | \$ 732,713 | \$ 858,318 | \$ 810,459 | \$ 752,988 | \$ 705,133 |
| METHOD OF FINANCING: | | | | | |
| 5025 Lottery Acct | 732,713 | 858,318 | 810,459 | 752,988 | 705,133 |
| Total, Method of Financing | \$ 732,713 | \$ 858,318 | \$ 810,459 | \$ 752,988 | \$ 705,133 |
| FULL TIME EQUIVALENT POSITIONS | 6.3 | 6.1 | 6.2 | 5.8 | 5.8 |
| Method of Allocation | | | | | |

Indirect and support costs in Strategy A.1.5. Central Administration are allocated proportionately among remaining non-contractual and grant strategies on the basis of FTEs for each fiscal year. This basis was selected because administrative demands are closely related to FTEs.

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
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Agency name: Texas Lottery Commission

| Strategy | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|-------------------------------------|---|-------------------|-------------------|-------------------|-------------------|
| 2-1-2 | Provide Education and Training for Bingo Regulatory Requirements | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$ 66,102 | \$ 107,372 | \$ 109,846 | \$ 110,642 | \$ 110,642 |
| 1002 OTHER PERSONNEL COSTS | 2,131 | 2,400 | 2,477 | 2,494 | 2,494 |
| 2001 PROFESSIONAL FEES AND SERVICES | 16,370 | 25,050 | 22,678 | 22,120 | 10,124 |
| 2003 CONSUMABLE SUPPLIES | 108 | 279 | 240 | 242 | 242 |
| 2004 UTILITIES | 2,795 | 4,709 | 5,197 | 5,235 | 5,235 |
| 2005 TRAVEL | 290 | 1,651 | 1,795 | 1,808 | 1,808 |
| 2006 RENT - BUILDING | 77 | 151 | 141 | 142 | 142 |
| 2007 RENT - MACHINE AND OTHER | 9,539 | 13,846 | 5,545 | 5,585 | 5,585 |
| 2009 OTHER OPERATING EXPENSE | 8,986 | 40,578 | 39,424 | 39,980 | 40,012 |
| 5000 CAPITAL EXPENDITURES | 156 | 2,261 | 0 | 0 | 0 |
| Total, Objects of Expense | \$ 106,554 | \$ 198,297 | \$ 187,343 | \$ 188,248 | \$ 176,284 |

METHOD OF FINANCING:

| | | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 5025 Lottery Acct | 106,554 | 198,297 | 187,343 | 188,248 | 176,284 |
| Total, Method of Financing | \$ 106,554 | \$ 198,297 | \$ 187,343 | \$ 188,248 | \$ 176,284 |

FULL TIME EQUIVALENT POSITIONS

0.9 1.4 1.4 1.4 1.4

Method of Allocation

Indirect and support costs in Strategy A.1.5. Central Administration are allocated proportionately among remaining non-contractual and grant strategies on the basis of FTEs for each fiscal year. This basis was selected because administrative demands are closely related to FTEs.

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
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| Strategy | | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|----------------------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2-1-3 | Bingo Law Compliance Field Operations | | | | | |
| OBJECTS OF EXPENSE: | | | | | | |
| 1001 | SALARIES AND WAGES | \$ 639,483 | \$ 710,847 | \$ 726,733 | \$ 696,485 | \$ 696,485 |
| 1002 | OTHER PERSONNEL COSTS | 20,614 | 15,887 | 16,385 | 15,703 | 15,703 |
| 2001 | PROFESSIONAL FEES AND SERVICES | 158,363 | 165,839 | 150,039 | 139,245 | 63,732 |
| 2003 | CONSUMABLE SUPPLIES | 1,040 | 1,848 | 1,587 | 1,521 | 1,521 |
| 2004 | UTILITIES | 27,044 | 31,178 | 34,384 | 32,953 | 32,953 |
| 2005 | TRAVEL | 2,807 | 10,928 | 11,876 | 11,382 | 11,382 |
| 2006 | RENT - BUILDING | 749 | 998 | 931 | 893 | 893 |
| 2007 | RENT - MACHINE AND OTHER | 92,285 | 91,669 | 36,683 | 35,157 | 35,157 |
| 2009 | OTHER OPERATING EXPENSE | 86,931 | 268,646 | 260,826 | 251,671 | 251,872 |
| 5000 | CAPITAL EXPENDITURES | 1,512 | 14,966 | 0 | 0 | 0 |
| Total, Objects of Expense | | \$ 1,030,828 | \$ 1,312,806 | \$ 1,239,444 | \$ 1,185,010 | \$ 1,109,698 |

METHOD OF FINANCING:

| | | | | | | |
|-----------------------------------|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 5025 | Lottery Acct | 1,030,828 | 1,312,806 | 1,239,444 | 1,185,010 | 1,109,698 |
| Total, Method of Financing | | \$ 1,030,828 | \$ 1,312,806 | \$ 1,239,444 | \$ 1,185,010 | \$ 1,109,698 |

FULL TIME EQUIVALENT POSITIONS

8.8 9.3 9.5 9.1 9.1

Method of Allocation

Indirect and support costs in Strategy A.1.5. Central Administration are allocated proportionately among remaining non-contractual and grant strategies on the basis of FTEs for each fiscal year. This basis was selected because administrative demands are closely related to FTEs.

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
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DATE: 8/3/2010
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Agency name: Texas Lottery Commission

| Strategy | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|-------------------------------------|---|-------------------|-------------------|-------------------|-------------------|
| 2-1-4 | Bingo Prize Fee Collections and Accounting | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$ 129,233 | \$ 178,691 | \$ 182,280 | \$ 184,668 | \$ 184,668 |
| 1002 OTHER PERSONNEL COSTS | 4,166 | 3,994 | 4,110 | 4,163 | 4,163 |
| 2001 PROFESSIONAL FEES AND SERVICES | 32,004 | 41,688 | 37,633 | 36,920 | 16,898 |
| 2003 CONSUMABLE SUPPLIES | 210 | 465 | 398 | 403 | 403 |
| 2004 UTILITIES | 5,465 | 7,837 | 8,624 | 8,737 | 8,737 |
| 2005 TRAVEL | 567 | 2,747 | 2,979 | 3,018 | 3,018 |
| 2006 RENT - BUILDING | 151 | 251 | 234 | 237 | 237 |
| 2007 RENT - MACHINE AND OTHER | 18,650 | 23,044 | 9,201 | 9,322 | 9,322 |
| 2009 OTHER OPERATING EXPENSE | 17,568 | 67,532 | 65,421 | 66,729 | 66,782 |
| 5000 CAPITAL EXPENDITURES | 306 | 3,762 | 0 | 0 | 0 |
| Total, Objects of Expense | \$ 208,320 | \$ 330,011 | \$ 310,880 | \$ 314,197 | \$ 294,228 |

METHOD OF FINANCING:

| | | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 5025 Lottery Acct | 208,320 | 330,011 | 310,880 | 314,197 | 294,228 |
| Total, Method of Financing | \$ 208,320 | \$ 330,011 | \$ 310,880 | \$ 314,197 | \$ 294,228 |

FULL TIME EQUIVALENT POSITIONS

1.8 2.3 2.4 2.4 2.4

Method of Allocation

Indirect and support costs in Strategy A.1.5. Central Administration are allocated proportionately among remaining non-contractual and grant strategies on the basis of FTEs for each fiscal year. This basis was selected because administrative demands are closely related to FTEs.

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| | Exp 2009 | Est 2010 | Bud 2011 | BL 2012 | BL 2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| GRAND TOTALS | | | | | |
| Objects of Expense | | | | | |
| 1001 SALARIES AND WAGES | \$7,427,208 | \$7,837,338 | \$7,959,834 | \$7,959,834 | \$7,959,834 |
| 1002 OTHER PERSONNEL COSTS | \$239,419 | \$175,160 | \$179,460 | \$179,460 | \$179,460 |
| 2001 PROFESSIONAL FEES AND SERVICES | \$1,839,288 | \$1,828,434 | \$1,643,366 | \$1,591,366 | \$728,366 |
| 2003 CONSUMABLE SUPPLIES | \$12,085 | \$20,380 | \$17,380 | \$17,380 | \$17,380 |
| 2004 UTILITIES | \$314,101 | \$343,748 | \$376,602 | \$376,602 | \$376,602 |
| 2005 TRAVEL | \$32,603 | \$120,484 | \$130,078 | \$130,078 | \$130,078 |
| 2006 RENT - BUILDING | \$8,698 | \$11,000 | \$10,200 | \$10,200 | \$10,200 |
| 2007 RENT - MACHINE AND OTHER | \$1,071,836 | \$1,010,687 | \$401,790 | \$401,790 | \$401,790 |
| 2009 OTHER OPERATING EXPENSE | \$1,009,656 | \$2,961,919 | \$2,856,806 | \$2,876,240 | \$2,878,541 |
| 5000 CAPITAL EXPENDITURES | \$17,566 | \$165,000 | \$0 | \$0 | \$0 |
| Total, Objects of Expense | \$11,972,460 | \$14,474,150 | \$13,575,516 | \$13,542,950 | \$12,682,251 |
| Method of Financing | | | | | |
| 5025 Lottery Acct | \$11,972,460 | \$14,474,150 | \$13,575,516 | \$13,542,950 | \$12,682,251 |
| Total, Method of Financing | \$11,972,460 | \$14,474,150 | \$13,575,516 | \$13,542,950 | \$12,682,251 |
| Full-Time-Equivalent Positions (FTE) | 102.6 | 102.1 | 103.6 | 103.6 | 103.6 |



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