

TEXAS LOTTERY COMMISSION SUNSET SELF-EVALUATION REPORT

SEPTEMBER 2023

TABLE OF CONTENTS

I.	Agency Contact Information	1
II.	Key Functions and Performance	2
III.	History and Major Events.....	15
IV.	Policymaking Structure	44
V.	Funding	55
VI.	Organization.....	60
VII.	Guide to Agency Programs.....	64
	LOTTERY OPERATIONS	71
	CHARITABLE BINGO OPERATIONS DIVISION.....	93
VIII.	Statutory Authority and Recent Legislation.....	108
IX.	Major Issues	115
X.	Other Contacts	118
XI.	Additional Information	123
XII.	Agency Comments	129
XIII.	Attachments.....	132

Texas Lottery Commission Self-Evaluation Report

I. Agency Contact Information

Texas Lottery Commission Exhibit 1: Agency Contacts

	Name	Address	Telephone	Email Address
Agency Head	Texas Lottery Commission (TLC) Executive Director Gary Grief	Street: 1801 Congress Avenue, Austin, TX 78701 Mailing: P.O. Box 16630, Austin, TX 78761-6630	512-344-5160	gary.grief@lottery.state.tx.us
Charitable Bingo Operations	Charitable Bingo Operations Division Director LaDonna Castañuela	Street: 1801 Congress Avenue, Austin, TX 78701 Mailing: P.O. Box 16630, Austin, TX 78761-6630	512-344-5155	ladonna.castanuela@lottery.state.tx.us
Agency's Sunset Liaison	TLC Deputy Executive Director Ryan Mindell	Street: 1801 Congress Avenue, Austin, TX 78701 Mailing: P.O. Box 16630, Austin, TX 78761-6630	512-344-5358	ryan.mindell@lottery.state.tx.us

Table 1 Exhibit 1 Agency Contacts

II. Key Functions and Performance

More detailed information about individual programs is provided in Section VII.

A. Provide an overview of your agency's mission, objectives, and key functions.

Key Functions

The Texas Lottery Commission (TLC) has two main functions:

- Under the State Lottery Act, the Commission is charged with operating, administering, and closely supervising all lottery games conducted in Texas to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery.
- Under the Bingo Enabling Act, the Commission is charged with administering and closely supervising all bingo conducted in Texas to ensure that bingo is fairly conducted and the proceeds derived from bingo are used for an authorized purpose.

Agency Mission and Objectives

Texas Lottery: The Texas Lottery is committed to generating revenue for the State of Texas through the responsible management and sale of entertaining lottery products. The Texas Lottery incorporates the highest standard of security, integrity, and responsible gaming principles; sets and achieves challenging goals; provides quality customer service; and utilizes a team approach.

Charitable Bingo: The Charitable Bingo Operations Division provides authorized organizations the opportunity to raise funds for their charitable purposes by conducting bingo. The Division determines that all charitable bingo funds are used for a lawful purpose, and promotes and maintains the integrity of the charitable bingo industry throughout Texas.

B. Do your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed.

Yes, these key functions continue to serve a clear and ongoing objective.

On August 26, 1991, House Bill (HB) 54, creating a lottery in Texas, was passed during a special session of the 72nd Legislature. On November 5 of that same year, House Joint Resolution (HJR) 8, containing the constitutional amendment to authorize a state lottery, was approved by Texas voters.

In 1979, the 66th Legislature, Regular Session, passed Senate Joint Resolution (SJR) 18, proposing a constitutional amendment to authorize bingo games for charitable purposes on a local option election basis. At the time of the constitutional amendment, bingo was prohibited by Article III, Section 47, of the Texas Constitution. However, in many communities, the law was selectively

enforced. The purpose of the constitutional amendment and the ensuing enabling legislation was to provide for uniform regulation so that charitable bingo is conducted fairly.

C. Does your agency’s enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions?

The State Lottery Act and the Bingo Enabling Act accurately reflect the agency’s missions, objectives and approach to performing its functions.

D. Have you previously recommended changes to the Legislature to improve your agency’s operations? If so, briefly explain the recommended changes, whether or not they were adopted, and if adopted, when.

Scratch ticket printing budget. In the 88th Regular Session, the Commission requested an exceptional item, which the Legislature approved starting FY 2025, for authority to use available administrative funds from the sale of lottery tickets to supplement the fixed appropriation for scratch ticket printing set forth in Strategy A.1.7. The Commission had recently completed the RFP process for scratch ticket printing services, resulting in new contracts with all three of the companies in the world capable of printing Texas Lottery scratch tickets. For each of these vendors, increased costs of approximately 40% for these critical business services were realized. With the Legislature’s approval of the requested funding, the Commission will be able to print sufficient scratch tickets to meet demand and therefore avoid any negative impact to lottery sales and revenue.

E. Do any of your agency’s functions overlap or duplicate those of another local, state, or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

The Texas Lottery Commission’s functions do not overlap or duplicate those of other local, state, or federal agencies.

F. In general, how do other states carry out similar functions?

There are 48 jurisdictions in the United States conducting government-run lotteries, including 45 states, plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Some lotteries are structured as corporations, while the majority, including the Texas Lottery, are structured as traditional state agencies.

Many states outsource certain lottery-related operations. Of those functions outsourced, the gaming system is the most commonly outsourced activity. For purposes of this section, “gaming system” includes the set of lottery software, lottery network, lottery equipment and any other components that perform all lottery functions, including, but not limited to, sales, validations, inventory and retailer management, claims processing, marketing support, scratch ticket

warehousing and distribution, and reporting. This system provides the ability to control, monitor and report all lottery activity. Some states own and operate the gaming system. In most states, not including Texas, the sales function is retained within the lottery. Additionally, some states retain the scratch ticket distribution and warehousing functions within the state lottery. The Texas Lottery outsources the gaming system, scratch ticket distribution and warehousing, and other functions related to sales and marketing (see below, Section XII, for an overview of the Texas Model).

Almost all U.S. states, plus the District of Columbia, authorize and regulate the conduct of bingo. Generally, a division, usually a charitable gaming division of a larger agency, conducts the regulation of bingo. The most common types of agencies overseeing the regulation of bingo include state lotteries, gaming commissions, departments of revenue, and departments of public safety.

G. Discuss any changes that could impact your agency’s key functions in the near future (e.g., changes in federal law or outstanding court cases).

Potential Enactment of Other Forms of Gaming

The Texas Lottery Commission remains respectful of, and sensitive to, the viewpoints of Texans who are not in favor of gaming in any form. However, economic trends and fluctuations may affect the agency’s ability to continue to generate revenue for the state of Texas at current levels through the conduct of the Games of Texas (lottery draw and scratch games) and charitable bingo.

There are opportunities (e.g., sports betting and casinos) that were brought up in recent Legislative sessions. Though the Commission remains neutral as to changes in legislation, agency staff continues to serve as a resource to the Texas Legislature and other states (through the Commission’s participation in the Multi-State Lottery Association (MUSL) and lottery trade association conferences) on issues as they relate, or may potentially relate, to the Commission or gaming in general.

Changes in Federal Law or Outstanding Court Cases

Currently, there are no anticipated changes in federal law or outstanding court cases that would impact the agency’s key functions.

H. Overall, how does the agency measure its effectiveness in carrying out its objectives?

Lottery Sales and Revenue to the State

The goal of the Texas Lottery’s efforts to increase gross sales and net revenue are directly consistent with its mission to generate revenue for the state of Texas.

Since FY 2009, the Texas Lottery has experienced significant sales growth. Several different strategic sales initiatives contributed to this achievement, including innovations to the scratch ticket portfolio, an enhanced focus on retail distribution channel expansion, implementation of a sales performance-based retailer cash incentive program, and continued product innovation, including new in-state and national draw game modifications and introductions.

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

The agency's continued focus on fiscally responsible operations helps convert the benefits of gross sales increases to net revenue contributions. These efforts during FY 2022 resulted in the highest revenue year with total transfers to the state of \$1.998 billion, marking the 19th consecutive year the Texas Lottery has generated more than \$1 billion in contributions to the state of Texas. Additionally, FY 2022 marked the 12th consecutive fiscal year the agency reached an all-time sales record with an increase of \$189.7 million over FY 2021. Overall, the Texas Lottery has seen a growth in sales of \$3.219 billion, or 63.4%, over the past five years.

Scratch ticket sales for FY 2022 totaled \$6.73 billion, a new Texas Lottery scratch ticket sales record, accounting for 81.1% of total sales. In addition, a strong performance from the draw games led to a record \$1.57 billion in those sales – a \$79.4 million increase over FY 2021. Reasons for the record sales include but are not limited to the following: new, innovative scratch ticket designs; the introduction of the first \$100 scratch ticket game; growth of higher price points in the scratch ticket portfolio; solid performance from core games, most notably the Loteria-themed games; record draw sales; and a large \$1.28 billion advertised Mega Millions jackpot in July 2022. In FY 2022, \$1.97 billion went to the Foundation School Fund and \$26 million was transferred to the Fund for Veterans' Assistance, administered by the Texas Veterans Commission.

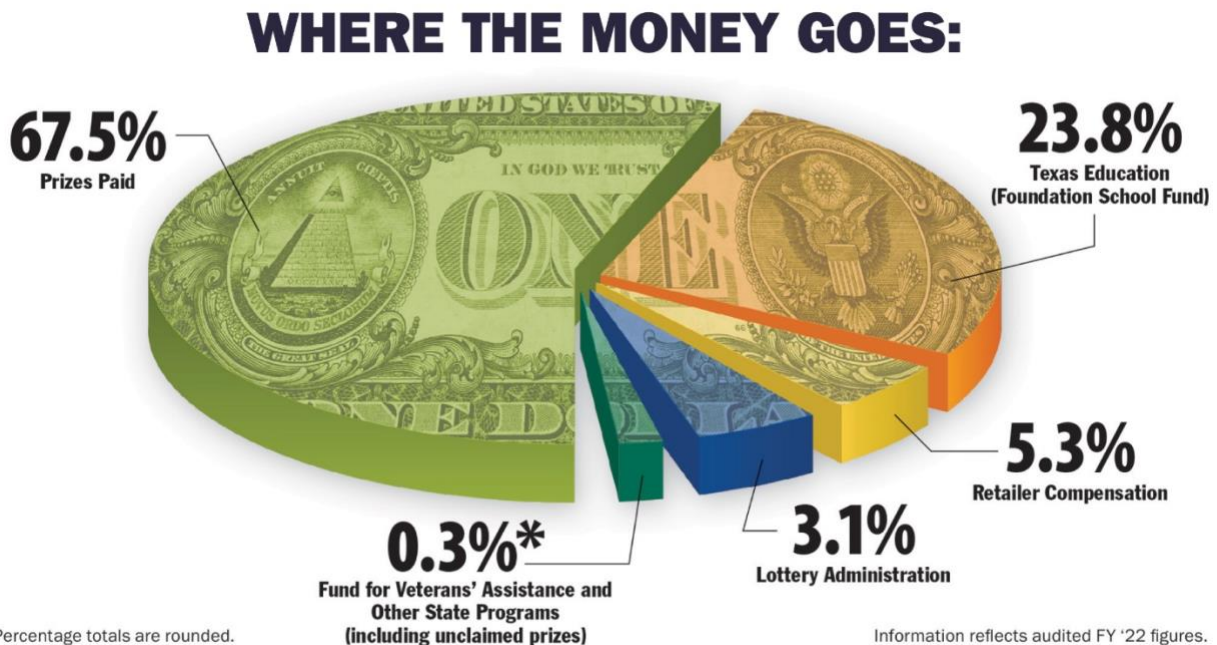
While the agency pursues several program initiatives to support gross sales, the agency is equally committed to administrative efficiency. This includes careful monitoring and ongoing evaluation of the primary contributors to administrative overhead:

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

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

The agency anticipates FY 2023 sales will exceed the record-breaking FY 2022 levels. Draw game sales will reach a new record after several large jackpots throughout the year. Scratch ticket sales also continue to be strong in FY 2023 and are comparable to FY 2022 sales.

The figure below illustrates the distribution of Texas Lottery sales for FY 2022.



Claim Center Operations

The Texas Lottery operates 16 claim centers statewide that act as payment locations for lottery prizes. As Internal Revenue Service (IRS) rules require the collection of tax information for lottery prizes of \$600 or more, claim centers act as the payment locations for prizes that cannot be paid at licensed sales agent locations. Claim centers also act as a resource in assisting players with payment of claims when they experience difficulty in receiving payment at sales agent locations. Texas Lottery claim centers processed 86,069 claims in FY 2022.

Collection of Liabilities Owed to the State

Claim centers also perform collection from individuals that owe monies to the state via the agency's debt set-off collection program. In FY 2022, \$2,567,765 was collected from prize claimants through this program.

Lottery Retailer Survey Results

The Texas Lottery conducts Retailer Satisfaction surveys annually to examine retailer views of the services provided by the agency and the lottery operator (currently IGT). The agency has a target of 96% satisfaction levels (measured as combined scores of "good" and "excellent"). Prior to March 2020, retailer satisfaction surveys were conducted in-person by claim center personnel and the agency consistently exceeded the 96% satisfaction target. Survey administration was suspended starting in March 2020 due to COVID-19. In May 2021, the Texas Lottery instituted a new process to survey retailers via email using an internet-based survey tool. For the FY 2021 survey, 82% of respondents rated the services provided by the Texas Lottery as "good" or "excellent". This percentage increased to 86% in FY 2022. While the results from the FY 2022 survey demonstrated a high level of satisfaction with Texas Lottery and IGT services, the satisfaction level fell below the target of 96%. The performance was below the target likely due in part to the implementation of the online survey methodology in comparison to in-person surveying used previously, resulting in a largely different segment of retailer staff being surveyed online compared to the in-person surveys. The Texas Lottery currently plans to continue using email and an internet-based survey tool for future satisfaction surveys.

The survey questions are reviewed annually, and changes are made to gather retailer data of specific interest to the agency. The question regarding retailers' overall satisfaction with the Texas Lottery's services remains constant. The Retailer Satisfaction Survey for FY 2022 was designed to:

- 1) measure retailers' overall satisfaction with Texas Lottery support services and functions, as well as IGT support services and functions;
- 2) measure retailers' awareness and use of responsible gambling resources provided by the Texas Lottery; and
- 3) determine if the responding retailers wished to be contacted regarding a concern, complaint, or comment about one of their licensed locations.

Texas Lottery staff use the Retailer Satisfaction Survey findings in multiple ways. For example, retailers' overall rating of the lottery's services is used to calculate the "Percent of Retailers Satisfied with the Texas Lottery Commission," which is a key performance measure reported annually to the Legislative Budget Board. Texas Lottery and IGT personnel use responses to questions about IGT services to track the vendor's customer service and technical assistance. In addition, Texas Lottery and IGT staff follow up on requests from respondents to be contacted about their licensed locations by contacting the retailers and providing any needed assistance.

For FY 2022, the survey was emailed to 8,064 retailer owners and contacts, and a total of 1,237 responses were received. Eighty-six percent of the respondents rated the services provided by the Texas Lottery as “Good” or “Excellent,” and approximately 11% rated Texas Lottery services as “Fair.” Nearly 87% of respondents gave the services provided by IGT Lottery Sales Representatives an overall rating of “Good” or “Excellent,” and approximately 9% rated these services as “Fair.”

Number of Drawings Held and Number of Scratch Ticket Games

During FY 2022, the Texas Lottery developed and introduced 78 scratch ticket games and offered eight draw games for sale to the public through its Products Department. This significant number of scratch ticket game launches requires meticulous planning and efficient daily execution to ensure delivery of scratch ticket games to meet planned schedules for maximization of product availability and sales.

The public expects the agency to be flawless and error-free when conducting its drawings. The Texas Lottery conducted 6,864 drawings at its drawing studio and performed remote monitoring, oversight, and packaging for broadcast of 260 drawings for the multi-jurisdictional *Mega Millions* and *Powerball* games in FY 2022 without any significant issues affecting any drawing outcomes. The Drawings Section of the agency also oversees and conducts specialty drawings such as internet-entry promotional second-chance drawings and retailer incentive drawings.

Charitable Bingo Operations

During FY 2022, licensed organizations reported \$38.68 million dollars was distributed to charitable organizations in Texas from the operation of bingo games. More than 97% of licensed organizations met the required minimum distribution of funds for charitable purposes. That year, the Charitable Bingo Operations Division issued 9,387 bingo-related licenses and completed 137 bingo complaint investigations.

Cost-Benefit Analysis/Needs-Risk Assessment on Major Expenditures

In response to a Sunset Commission recommendation in 2022, the agency developed a comprehensive cost-benefit analysis process to evaluate the effectiveness of proposed major program expenditures. The Office of the Controller developed a standard needs-and-risk assessment template as a decision-making tool to assist the agency in planning its contracts, evaluating new and current goods and services, and making sound financial decisions. The needs-and-risk assessment tool ensures there are clear contracting objectives, assumptions, and constraints. The tool is used to judge the ongoing effectiveness of the agency’s expenditures and assist in determining actions that would be most beneficial for the Texas Lottery and/or provide the best value for the state of Texas. To assess the effectiveness of major expenditures, a formal analysis is required to compare original expectations and projections provided in the needs-and-risk assessment to actual expenditures.

The Commission has implemented policies and procedures that require the completion of a needs-and-risk assessment prior to the development of a new contract solicitation for a good or service, or the amendment, renewal, or extension of existing contracts for goods or services. Incorporated within this procedure is a needs-and-risk assessment review to compare projections outlined in the original assessment to actual expenditures.

Agency Contract Management and Oversight

The Purchasing and Contract sections in the Administration Division administer a broad range of Texas Lottery- and Charitable Bingo-related contracts for goods and services provided by state agencies and private vendors, and it is a repository for original documentation and information regarding the agency's contracts and compliance issues.

Following a recommendation by the Sunset Commission in 2002, the agency implemented key processes to guide major financial decisions. These included the development and implementation of a reporting process to provide the Commission with detailed information about significant procurements, the completion of a needs-and-risk assessment for all major procurements, and a periodic review process to evaluate the effectiveness of program expenditures.

The agency developed and recommended the criteria and frequency for reporting agency contract information to the Commission. All Major contracts are defined as formal procurements for goods or services that directly support the agency's core gaming business function and have a cumulative contract value equal to or greater than 10 million dollars. Prime contracts are defined as any contract that has a cumulative contract value greater than one million dollars, excluding major contracts. Operational contracts are defined as any contract with a cumulative contract value of less than one million dollars and procured through a formal procurement process. Other contracts are defined as interagency agreements, subscriptions, DIR leases, TFC leases, and trademark use agreements with other lotteries with a cumulative contract value of less than one million dollars.

Although the Executive Director has statutory authority to execute all agency contracts, the status of all Major and Prime contracts is reported to the Commission annually for informational purposes only. The report is presented during the October Commission meeting, which allows staff time to implement any changes or recommendations made by the Commission prior to a renewal or procurement at the end of a fiscal year. All Major and Prime contracts are presented to the Commission prior to any action being taken (i.e., amendment, renewal, procurement). In addition, Major contracts are approved by the Commission prior to execution.

Finally, the agency contracts with an independent third-party vendor to provide risk analysis and compliance monitoring services for the agency's lottery operator contract. Using the Lottery Operations and Services Contract between the Texas Lottery and IGT, all terms and conditions, performance standards, and other elements requiring compliance are identified. All selected elements are categorized and risk-ranked so compliance can be measured based on a priority

and cycle jointly developed by the Texas Lottery and IGT. The independent third-party vendor works closely with the agency to appropriately identify and report on the lottery operator's performance and contract noncompliance. IGT must submit a performance improvement plan (if applicable) for any noncompliant element, and it is scheduled for retest.

Employee Survey Results

One of the methods used to measure the agency's effectiveness in carrying out its objectives is by surveying employees to understand their views since they are critical to the success of the Texas Lottery Commission. Surveys are conducted by third parties so the confidentiality of employee responses is preserved, and information can be freely shared by staff to obtain the most accurate results.

Survey of Employee Engagement-Institute of Organizational Excellence

One of the Texas Lottery Commission's core values—teamwork—provides a work environment characterized by mutual respect and open communication among employees, and their individual perspectives to get the job done. Success in this regard is measured with the Survey of Employee Engagement (SEE), administered by the Institute of Organizational Excellence at the University of Texas at Austin. The survey asks employees how they feel about many aspects of working for the agency: their workplace; the resources they are given to do their jobs; their pay and benefits; and about the effectiveness of their supervisors. Staff are also asked if they feel secure and to what extent they believe they are treated fairly, work in an environment free of discrimination, and are asked about their views on the ethical climate of the agency.

Finally, the completed survey results are shared with all agency employees. The results are typically presented and explained as part of the agenda at one of the monthly all-staff meetings. The complete results are also posted on the agency's intranet site.

Executive staff direct responsive action to areas that indicate the need for attention. Agency employees know that leadership's interest is genuine, as evidenced by consistently high participation rates, and by overall satisfaction scores that have climbed steadily over the past five iterations of the survey. A score above 350 is desirable. Scores above 400 indicate that employees are very positive, and a highly engaged workforce exists at the Texas Lottery Commission. The agency's past five overall scores have been: 2012- 378; 2014- 396; 2016- 400; 2018- 406 and 2022- 416. The most recent survey in 2022 included a 93.1% participation rate, which is extremely high and confirms the validity of the survey results.

Greater Austin Top Workplace-Austin American-Statesman

The Texas Lottery Commission was awarded a Greater Austin Top Workplaces 2022 honor by the *Austin American-Statesman*. The list is based solely on employee feedback gathered through a third-party survey administered by an employee engagement technology partner. The anonymous survey uniquely measured 15 culture drivers that are critical to the success of any organization, including: alignment, execution, and connection.

Compliance Activity Monitoring Process (CAMP) Results

The agency administers a robust Compliance Activity Monitoring Program (CAMP) system driven by public complaint intake, follow-up investigation and electronic tracking. CAMP has dedicated staffing and is actively utilized by the Lottery Operations, Charitable Bingo Operations, Enforcement and Legal Services divisions to effectively ensure charitable bingo and lottery licensee rule compliance with the Commission's administrative rules. Eighty-four charitable bingo-related complaints and 465 lottery-related complaints were addressed by the agency under the program in FY 2022.

In the following chart, provide information regarding your agency's key measures, including outcome, input, efficiency, and explanatory measures. Please provide both key and non-key performance measures set by the Legislative Budget Board as well as any other performance measures or indicators tracked by the agency. (Numbers are for reference in Section VII.)

The agency's key performance measures as set by the Legislative Budget Board (LBB) are listed in Exhibit 2 below. A complete listing of all key and non-key LBB measures is provided in Attachment 21. The agency does not track other measures or indicators other than the LBB measures.

**Texas Lottery Commission
Exhibit 2: Key Performance Measures (LBB) — FY 2022**

Key Performance Measures (LBB)	Calculation (if applicable)	FY 2022 Target	FY 2022 Actual Performance	FY 2022 % of Annual Target
Percent of Retailers Satisfied with Lottery Commission 1.1.1 Outcome Measure	This performance measure is intended to determine whether the Texas Lottery Commission is providing adequate service to retailers.	96.00%	86.19%	89.78%
State Revenue Received Per Dollar Expended on Promotion 1.1.6 Outcome Measure	This measure reflects the annual accrued transfers to the State of Texas from all Lottery proceeds (including unspent administrative funds and unclaimed prizes) compared to the annual accrued amount of dollars expended on lottery games promotion.	\$86.77	\$195.79	225.64%

Self-Evaluation Report

Percent of Complaints Referred for Disciplinary Action 2.1.3 Outcome Measure	This measure reports the percentage of complaints referred for disciplinary action to the total number of complaints completed for the fiscal year.	1.00%	0.00%	0.00%
Net Bingo Games Revenue Received by Charitable Orgs (in Millions) 2.1.5 Outcome Measure	This measure captures the amount of dollars (expressed in millions) reported as distributed by licensed conductors of bingo games from their bingo bank account for charitable purposes during a reporting period.	\$28.00	\$38.68	138.14%
Percent of Organizations Who Met the Statutory Charitable Distribution Requirement 2.1.6 Outcome Measure	This measure reports the percentage of licensed authorized organizations who met their required charitable distribution.	98.00%	97.74%	99.73%
Number of Retailer Business Locations Licensed 1.1.1.1 Output Measure	This measure reports the number of retailer business locations licensed and active at the end of each quarter. A licensed retailer is an active location approved to sell tickets and is in good financial standing with the Lottery Commission.	20,524	20,720	100.95%
Average Cost Per Survey Issued 1.1.3.1 Efficiency Measure	This performance measure provides the cost incurred in producing, distributing, and analyzing surveys to Lottery retailers.	\$1.70	\$0.07	4.12%
Billboard Expenditures from Promoting Lottery Games (Millions) 1.1.8.1 Output Measure	This performance measure shows the number of dollars the Texas Lottery Commission spends on the promotion of lottery games for billboard media and production across the state of Texas.	\$7.70	\$6.64	86.23%
Other Promotion Expenditures from Promoting Lottery Games (Millions) 1.1.8.2 Output Measure	This performance measure shows the number of dollars the Texas Lottery Commission spends on the promotion of lottery games in the following categories: media and production, radio, digital, social, experiential, print and television. This measure does not include billboard media and production costs.	\$2.30	\$3.56	154.78%

Number of Licenses Issued 2.1.1.1 Output Measure	This measure reports the number of licenses issued to manufacturers, distributors, lessors, and conductors of Bingo operations for a Charitable Bingo activity in this state.	11,000	9,387	85.34%
Number of Bingo Complaints Investigations Completed 2.1.3.3 Output Measure	This measure reports the number of Bingo complaint investigations completed by the Charitable Bingo Operations Division and the Enforcement Division during the reporting period.	110	137	124.55%

Table 2 Exhibit 2 Key Performance Measures

I. Please list all key datasets your agency maintains and briefly explain why the agency collects them and what the data is used for. Is the agency required by any other state or federal law to collect or maintain these datasets? Please note any “high-value data” the agency collects as defined by Texas Government Code, Section 2054.1265. In addition, please note whether your agency posts those high-value datasets on publicly available websites as required by statute, and in what format.

Please see Attachment 33 which includes a comprehensive listing of all Texas Lottery Commission data systems and associated datasets.

The agency’s “high-value data” is posted on the Texas.gov data portal to meet the requirements of Government Code, Chapter 2054. See: https://data.texas.gov/browse?Dataset-Category_Agency=Texas+Lottery+Commission&Dataset-Category_Category=Tile=Business+and+Economy

The Texas Lottery Commission is not expressly required to maintain specific datasets by law. However, the agency is subject to requirements to maintain and compile certain information which it does in the following data systems:

- **Compliance Activity Monitoring Program (CAMP)**: Government Code Section 467.111 (Complaints) provides that, “the commission shall maintain a system to promptly and efficiently act on each complaint filed with the commission. The commission shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and its disposition.”

The agency’s CAMP system is used to track many items other than complaints, but to the extent it is the TLC’s complaint tracking system, CAMP is the system the TLC uses to comply with this requirement. The TLC also has an implementing rule at 16 TAC Section 403.600 (Complaint Review Process). Information from this system is provided in a biennial report:

<https://www.texaslottery.com/export/sites/lottery/Documents/Compliance-Activity-Monitoring-2021-Report.pdf>

- **HUB Business and Contracting.** Government Code Section 2161.122 (Information Gathering by State Agency) requires each state agency to “maintain and compile monthly information relating to the use by the agency and each of its operating divisions of historically underutilized businesses.” The statute does not specify the format for maintaining and compiling the required information, but the HUB Business and Contracting dataset is used to comply with the statutory requirement.

III. History and Major Events

For additional history about the Texas Lottery Commission, please refer to the agency's website history section at:

https://www.texaslottery.com/export/sites/lottery/About_Us/Milestones/index.html

LOTTERY HISTORY PRIOR TO INCEPTION OF THE TEXAS LOTTERY COMMISSION

1991

August 26 HB 54, creating a lottery in Texas, is signed by the Governor in a special session of the 72nd Legislature. The Lottery Act requires voter approval before taking effect. The lottery is established as a division within the Texas Comptroller of Public Accounts.

November 5 Texas voters approve the lottery by a two-to-one margin.

1992

January 8 The Texas Lottery distributes sales license application packets to 65,000 Texas retailers and holds the first retailer application seminars.

March 6 The first contract for production of scratch tickets is awarded.

March 7 The first lottery operator contract and first contract for advertising services are awarded.

March 19 The Texas Lottery announces the winner of the Texas Lottery Logo Contest, a 10-gallon hat thrown high in celebration. Also in March, the lottery operator begins installing scratch ticket validation terminals in 15,000 licensed retail locations.

May 29 The Texas Lottery is launched – 47 days ahead of schedule! At 6 a.m. at Polk's Feed Store in Oak Hill, Gov. Ann Richards purchases the first Texas Lottery® scratch ticket. In the next 24 hours, Texans buy 23.2 million more tickets, a world record for first-day sales. The cost of the lottery's start-up, with interest, is earned back during the first three hours of ticket sales.

June 18 The first Texas Lottery® grand prize drawing is held in Dallas at the Plaza of the Americas.

September In preparation for the introduction of *Lotto Texas*®, the first draw game offered by the Texas Lottery, the lottery operator begins installing terminals in 5,250 retail locations.

- November 7 *Lotto Texas*® sales begin eight weeks ahead of schedule.
- November 14 The first *Lotto Texas*® drawing is held at 9:59 p.m. and televised via satellite across Texas.
- November 28 The first *Lotto Texas*® jackpot winner receives \$21.8 million.

BINGO HISTORY PRIOR TO INCEPTION OF THE TEXAS LOTTERY COMMISSION

1980

- November Texas voters approve a constitutional amendment authorizing charitable bingo by a vote of 2,205,355 (64%) “for” to 1,189,312 (35%) “against.” SJR 18, 66th Legislature, Regular Session, required that bingo be authorized on a local option basis and that the proceeds from the conduct of bingo must be spent in Texas for charitable purposes.

1981

- November 10 The Bingo Enabling Act (HB 3, 67th Legislature, 1st Called Session) becomes effective.

1982

- Spring The first bingo licenses are issued. Bingo is a division of the Comptroller of Public Accounts.

1983

- September 1 HB 147, SB 741 and SB 897, 68th Legislature, Regular Session, amendments to the Bingo Enabling Act, take effect.

1984

The Comptroller of Public Accounts adopts an administrative rule authorizing Instant Bingo (pull-tabs).

1985

The Comptroller of Public Accounts adopts rules setting forth the minimum charitable distribution that each licensed organization must make each quarter. Additionally, the Comptroller of Public Accounts administratively changes the reporting period for the bingo gross receipts tax from monthly to quarterly.

- October 1 SB 303, 69th Legislature, Regular Session, amendments to the Bingo Enabling Act, takes effect, authorizing the Comptroller of Public Accounts to obtain additional criminal history information for licensees.

1987

September 1 HB 1043 and SB 1479, 70th Legislature, Regular Session, amendments to the Bingo Enabling Act, take effect and include the following changes:

Adds a 2% state gross receipts tax (in addition to a local option 2% gross receipts tax already included in the Bingo Enabling Act); Establishes a separate \$1,500 prize limit for instant bingo (pull-tabs); Prohibits door prizes, the advertising of prize amounts and placing of ads by anyone other than a licensed authorized organization.

1990

January 1 HB 2260, 71st Legislature, Regular Session, amendments to the Bingo Enabling Act, takes effect and includes the following changes:

Transfers the regulation and administration of charitable bingo from the Comptroller of Public Accounts to the Texas Alcoholic Beverage Commission (TABC) effective January 1, 1990.

Establishes limits on commercial lessors. Existing commercial lessors are grandfathered into the law and allowed to lease to the same number of organizations they were leasing to on or before June 10, 1989. New commercial lessors can only lease to one organization.

Establishes limits on the amount of rent a lessor could charge.

Restricts movement from one location to another by a grandfathered lessor. Includes the minimum charitable distribution requirement, previously provided for by rule, in the Bingo Enabling Act.

1991

September 1 HB 11, 72nd Legislature, 1st Called Session, amendments to the Bingo Enabling Act, takes effect and includes the following changes:

Increases the state gross receipts tax from 2% to 5%.

Creates a 3% prize fee to be collected from prize winners.

Initiates a 3% gross rental tax to be collected from commercial lessors.

1992

- March In response to complaints raised by organizations conducting charitable bingo regarding the increase in the gross receipts tax imposed by HB 11, the TABC changes the tax reporting period from quarterly to monthly through administrative rule. At the time, the Bingo Enabling Act provided that the first \$15,000 of gross receipts per reporting period was exempted from a tax authorized by the Act. By changing the reporting period from quarterly to monthly, the exemption is effectively increased from \$15,000 a quarter to \$45,000 a quarter, thus decreasing an organization's tax liability by as much as \$2,100 per quarter.
- October In response to continued complaints from organizations conducting charitable bingo, the TABC further changes the tax reporting period for charitable bingo quarterly reports from monthly to semi-monthly by administrative rule. This change in the reporting period effectively increased the \$45,000 exemption a quarter to a \$90,000 exemption a quarter. This results in decreasing further an organization's tax liability by as much as \$3,150 per quarter for a total tax reduction of \$5,250.

AGENCY HISTORY THE YEAR OF AND AFTER INCEPTION OF THE TEXAS LOTTERY COMMISSION

1993

- May 29 The new "Quick Pick" (QP) option for *Lotto Texas*[®] is added on the Texas Lottery's first anniversary.
- June 9 The first *Lotto Texas*[®] jackpot using the QP option is won, worth \$9 million.
- August 30 HB 947, 73rd Legislature, Regular Session, the recodification of the State Lottery Act, and HB 1013, 73rd Legislature, Regular Session, abolishing the state lottery stabilization fund, go into effect.
- September 1 HB 1587, 73rd Legislature, Regular Session, takes effect creating the Texas Lottery Commission.
- September 1 HB 2771, 73rd Legislature, Regular Session, amendments to the Bingo Enabling Act, takes effect and includes the following changes:
- Transfers the regulation of charitable bingo from the Texas Alcoholic Beverage Commission to the Texas Lottery Commission by April 1, 1994.
- Repeals both the state and local gross receipts tax.
- Increases the "prize fee" collected from winners from 3% to 5%.

Eases restrictions on commercial lessors, i.e., repealed an earlier restriction that a group could only play at a commercial hall only if their facilities were not adequate or suitable for bingo games.

Allows grandfathered lessors to move to another location regardless of whether their old location became unavailable due to circumstances beyond their control.

Repeals the limit of organizations which grandfathered lessors can lease to.

Eliminates the \$1,500 prize limit on instant bingo (pull-tabs).

Sets administrative penalties, including fines.

Allows a commercial lessor that is a sole proprietorship to incorporate and transfer its license to a corporation.

Creates the Bingo Advisory Committee.

- October 23 With two weeks left in its first year and cumulative sales totaling \$973.6 million, *Lotto Texas*[®] breaks the all-time, first-year sales record for a lotto game set by Florida in 1989.
- October 25 *Pick 3*[™] starts up — \$1.2 million in sales on the first day — another record breaker.
- November 3 The first members of the Texas Lottery Commission are appointed.

1994

- April 1 The administration of charitable bingo is transferred from the TABC to the Texas Lottery Commission and all licensing functions relating to charitable bingo are moved to Austin.

1995

- April 24 The Bingo Advisory Committee holds its first meeting.
- May 26 The Texas Lottery introduces scratch ticket vending machines. The first machines are rolled out at selected lottery retailers in San Antonio.
- September 1 HB 3021, 74th Legislature, Regular Session, amendments to the Bingo Enabling Act, takes effect and includes the following changes:

Reduces the number of years a "religious society" must be in existence within

Texas from ten years to eight years.

Provides for the use of "electronic or mechanical card-minding devices" and "pull-tab or instant bingo dispensers" by organizations licensed to conduct charitable bingo.

Requires the toll-free number of the Texas Council on Problem and Compulsive Gambling to be displayed on these machines.

Allows organizations licensed to conduct charitable bingo to lease bingo equipment from licensed distributors. Repeals the section of the Act that required organizations to use equipment they own.

Provides that bingo may be played using a pull-tab.

Requires no more than 30% of sales from a bingo occasion be from card-minding devices.

Sets the price of pull-tabs at no more than \$1 and limits the number of pull-tab dispensers at any bingo premises to five.

Provides for the issuance of a temporary authorization after certain conditions have been met.

Allows a commercial lessor who is incorporated to transfer its lessor's license to another corporation owned by the lessor.

Creates a new class of licensee known as a System Service Provider. A System Service Provider is intended to provide "automated bingo services" to organizations licensed to conduct charitable bingo.

Amends the frequency and times that organizations can conduct charitable bingo games.

September 1

HB 3031, 74th Legislature, Regular Session, amendments to the State Lottery Act, takes effect and includes the following changes:

Prohibits the authorization of a lottery sales agent license to an officer or employee of the Commission or a lottery operator, to a relative residing as a member of the same household in the principal place of residence of an employee of the Commission or lottery operator, or to a person whose location is a public school, institution of higher education or a state agency.

Prohibits the sale of lottery tickets by another state or Indian tribe or tribal

government unless the state of Texas has entered into a compact with another state or Indian tribe or tribal government.

October 10 *Cash 5*[®], a draw game where players pick five numbers from a field of 39, is introduced.

1996

March 10 The not-quite-four-year-old Texas Lottery becomes the fastest U.S. lottery ever to reach \$10 billion in sales.

May 28 The Commission approves an extension for a maximum of five years of the lottery operator contract.

November 6 *Happy Holidays*, the Texas Lottery's first \$5 scratch ticket game, is launched.

1997

February 10 The Texas Lottery offers players a Cash Value Option, allowing *Lotto Texas*[®] jackpot winners the option of collecting their prize money all at once, in addition to the existing installment option.

May 21 HB 641, 75th Legislature, Regular Session, amendments to the Charitable Raffle Enabling Act, takes effect and includes the following changes:

Changes the maximum value of a raffle prize from \$25,000 to \$50,000.

Changes the maximum face value of lottery tickets awarded as a raffle prize from \$25,000 to \$50,000.

September 1 HBs 4, 566, 1445, 2424, 2768, and SB 581, 75th Legislature, Regular Session, amendments to the State Lottery Act, take effect and include the following changes:

Directs lottery proceeds to be transferred to the Foundation School Fund, which supports public education in Texas.

Mandates a reduction in prize payouts as an average for all lottery games by 4.5% in FY 1998 and 5% in FY 1999.

Requires the Texas Lottery Commission to deduct the amount from the winnings of a person determined to be delinquent in the payment of tax or other money collected by the Texas Workforce Commission.

Requires the Texas Lottery Commission to deduct from winnings an amount a

court has ordered a person to pay in delinquent child support. A certified copy of a court order and a notice of child support lien must be provided to the Commission.

Allows the sale of lottery tickets at racetracks.

Requires the Texas Lottery Commission to deduct from winnings paid in periodic installments an amount a court has ordered a person to pay as child support. The Texas Lottery Commission must be provided with a certified copy of a court order, writ of withholding, or notice of a child support lien.

Mandates the debt set-off program be applied to lottery retailers by deducting any applicable amounts from their commissions.

Clarifies that documents in the possession of or maintained by the Texas Lottery Commission are subject to the Texas Open Records Act.

Requires the Texas Lottery Commission to deduct from lottery winnings delinquent reimbursements to the Texas Department of Human Services (DHS) for benefits granted in error under the food stamp program or the program of financial assistance.

Reduces the allowable percentage of lottery ticket sales for the administration of the lottery from 15% to 12%.

September 1

HB 3370, 75th Legislature, Regular Session, amendments to Texas Government Code, Chapter 467, Texas Lottery Commission, takes effect and includes the following changes:

Moves provisions in the State Lottery Act relating to a gift, contribution or activity of an officer or employee of the Texas Lottery Commission to Chapter 467 of the Texas Government Code.

Amends the definition of gift to allow the acceptance of a gift from a person of kinship or from a person of a personal, professional, or business relationship independent of the official status of the recipient.

Establishes restrictions for Commission members, the executive director, or an employee of the Commission on the acceptance of a gift or political contribution.

Establishes restrictions for a former Commission member, former executive director, or former employee of the Commission on the acceptance of a gift or political contribution.

- Establishes restrictions on representation by a former Commissioner, former executive director or former director.
- September 1 The General Appropriations Act goes into effect containing a rider directing that \$750,000 be expended biennially for helping compulsive gamblers through an interagency contract agreement with the Texas Commission on Alcohol and Drug Abuse.
- October 1 HB 2086, 75th Legislature, Regular Session, amendments to the Bingo Enabling Act, takes effect and includes the following changes:
- Raises the prize amount for a single game to \$750.
 - Authorizes raffles during a bingo occasion.
 - Includes prize amounts in advertisements sponsored by charities or the Commission.
 - Authorizes door prizes not to exceed a value of more than \$250.
 - Changes the calculation determining the number of card-minding devices offered for sale from 30% of sales at an occasion to 40% of the average attendance during the previous two quarters.
 - Outlines what documentation is adequate evidence of the validity of an organization's tax-exempt status, i.e., 501(c).
 - Requires that organizations that hold a license to conduct charitable bingo and a license to lease bingo premises conduct bingo at the same location they lease.
 - Requires that applicants for a license to lease bingo premises submit proof of financial responsibility with their application.
 - Prohibits a foreign corporation or a publicly traded corporation from holding a lessor's license.
 - Prohibits more than one bingo location being located under a common roof or over a common foundation.
 - Requires that the Bingo Advisory Committee contain a representative from the System Service Provider license class.
 - Reduces the amendment fees from \$25 to \$10 and allows organizations to

submit changes for time or day via telephone or fax.

Makes the Director of the Charitable Bingo Operations Division report directly to the Commission.

Allows for a deduction for the Cost of Goods Sold from adjusted gross receipts in the 35% minimum charitable distribution requirement and strike rental income from the 35% formula.

Requires certain persons associated with organizations conducting charitable bingo to attend a training program approved by the Commission.

Requires renewal applications be no more than two pages in length.

1998

January 8 The Texas Lottery celebrates selling \$10 billion in scratch tickets. Those sales include tickets at the \$1, \$2, \$3 and \$5 price points.

May 18 *Texas Million* debuts. Tickets for the Texas Lottery's fourth draw game go on sale and are available at any retailer where *Lotto Texas*[®], *Cash 5*[™], or *Pick 3*[™] are sold.

June 3 The Texas Lottery premieres a new scratch ticket game with a top prize of merchandise. With *Buck\$ 'N Truck\$*, players can win a fully loaded Special Edition Dodge[®] Ram[®] truck.

1999

June 18 An amendment to the State Lottery Act (SB 616, 76th Legislature, Regular Session) goes into effect. The amendment provides that a contract between the lottery and a lottery operator may be terminated without penalty should the lottery be abolished through the Sunset process.

June 19 HB 844, 76th Legislature, Regular Session, amendments to the State Lottery Act, takes effect and includes the following changes:

Removes the cap on the prize-payout percentage.

Reduces the lottery's advertising budget in FY 2001 by \$1 million for each 1% that the prize payout exceeds 57.5% in FY 2000.

Reduces the lottery's advertising budget for FY 2002 and subsequent years by \$1 million for each one percent that the prize payout exceeds 52.5% in the

prior year.

September 1

HB 3155, 76th Legislature, Regular Session, recodifying the Bingo Enabling Act, takes effect.

HBs 550, 703, 1799 and SB 1320, 76th Legislature, Regular Session, amendments to the State Lottery Act, take effect and include the following changes:

Expands the ability of the Executive Director to enter into promotional contracts.

Allows an employee of a vendor, other than a primary vendor, to purchase a lottery ticket or claim a prize.

Authorizes specific types of payment that would be the only permissible methods to purchase a lottery ticket. These include (1) United States currency; (2) Checks; (3) Debit Cards; (4) Vouchers or Coupons issued by the Texas Lottery Commission, and (5) Mail Order subscriptions authorized by the Commission. Other means not listed, such as credit cards and food stamps, remain prohibited.

Allows Texas Lottery prize winners to sell or assign their right to collect annual prize payments in exchange for a lump sum cash payment from a third party, including individuals, banks, investment companies or other lenders.

Clarifies that voluntary assignment is allowable, subject to court authorization and specified consumer safeguards.

Specifies that unclaimed prize money can no longer be used to supplement future games and that, instead, the first \$40 million in unclaimed prizes will be directed to the Multi-categorical Teaching Hospital Account to fund indigent healthcare. Any unclaimed prizes in excess of \$40 million will be transferred to the Tertiary Care Facility Account.

Establishes for the first time in statute the amount the Texas Lottery Commission can hold in reserve for potential retailer losses. Previously, the Executive Director determined this amount.

Reduces from \$20 million to \$5 million the amount in the pooled bond reserve fund.

September 1

The General Appropriations Act takes effect and includes the following

changes:

Reduces the amount available for the administration of the lottery and for retailer commissions from 15% to 12% of sales.

Restricts the use of unclaimed prizes as specified in HB 1799, above.

Establishes a limit on the amount held in the pooled reserve fund as specified by SB 1320, above.

Restricts the agency from out-of-country travel, except that which is reimbursable by a third party.

Permits the agency to collect and retain fees collected as administrative costs for assignment of lottery prizes pursuant to HB 1799.

2000

July 19 The first drawing under the new *Lotto Texas*[®] game matrix, approved by the Texas Lottery Commission, takes place. The *Lotto Texas*[®] field of numbers is expanded from 50 to 54. Among the changes is an increase in the prize pool to 55% of sales; players picking three-of-six winning numbers see their prize increase from \$3 to \$5; players picking four-of-six winning numbers will see an increase to \$105 average payout; and the five-of-six average prize climbs to \$2,500. The odds of winning the six-of-six jackpot prize changed from one in 15.8 million to one in 25.8 million.

2001

May 11 *Texas Million*, the fourth draw game for the Texas Lottery, ends. Since its inception in May 1998, *Texas Million* created 25 millionaires and realized \$210 million in sales, resulting in transfers of close to \$65 million to the Foundation School Fund.

May 13 *Texas Two Step*[®], the fifth draw game for the Texas Lottery, goes on sale. Sales for the first week top \$1.2 million, with \$655,000 coming on the day of the first drawing, May 18.

June 15 SB 390, 77th Legislature, Regular Session, amendment to Chapter 467 of the Texas Government Code, goes into effect providing an exception to the Open Meetings Act to allow the Texas Lottery Commission to conduct a closed meeting to deliberate the negotiations of a lottery operator contract.

September 1 HB 965 and SB 257, 77th Legislature, Regular Session, amendments to the State

Lottery Act take effect and include the following changes:

Repeals provisions added by HB 2424, 75th Legislature, Regular Session, relating to debt set-off program applied to lottery retailers.

Authorizes the Texas Lottery Commission to deny, revoke, or suspend a lottery retailer license if the Commission has determined the applicant or licensee is delinquent in the payment of taxes or other money collected by the Comptroller of Public Accounts, Texas Workforce Commission, Texas Alcoholic Beverage Commission, Texas Higher Education Coordinating Board or Texas Guaranteed Student Loan Corporation.

Amends the Family Code to add the Texas Lottery Commission to the list of licensing authorities whose licenses are subject to license suspension on the order of the court or the attorney general for failure to pay child support.

Creates an offense for a person younger than the age of 18 to purchase a Texas Lottery[®] ticket. The offense is punishable by a fine of up to \$250.

The General Appropriations Act takes effect and includes the following changes:

Approves a capital budget request which permits the agency to purchase the equipment necessary to bring the drawings and broadcast studio onto its own premises.

Directs the Council on Competitive Government to evaluate the agency's policies, practices, and procedures regarding public information, media, and lottery advertising, and to make recommendations for cost savings and increased efficiencies.

October 10 The Texas Lottery Commission signs a new nine-year lottery operator contract with GTECH Corporation.

2002

March 6 Through a rule change, players may now claim prizes of up to \$999,999 at any Texas Lottery claim center statewide.

March 18 Texas Lottery Commission launches a statewide public awareness campaign regarding the "*Latin Lotto Scam*." The lottery enlists the aid of law enforcement agencies throughout the state to help spread the message among elderly Hispanics to be aware of con artists duping citizens with altered lottery tickets.

April Charitable bingo in Texas marks its 20th Anniversary. Since 1982, charitable bingo has brought in approximately:

\$682.4 million in charitable contributions;

\$9.8 billion in gross receipts;

\$7.1 billion in prize payouts; and

\$151.9 million allocated back to county and municipal governments.

During the same time period, approximately 484.7 million people attended bingo games.

April 29 The Texas Lottery® launches the first-ever *Pick 3™* Day Drawing with an overwhelming response from players. First day sales from April 28 total more than \$99,000.

July 29 The first drawing is held for the Texas Lottery's newest game, *Cash Five®*. The game replaces the old *Cash 5®* game. Players can win a guaranteed cash prize of \$2 for matching only two numbers. The overall odds of winning change from 1-in-100 to 1-in-8, and it becomes the Texas Lottery's second draw game to be drawn every day except Sundays.

August 8 Texas Lottery terminals in more than 16,500 lottery retailers are switched over to the new ISYS terminal. The new terminals feature a customer display screen that provides players verification of winning tickets at lottery retail outlets.

September 22 The Commission approves the following types of Bingo pull-tab tickets to be sold in Texas: sign-up board tickets, tip-board tickets, event tickets, multiple-part event tickets, and multiple-part scratch tickets.

2003

March 27 The Texas Lottery Commission votes unanimously in favor of changing the *Lotto Texas®* game. The new bonus ball-style game, with ticket sales set to begin May 4, is expected to bring in more than \$50 million in additional revenue to the state of Texas in the first full fiscal year of sales.

Players will choose five numbers from one field of 44 numbers; then choose a bonus ball from a second field of 44 numbers.

August 5 The Texas Lottery Commission authorizes the agency to begin negotiations to join *Mega Millions®* – the 10-member multi-state game. Added revenue for the state of Texas is expected to reach more than \$100 million for the first

biennium.

September 1

The Texas Lottery Commission begins a public awareness campaign to remind players that the Games of Texas were created to be a fun form of entertainment and to play responsibly.

Amendments to the Bingo Enabling Act that had been adopted by HB 2519 during the 78th Legislature go into effect. Those amendments include:

Reclassifies bingo balls as bingo equipment.

Authorizes the Commission to issue an “Advisory Opinion” upon request for clarification of a compliance question.

Allows 12 temporary licenses per year.

Allows an applicant for a license or renewal of a license the ability to pay for two years by paying an amount equal to two times the amount of the annual license fee plus \$25.

Allows for emergency licensing changes in the event of a charity ceasing to conduct bingo at their licensed location or if the lease at that bingo location is terminated.

Prohibits the Commission from issuing a commercial lessor license to an individual who proposes to: (a) lease premises to a single licensed authorized organization that subleases or will sublease the premises to one or more other licensed authorized organizations for the conduct of bingo; or (b) lease premises for the total control and exclusive use of only one licensed authorized organization as that organization’s primary business office only if there is not a licensed commercial lessor whose premises is located in the county in which an applicant proposes to locate a bingo premises. NOTE: This subsection expired September 1, 2005.

Requires each sale or lease of bingo supplies or equipment to a license holder be on terms of immediate payment or on terms requiring payment not later than 30 days after the date of actual delivery.

Authorizes a Registry of Approved Bingo Workers and requires that all bingo workers be issued and wear an Identification Card for Approved Bingo Workers while conducting bingo.

Allows for joint employment of employees at a common location whereby a worker representing multiple organizations would be issued one check versus

several checks for work performed.

Allows a commercial lessor to advertise bingo.

Allows the use of gift certificates to play a bingo game, including instant bingo. Includes the cost of printing gift certificates as an authorized expense.

Allows two or more organizations who play at the same location to form a unit, which allows the charities to share revenues, expenses, and bingo inventory. Each member of the unit will deposit into the unit's bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes, and shall pay all authorized expenses from the unit's account. It further allows the unit to file a single bingo quarterly report with the Commission.

Allows the use of debit cards and for the transaction fees to be considered an authorized expense.

Allows attendance at a bingo seminar as an authorized expense.

Clarifies the meaning of "Use of Net Proceeds for Charitable Purposes" to be consistent with the federal tax exemption that the organization qualifies for as a nonprofit organization as defined by Section 2001.002.

Changes the due date for payment and reporting tax or fee to the twenty-fifth day of the month following the end of the quarter for conductors and lessors.

Repeals Section 2001.409(b) which restricts the use of card-minding devices (40% rule).

Repeals Section 2001.417(b) which required the bingo license holder to post the toll-free number operated by the Texas Council on Problem and Compulsive Gambling.

September 12 Texas Lottery® retailers participate in their first Amber Alert since joining the Texas Amber Alert Network earlier in the year. Lottery terminals and LED signs help spread the word about three children abducted from the Jourdanton area, outside of San Antonio.

October 16 Texas becomes the eleventh state to join *Mega Millions*®. Sales are anticipated to meet or exceed the Legislative Budget Board's initial estimate of \$101 million for the biennium.

December 3 Sales begin in Texas for *Mega Millions*®. Texas becomes the only state in the 11-member *Mega Millions*® group to offer an additional game feature, the *Megaplier*®. For an extra \$1, players can choose to play the *Megaplier*®

feature, giving them the chance to multiply their non-jackpot prize winnings two, three or four times.

December 5 The Texas Lottery participates in its first ever *Mega Millions*[®] drawing with an estimated, advertised jackpot of \$44 million. While no one correctly matches all five numbers plus the Mega Ball, there is one ticket sold in Texas that matches the first five numbers. The winner collects a \$175,000 prize.

2004

September 8 The Texas Lottery Commission announces the execution of contracts for scratch ticket manufacturing and services with the following entities: Scientific Games International, Inc. (primary vendor), and Pollard Banknote Limited (secondary vendor).

October 27 Texas' first \$30 scratch ticket game, *Holiday Millions Wishes*, debuts. In addition to four \$2 million top prizes, the game offers prizes in the amounts of \$20,000, \$2,000, \$500, \$300, \$100, \$70, \$40 and \$30. Overall odds of winning any prize in *Holiday Millions Wishes* are 1-in-2.17.

December 3 The Texas Lottery celebrates its first full year of participation in the multistate *Mega Millions*[®] game. Through December 3, 2004, sales for *Mega Millions*[®] totaled \$234 million, placing Texas in the top three states in sales. With *Megaplier*[®] sales for the same period added in, sales totaled \$289 million.

2005

May 10 The Texas Lottery Commission unanimously votes to adopt proposed rule amendments to the *Mega Millions*[®] game, with a planned start date for the changes effective June 22, 2005. This action follows an announcement that California plans to become the 12th member state to join the game.

June 22 New *Mega Millions*[®] rules go into effect as California joins the game. The second-tier prize increases to \$250,000, and the third-tier prize rises to \$10,000. Texas *Mega Millions*[®] players who *Megaply*[®] now have the chance to win up to \$1 million without hitting the jackpot.

2006

April 26 *Lotto Texas*[®] returns to a straight 6-of-54 matrix with overall odds of winning of 1-in-71. The new matrix replaces the previous 5-of-44 plus 1-of-44 bonus ball game.

2007

- March 30 The Texas Lottery Commission adopts a policy and subsequently revises procedures so that the closing process for any scratch ticket game would begin within one week of the last top prize being claimed. In addition, the time period allowed for the closing process was shortened from 60 to 45 days.
- May 7 The first \$50 scratch ticket, *\$130 Million Spectacular*, is launched by the Texas Lottery Commission. The game features over \$133 million in prizes including three top prizes of \$5 million and six \$1 million prizes.
- September 30 The Texas Lottery Commission begins sales for *Daily 4 with Sum It Up!*[™]. The twice-daily drawings began on October 1, offering new play styles and more ways to win based on the four numbers drawn.
- October 19 The Texas Lottery Commission joins the new Silver Alert Network to assist the Department of Public Safety in locating missing senior citizens.
- November 12 The first *Pick 3*[™] drawing to include the add-on feature *Sum It Up!*[®] is held.

2008

- June 30 Through a rule change, all Texas Lottery claim centers may now process claims of \$1 million or less.

2009

- March 30 The Texas Lottery Commission introduces a new \$50 scratch ticket, *\$140,000,000 Extreme Payout*, featuring three top prizes of \$10 million each and a prize payout of 78%, the highest ever for a Texas Lottery[®] scratch ticket game.
- May 18 The Texas Lottery introduces a new \$20 scratch ticket called the *\$500,000,000 Blockbuster*. With 10 top prizes of \$2.5 million and 40 second-tier prizes of \$1 million, it features more \$1 million-plus prizes than any other Texas Lottery[®] scratch ticket game ever offered.
- October 1 HB 1474 relating to the operation and regulation of charitable bingo and the use of bingo proceeds went into law. A summary of the key changes include:
- The amount of operating capital that may be in a licensed authorized organization's or unit's bingo account is now limited.
- Licensed authorized organization must disburse all net proceeds from the preceding quarter for charitable purposes in lieu of the 35% distribution formula.

All Bingo Chairpersons and bingo bookkeepers for a licensed authorized organization must be listed on the Registry of Approved Bingo Workers.

Persons applying for the Registry of Approved Bingo Workers may work on a provisional basis for up to 14 days while the individual is awaiting the results of a background check provided that they disclose the provisional employment status on the application form.

A licensed authorized organization must disclose its bingo bookkeeper(s).

All Licensed Authorized Organizations may receive 24 temporary licenses for each 12 months of their license period.

A licensed authorized organization may conduct bingo in the same county as their primary business office or in a county contiguous to the county of their primary business office.

The bingo operations of a licensed authorized organization must result in net proceeds over the organization's license period.

Accounting Units are exempt from Franchise Tax imposed under Chapter 171, Tax Code.

Deposits of bingo receipts must be made no later than the second business day after the bingo occasion.

Licensed Authorized Organizations may now use electronic funds transfers to pay bingo expenses.

A licensed authorized organization is no longer required to collect the 5% prize fee from the winner of a bingo prize of \$5 or less; however, the organization is required to remit the 5% prize fee for all prizes.

All types of authorized organizations applying for an original license must be in existence for three years.

Bingo Chairpersons, Unit Managers and Unit Designated Agents are the only persons required to attend the Bingo Training Program.

A license may be renewed up to 60 days after the date the license expires if the organization pays a late renewal fee.

A commercial lessor may charge an organization or unit a pro rata share of the location's property taxes, water, electric and gas utility expenses, and property

and casualty insurance premiums.

An organization may designate members of the organization for the purposes of conducting bingo.

A 10-minute intermission between bingo occasions is no longer required.

Organization may transfer money from another account of the organization to their bingo account provided they do not exceed the maximum amount permitted in their bingo account and they notify the Commission not later than 14 days after the transfer date.

The license type of System Service Provider has been eliminated.

A commercial lessor may transfer their license to any business type.

The requirement for the Problem Gamblers' Help Line toll-free numbers to be listed on card-minding devices and pull-tab dispensers has been eliminated.

October 12 The Texas Lottery Commission announces that an agreement in principle has been reached between the *Mega Millions*[®] consortium and the Multi-State Lottery Association to allow for the sale of both *Mega Millions*[®] and *Powerball*[®] tickets in all U.S. lottery jurisdictions.

November 9 The Texas Lottery launches the first-ever scratch ticket game benefitting the Fund for Veterans' Assistance, which is administered by the Texas Veterans Commission and supports veterans' programs throughout the state. The \$5 *Veterans Cash* ticket features prizes up to \$20,000.

2010

January 6 The Texas Lottery Commission votes 3-0 to approve the *Powerball*[®] game rule. January 31 is set as the target date to begin *Powerball*[®] sales, with the first *Powerball*[®] drawing for Texas Lottery players occurring on February 3.

February 3 Texas Lottery players participate in the first *Powerball*[®] drawing in Texas. Total sales in Texas for the drawing were more than \$1.3 million.

December 14 The Texas Lottery Commission announces the award of a nine-year contract with GTECH Corporation for lottery operations and services.

2011

October 19 The three-member Texas Lottery Commission unanimously approved game rule changes for *Powerball*[®]. Bigger starting grand/jackpot prizes, better odds of

winning, and more chances to win \$1 million will set this new version of the game apart from the original. The price will also increase from \$1 to \$2 per play.

November 3 The Texas Lottery Commission announced that the agency was honored with three prestigious awards during the 2011 North American Association of State and Provincial Lotteries (NASPL) Conference. The Texas Lottery was recognized for 2011's "Best New Instant Game," "Best Print Advertising – Outdoor," and "Best Special Point-of-Sale Material." The agency was also a finalist in a fourth category— "Best Special Events Promotion."

2012

March 21 Texas Lottery Executive Director Gary Grief is honored by Public Gaming International Magazine with the 2012 Major Peter J. O'Connell Lottery Industry Lifetime Achievement Award.

March 30 The Texas Lottery Commission voted 3-0 to approve the *All or Nothing*[™] game rule. The new game, scheduled to begin in the fall of 2012, will feature four daily drawings, Monday through Saturday, and give players the chance to win up to \$250,000 by picking 12 of the 24 numbers drawn or none of the numbers drawn.

May 29 The Texas Lottery celebrates its 20th anniversary. Since that time, the Texas Lottery has generated more than \$20 billion in revenue for the state and distributed \$39 billion in prizes to lottery players.

August/
September The Texas Lottery Commission executed three contracts for scratch ticket manufacturing and services with IGT Global Solutions Corporation, Scientific Games, Inc. and Pollard Banknote, Ltd. beginning September 1, 2012.

September 9 The Texas Lottery Commission begins sales for *All or Nothing*[™] and four-times-a-day drawings begin on September 10. The first new draw game from the Texas Lottery since *Daily 4*[™] debuted in 2007, *All or Nothing*[™] features the best overall odds (1-in-4.5) of any Texas draw game and 10 ways to win a prize.

September 10 The Texas Lottery officially launches its social media presence on Facebook, Twitter, and YouTube in conjunction with the first day of *All or Nothing*[™] drawings.

2013

May 29 The Texas Lottery celebrates its 21st anniversary with its first *Powerball*[®] jackpot winner. The winning ticket was sold at Lone Star Food Store #48, located at 205 W. Bells Blvd., in Bells.

- June 4 Paul McDowell, of Bells, claims the \$40 million *Powerball*® jackpot prize for the drawing held on May 29.
- September 1 As a result of passed Sunset legislation (HB 2197), the number of TLC Commissioners is increased from three to five public members. Other key provisions of the Sunset legislation:
- Require new Commissioners to complete a training session before they may vote, deliberate, or be counted as a member in attendance at a Commission meeting;
 - Require the Commission to develop and implement policies that clearly separate the policymaking responsibilities of the Commission and the management responsibilities of the Executive Director and Commission staff;
 - Require the Commission to approve all major procurements;
 - Require the Commission to develop a comprehensive business plan to guide the agency's major initiatives, and to discuss the plan and any updates in a public meeting at least annually;
 - Require that a lottery scratch ticket containing a number of words in a language other than English also provide disclosures in that language;
 - Provide that certain unclaimed lottery prizes that formerly were deposited in the General Revenue Fund shall go to the Foundation School Fund;
 - Provide the Commission greater flexibility to set bingo license fees by rule;
 - Require the Commission to prioritize the inspection of premises where bingo is being conducted, or is intended to be conducted in accordance with certain risk factors, and to develop rules for auditing license holders using audit risk analysis procedures; and
 - Require the Commission to maintain a system to promptly and efficiently act on complaints and to prepare a public report on trends and issues related to violations of state law under the Commission's jurisdiction.
- September 9 *Pick 3*™ and *Daily 4*™ drawings now occur four times a day.
- October 3 Executive Director Gary Grief elected president of the North American Association of State and Provincial Lotteries at the 2013 NASPL Annual Conference and Trade Show in Providence, Rhode Island.

2014

- January 3 Texas Lottery Commission announced that it has joined the National Council on Problem Gambling (NCPG) as a Silver member.
- October 8 The Texas Lottery Commission announces that its Executive Director, Gary Grief, was named to the Lottery Industry Hall of Fame.

2015

- March 6 TL Management Trust of Austin claims the \$500 million *Powerball*® jackpot prize for the drawing held on Feb. 11, the fifth largest lottery jackpot in U.S. history, sold in Texas at the Appletree Food Mart in Princeton.
- September 27 Texas Lottery launches new draw game, *Texas Triple Chance*™. The new game features three chances to win \$100,000 in every play.
- October 13 The Texas Lottery's responsible gaming initiatives have been recognized by the prestigious World Lottery Association (WLA) with Level 2 certification.

2016

- January 13 Texans play for world record *Powerball*® jackpot. The annuitized jackpot for the drawing was an estimated \$1.5 billion with an estimated cash value of \$929.9 million. This was the largest jackpot of any lottery game on record in the world.
- January 21 Record sales for the roll up to the Jan. 13 *Powerball*® drawing for a \$1,586,400,000 jackpot, the largest lottery jackpot in world history, generated \$266.7 million in sales in Texas, resulting in \$106.7 million for Texas' Foundation School Fund.
- June 15 The Multi-State Lottery Association (MUSL) elects Gary Grief, executive director of the Texas Lottery Commission, as president of the organization.
- October 13 The Texas Lottery Commission signed an amendment extending its contract with IGT Global Solutions Corporation (formerly GTECH Corporation) for lottery operations and services through August 31, 2026.
- December 1 The Texas Lottery is awarded Level 3 certification by the World Lottery Association (WLA) for its responsible gaming initiatives.

2017

- May 2 Texas Lottery marks 25 years with an anniversary scratch ticket. In recognition of the Texas Lottery’s anniversary, the Texas House of Representatives adopted House Resolution 403, filed by Representative John Kuempel, which commemorates the 25-year anniversary of the Texas Lottery.
- August 2 Robert Tironi, products manager, was a recipient of the 2017 Powers Award, a top industry honor.

2018

- July 28 The Texas Lottery closes *Texas Triple Chance™*.
- July 31 Bob Biard, general counsel, was a recipient of the 2018 Powers Award, a top industry honor.
- August The Texas Lottery exercised extensions on all three of its Scratch Ticket Manufacturing and Services contracts through August 31, 2024, after the Texas Lottery Commission issued a Request for Proposals that was unsuccessful in achieving costs savings as a result of the procurement in accordance with the 85th Texas Legislature's Senate Bill 1, Article IX, Section 17.10(b)(1).
- Information Technology Manager, Joan Kotal, received the Trailblazer Award from The Texas Association of State Systems for Computing and Communications (TASSCC).
- Texas Lottery Commission received a Project Excellence Award/Innovating and Inventive Project for the Texas Lottery Mobile Application from the Trailblazer Award from The Texas Association of State Systems for Computing and Communications
- August 9 The Commission appointed nine members to the Bingo Advisory Committee (BAC) and approved the BAC’s annual work plan for FY 2019. The newly reformed BAC’s first meeting was held on September 20, 2018.
- October 3 The Texas Lottery Commission unanimously voted to adopt proposed rule amendments to *Pick 3™* and *Daily 4™*. The amendment will end the *Sum It Up!™* add-on feature and replace it with a new add-on feature called FIREBALL. A player who purchases either the *Pick 3™* plus FIREBALL or the *Daily 4™* plus FIREBALL feature will get to use an extra number, randomly drawn after each of the *Pick 3™* and *Daily 4™* base game drawings, to create more winning combinations and increase the player’s chances of winning a prize. The changes are planned to go into effect Spring 2019.

October 15 The Texas Lottery becomes one of 14 lotteries to have its responsible gaming initiatives verified by the NASPL and the NCPG.

October 23 Texans play for the largest *Mega Millions*® jackpot in the draw game’s history. The annuitized jackpot for the drawing was an estimated \$1.537 billion with an estimated cash value of \$878 million. This was the second largest jackpot of any lottery game on record in the world.

2019

June 14 House Bill 914, is signed by the Governor, following its passage by the 86th Texas Legislature. H.B. 914 removed the Texas Lottery Commission from the process of distributing bingo prize fees to local governments. Historically, bingo organizations remitted all prize fees to the Commission, which then distributed fees to local governments at the end of the fiscal year. After HB 914’s January 1, 2020, effective date, bingo organizations became responsible for the proper distribution of prize fees to their local government(s) within 25 days of the end of each fiscal quarter.

October 1 The Texas Lottery was awarded a Batchy Award, a top lottery industry honor from the North American Association of State and Provincial Lotteries (NASPL), for one of its *Gem 7s* scratch ticket family radio spots.

October 28 A Leander resident claimed a \$227 million *Mega Millions*® jackpot prize for the drawing held on Sept. 24. The claimant chose the cash value option and received \$157,091,592; the largest prize ever paid out to a single Texas Lottery® player.

October 29 The Texas Lottery Commission joined Texas State Representative Chris Turner and the Texas Veterans Commission (TVC) at the Texas State Capitol to celebrate the 10-year anniversary of the Texas Lottery’s contributions to TVC’s Fund for Veterans’ Assistance (FVA). The first decade of veterans-dedicated scratch ticket games sales, which began on Nov. 9, 2009, led to more than \$122 million being contributed to the FVA by the Texas Lottery.

November 11 Texas Lottery players become the first-in-the-nation to get their *Powerball*® and *Mega Millions*® tickets while in the checkout lane at participating Texas Dollar General stores, as QUICKTICKET™ launches.

2020

January 6 Prize payout cap at four Texas Lottery claim centers increases. Metropolitan claim centers in Dallas, Fort Worth, Houston and San Antonio – in addition to Austin – can pay prizes of up to \$5 million by check, an increase from the \$2.5 million cap.

- February 18 The Texas Lottery’s responsible gambling program is verified by the NCPG and the NASPL at the “Implementation Level,” an upgrade from the “Planning Level” verification received in 2018.
- March 20 Texas Lottery claim centers close to the public due to the novel coronavirus (COVID-19). The claim centers reopen June 1, 2020, by appointment only.
- March 25 Due to COVID-19, players in many U.S. lottery jurisdictions are under shelter-in-place orders, affecting normal consumer behaviors. In response, the *Powerball* Product Group votes to reset *Powerball’s*® starting jackpot to a guaranteed \$20 million (annuity) with minimum roll increases of \$2 million between drawings following the next Grand Prize win.
- April 2 In an updated motion, the Powerball Product Group announced its decision to determine *Powerball’s*® advertised jackpot based on game sales and interest rates. Following the April 8 drawing, guaranteed starting jackpot amounts and minimum jackpot increases will be eliminated, and future jackpot increases will be determined and announced by the Product Group prior to each drawing.
- April 3 In direct response to slowing sales during the global COVID-19 pandemic, the Mega Millions Consortium adjusted the game’s starting jackpot to a guaranteed \$20 million and announced it will determine the amounts of subsequent starting jackpots and jackpot increases on a drawing-by-drawing basis, immediately following the April 3 drawing. Future starting jackpots and the rate at which the jackpot increases will be established based on game sales and interest rates, with no fixed minimum amount. Subsequent jackpot amounts will be determined and announced prior to each drawing.
- June 1 The Texas Lottery claim centers reopen by appointment only. Health and safety precautions are in place at all locations. Prize claimants are able to request appointments through the new Claim Center Appointment Request web page.
- July 21 The Texas Lottery launches the nation’s first in-lane Receipt Ticket at participating H-E-B Business Centers, offering players a convenient option to get *Powerball*® and *Mega Millions*® tickets printed on cash register receipt paper.
- September 10 The Texas Lottery is awarded Level 3 recertification by the World Lottery Association (WLA) for its responsible gaming initiatives.
- October 26 Joan Kotal, information technology manager, was named a recipient of the 2020 Powers Award, a top industry honor.
- October 27 The Texas Lottery was awarded a Batchy Award and a Hickey Award – top lottery industry honors from the NASPL. The agency’s *Lucha Libre Loot* scratch ticket game social media video earned a Hickey Award in the Multicultural Advertising

category, while it's LUCK HAPPENS Livestream, featuring Black Pumas, was awarded a Hickey Award in the Audio/Visual Presentation category.

2021

- January 25 Dueling *Mega Millions*® and *Powerball*® jackpots, along with robust scratch ticket sales, led the Texas Lottery to attain more than \$227 million in total sales in a single week for the first time in its history. From Jan. 17-23, 2021, weekly sales totaled \$227,832,546, eclipsing the former record amount of \$215,331,576, which was attained exactly one week earlier. The historic sales figure marked an increase of \$102,385,709, or 81.6%, from the same period of the previous fiscal year.
- June 7 The Texas Lottery Commission's website address shifts to texaslottery.com, replacing the txlottery.org domain. This transition is made in connection with the December 2020 launch of the agency's redesigned lottery website. The move to texaslottery.com incorporates stronger brand recognition for the agency.
- June 10 The Texas Lottery Commission appointed LaDonna Castañuela as Director of the Charitable Bingo Operations Division.
- July 12 All Texas Lottery claim center locations resume walk-in claims processing for the first time since health and safety measures were put in place due to the COVID-19 pandemic in March 2020. Appointment requests for claiming a prize at a claim center are no longer required.
- August 23 Mondays are added to the *Powerball*® and *Lotto Texas*® draw schedules, giving Texas Lottery® players three nightly drawings (Mondays, Wednesdays and Saturdays) each week and more chances to play for larger and faster-growing jackpots.
- September 23 In the midst of its 30th anniversary celebration, the Texas Lottery announced it crossed another major milestone in FY 2021, achieving \$8.107 billion in sales for its 11th consecutive record-breaking year – resulting in a record total contribution of \$1.998 billion for Texas education and veterans. The new record sales total, a \$1.403 billion increase (20.9%) over FY 2020, was driven by a pair of independent records, as the Texas Lottery achieved its highest scratch ticket and draw game sales' totals in its nearly 30-year history.
- October 13 The Texas Lottery Commission received three top lottery industry awards during the 2021 NASPL annual conference, which was held digitally for a second year in a row due to COVID-19 precautions. The agency was presented with a Hickey Award in the Best Website category for its redesigned website that launched in Dec. 2020. The Texas Lottery received a pair of Batchy Awards; one in the Print

Advertising – Retailer Signage/Merchandising category for its Hawaii Dream Getaway point-of-sale promotional signage, and another in the Print Advertising – Color or Black and White category for its *All or Nothing™* daily draw game print ad.

2022

- May 16 The Texas Lottery introduces \$20 Million Supreme, the U.S. lottery industry's first scratch ticket game at the \$100 price point. The game features over \$829 million in total cash prizes, including prizes starting at \$150 and four top cash prizes of \$20 million – the largest top cash prizes the Texas Lottery has ever offered in a scratch ticket game.
- May 24 The Texas Lottery Commission received a Telly Award for its in-house documentary commemorating the Texas Lottery's® 30th Anniversary. The agency was recognized as a Silver Winner in the Branded Content – Documentary: Individual category for the film “30 Years of Winning,” which features a detailed look at the first three decades of the Texas Lottery. The documentary debuted on the agency's [YouTube channel](#) in Feb. 2022.
- July 29 Texans play for the second-largest jackpot in *Mega Millions*® history, as the advertised jackpot prize for *Mega Millions*® reached an estimated annuitized \$1.28 billion. By the time of the drawing, the jackpot prize grew to an estimated annuitized \$1.337 billion, with an estimated cash value of \$780.5 million. The jackpot winning ticket was sold in Illinois. Ranging from April 19 – July 29, the jackpot run stretched 30 draws. During the run, four Texas Lottery® players won second-tier *Mega Millions*® prizes worth \$1 million or larger.
- August In August of 2022, the Texas Lottery Commission awarded three contracts for scratch ticket manufacturing and services with IGT Global Solutions Corporation, Scientific Games, Inc. and Pollard Banknote, Ltd. with a commencement date of September 1, 2024 through August 31, 2034.
- August 29 The Texas Lottery Commission and Charitable Bingo Operations Division moved its headquarters from its 611 East Sixth Street location to a new home located in George H.W. Bush Building at 1801 N. Congress Ave. in Austin.
- October 19 The Texas Lottery Commission received the NASPL top award, the Best of the Batch Award, during the 2022 World Lottery Summit (WLS) held Oct. 16-20, in Vancouver, British Columbia. The agency was awarded the honor for its work on its 30th Anniversary documentary, “30 Years of Winning,” which features a detailed look at the first three decades of the Texas Lottery. The documentary debuted on the agency's YouTube channel in Feb. 2022.

November 6 The Texas Lottery Commission was awarded a Greater Austin Top Workplaces 2022 honor by the *Austin American-Statesman* Top Workplaces. The list is based solely on employee feedback gathered through a third-party survey administered by employee engagement technology partner Energage LLC. The anonymous survey uniquely measures 15 culture drivers that are critical to the success of any organization, including: alignment, execution and connection.

November 7 Texans play for a world record *Powerball*® jackpot. The advertised estimated annuitized jackpot for the drawing was an estimated \$1.9 billion with an estimated cash value of \$929.1 million. By the time of the drawing, the Grand Prize grew to an estimated annuitized \$2.04 billion with an estimated cash value of \$997.6 million. This was the largest jackpot of any lottery game on record in the world, surpassing the estimated annuitized \$1.586 billion *Powerball*® jackpot for the Jan. 13, 2016 drawing. The Grand Prize-winning ticket was sold in California. The jackpot run stretched from Aug. 6 – Nov. 7, totaling 41 draws, which tied for the longest jackpot run in *Powerball*® history. During that run, 10 Texas Lottery® players won second-tier *Powerball*® prizes worth \$1 million.

2023

April 22 After a historic jackpot run, a winning ticket for an advertised, estimated annuitized \$95 million *Lotto Texas*® jackpot prize was sold in Colleyville. The jackpot prize was the third largest in *Lotto Texas*® history after stretching a record 93 draws, starting as an advertised \$5 million prize on Sept. 19, 2022. Sales for this *Lotto Texas*® jackpot run were, in total, \$138.2 million, which yielded an estimated \$50.6 million for public education over this period of time. At the time of the drawing, it was the largest jackpot up for grabs in North America and second largest in the world, only behind EuroMillions.

July 19 Ryan Mindell, Deputy Executive Director, was a recipient of the 2023 Powers Award, a top industry honor.

IV. Policymaking Structure

A. Complete the following chart providing information on your policymaking body members.

**Texas Lottery Commission
Exhibit 4: Policymaking Body**

Member Name	Term / Appointment Dates / Appointed by (e.g., Governor, Lt. Governor, Speaker)	Qualification (e.g., public member, industry representative)	City
Chairman Robert G. Rivera	Six-year term - Nov. 23, 2021– Feb. 1, 2027 / initial appointment Aug. 10, 2015; re-appointed Nov. 23, 2021, by Governor Abbott	Public member	Dallas
Bingo Commissioner Cindy Fields	Six-year term - Jan. 30, 2020– Feb. 1, 2023 / appointed Jan. 30, 2020, by Governor Abbott	Experience in the bingo industry	El Paso
Commissioner Mark A. Franz	Six-year term - May 7, 2019– Feb. 1, 2025 / appointed May 7, 2019, by Governor Abbott	Public member	Austin
Commissioner Erik C. Saenz	Six-year term - Aug. 13, 2019– Feb. 1, 2023 / appointed Aug. 13, 2019, by Governor Abbott	Public member	Houston
Commissioner Jamey Steen	Six-year term - July 21, 2020– Feb. 1, 2025 / appointed July 21, 2020, by Governor Abbott	Public member	Houston

Table 4 Exhibit 4 Policymaking Body

B. Describe the primary role and responsibilities of your policymaking body.

The five-member Texas Lottery Commission’s responsibilities include, but are not limited to, consideration of and action on (i) administrative rule proposals and rule adoptions, (ii) the status and entry of enforcement orders, (iii) the agency’s operating budget, (iv) major procurements as defined by agency rule, (v) agency policies, (vi) agency personnel matters, including but not limited to personnel matters regarding the positions that report directly to the Commission (the Executive Director, the Director of Bingo Operations, and (if applicable) the Internal Auditor), and (vii) providing direction to the General Counsel, other Commission staff, and the Office of the Attorney General and/or other outside counsel regarding pending or contemplated litigation involving the Commission. In the event of a protested lottery-related procurement, the Commission has the authority to decide a protest of the Executive Director’s action. In addition, the Commission has authority to review and modify any specific policies, procedures and practices established by the Executive Director or the Director of Bingo Operations.

The Commission hires the Executive Director, Charitable Bingo Operations Director, and Internal Auditor. Since 2014, the Commission has outsourced the Internal Audit function, which continues to report directly to the Commission. The agency Ombudsman is an indirect report to the Commission (via the Executive Director).

C. How is the chair selected?

The Governor designates one member of the Commission as the presiding officer.

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

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

An individual is not eligible to be a member of the Commission unless they have been a resident of this state for at least ten consecutive years immediately before appointment. One member of the Commission must have experience in the bingo industry.

E. In general, how often does your policymaking body meet? How many times did it meet in fiscal year 2021? In fiscal year 2022? Explain if the policymaking body met in-person or virtually during this time.

By statute, the Texas Lottery Commission is required to meet at least six times a year. The Commission met seven times in FY 2021, seven times in FY 2022, and six times in FY 2023.

During the COVID-19 emergency, from June 2020 until December 2021, the Commission met entirely remotely as authorized by the modified open meeting procedures requested by the Office of the Attorney General and approved by the Governor. In February and April of 2022, the Commission met by videoconference as authorized by the Open Meetings Act, with some Commissioners physically present and some participating remotely. From June 2022 to the present time, the Commission has met entirely in person. Since the Commission permanently left its prior headquarters at 611 East Sixth Street in August 2022 and completed its move to the George H.W. Bush Building at 1801 Congress, the Commission has met in the auditorium of the Stephen F. Austin Building at 1700 Congress. The technical capabilities of this room do not ensure strict compliance with the videoconference meeting requirements of the Open Meetings Act. In the future, if the Commission is able to use a dedicated board meeting room at the Bush Building, it may again explore videoconference meetings as an option for its open meetings.

F. Please list and describe all the training and training materials the members of the agency's policymaking body receive. How often do members receive this training or updated materials?

All new Commission appointees must complete an agency training program that encompasses the agency's operation of the lottery and regulation of charitable bingo before they may vote, deliberate, or be counted as a member in attendance at a Commission open meeting. The Executive Director and General Counsel coordinate this training to occur before a Commissioner's first open meeting. The training is provided by the Executive Director, General Counsel, Controller and Governmental Affairs Director, and includes a written orientation memorandum, other written materials and information provided orally regarding:

- The legislation that created the Commission;
- The programs, functions, rules and budget of the Commission;
- The results of the most recent formal audit of the Commission;
- The requirements of laws relating to open meetings, public information, administrative procedure (including prohibited *ex parte* communications in contested cases) and conflicts of interest; and
- Applicable ethics policies adopted by the Commission or the Texas Ethics Commission, including restrictions on political fundraising activities that are unique to Lottery Commissioners and restrictions on accepting gifts that are stricter than the generally applicable statewide law.

The training also covers the Personal Financial Statement filing requirements administered by the Texas Ethics Commission and a summary of significant pending litigation involving or impacting the Commission.

During this training, each new Commissioner receives copies of the current statutes governing the Commission, the Commission's current rules, and the Texas Ethics Commission publication "A Guide to Ethics Laws for State Officers and Employees", annotated to highlight additional or different ethics requirements specifically applicable to Texas Lottery Commissioners, which may be more restrictive than the laws generally applicable to state officers and employees. Also provided are the current versions of the Office of the Attorney General's Open Meetings Handbook, Public Information Handbook and Administrative Law Handbook.

For the public record, the General Counsel provides an oral summary of the training provided to each new Commissioner at the Commissioner's first open meeting.

Texas law also requires a new Commissioner to complete Open Meetings Act and Public Information Act training no later than the 90th day after taking the oath of office. The Office of the Attorney General provides this training on its website in two separate videos. Upon completion, a Commissioner provides the completion certificates to the General Counsel to maintain in the agency's files.

A new Commissioner is also required to complete an abbreviated contract management training webinar for state agency board members provided by the Comptroller of Public Accounts. Upon completion of the webinar, the Commissioner must take and pass a brief quiz. Upon completion of the contract management training, a Commissioner provides the completion certificate to the General Counsel to maintain in the agency's files.

New Commissioners are offered a tour of the Commission headquarters facility as well as the facilities of the lottery operator. Additionally, Commission members are encouraged to attend lottery-industry related workshops and conferences and to visit a bingo hall to observe an actual bingo game and operation of the hall.

In addition to required training for new Commissioners, each Commissioner must also complete an annual cybersecurity training program provided online by the Commission's Information Technology Division. This training (as required by Government Code 2054.5191) focuses on forming information security habits and procedures that protect information resources, and teaches best practices for detecting, assessing, reporting, and addressing information security threats.

The Executive Director and/or General Counsel will advise the Commissioners of any changes in training requirements required by law and substantive changes to information previously provided, as needed.

G. What information is regularly presented to your policymaking body to keep them informed about the agency's operations and performance?

Required Statutory Reports

Statutorily required reports are presented to the Commission at a publicly noticed Commission open meeting, either for the Commission's approval, if required, or as a briefing item for the Commission's information:

- Under the State Lottery Act, each fiscal year the Executive Director is required to provide for a certified public accountant (CPA) to conduct an independent financial audit of all accounts and transactions of the lottery. The CPA is required to present the audit report to the Commission and the Executive Director, as well as to the Governor, the Comptroller and the Legislature.
- In addition, the State Lottery Act requires the Commission to provide an annual report to the Governor and the Legislature with a summary of lottery revenue, prize disbursements and other expenses for the fiscal year preceding the report.
- The Government Code also requires a state agency (including the Commission) to submit an Annual Financial Report regarding the agency's use of appropriated money during the preceding fiscal year to the Governor, the Comptroller, the Legislative Reference Library, the State Auditor and the Legislative Budget Board.

- Under the State Lottery Act, every two years the Executive Director is required to report the results of an independent demographic study of lottery players to the Commission, the Governor and the Legislature before the convening of each regular legislative session.
- Under the State Lottery Act, at least once every two years, and before the convening of each regular legislative session, the Executive Director is required to provide the Commission with a complete report of an independent security study of the lottery. The Commission must provide a summary of the study to the Governor and the Legislature.
- The State Lottery Act requires the Commission to develop a comprehensive business plan to guide the Commission's major initiatives, including specific goals for the agency and an evaluation of the agency's overall performance, the effectiveness of specific programs and initiatives, the ongoing efficiency of agency operations, the amount of lottery revenue that is generated for state purposes other than the payment of prizes; and the factors affecting the amount of lottery revenue received and disbursed, including ticket sales and administrative efficiency. The Commission approves an updated comprehensive business plan annually.
- Each even numbered year, the Commission approves the strategic plan for the agency.
- Each year, the Commission approves an Annual Internal Audit Plan for the next fiscal year. The Internal Auditor also prepares an Annual Internal Audit Report and submits the Report before November 1 of each year to the Commission and Executive Director, the Governor, the Legislative Budget Board and the State Auditor.
- Each year, the Commission receives an informational report on the status of all Commission contracts and supplemental information for all "major" and "prime" contracts (as defined by Commission rule) for the prior fiscal year period regarding vendor compliance with financial provisions and deliverable requirements, any active corrective action plans and any liquidated damages or sanctions assessed.
- Each even-numbered year, prior to the regular legislative session, the Commission approves the agency's Legislative Appropriations Request for the next biennium.
- Annually, before the beginning of each fiscal year, the Commission approves the agency's operating budget.
- Each year, as required by the State Lottery Act, the agency's Historically Underutilized Business (HUB) Coordinator presents to the Commission for approval a report on Historically Underutilized Business and minority business participation as it pertains to both the Commission's contracting opportunities and the licensing of lottery ticket sales agents, including the agency's Mentor/Protégé Program for contracts. The Commission provides the Minority Business Participation Report to the Governor and the Legislature.
- On or before June 1 of each even-numbered year, the Commission prepares a report for the preceding two calendar years on charitable bingo, specifically the total amount of adjusted gross receipts reported, total amount of net receipts reported, and a comparison of these amounts reported and the percentage that the net proceeds represents of the adjusted gross receipts.

- Each year, the Commission evaluates the Bingo Advisory Committee's (BAC) work and usefulness by requiring the BAC to prepare for their review an annual report of the BAC's perspective on the state of the charitable bingo industry in Texas (including information specified by agency rule) and the BAC's activities for the prior year. At the open meeting where the annual report is presented, the Commission votes on whether to continue the BAC for the following fiscal year and, if the BAC is continued, the Commission also approves a BAC work plan for the following year. The BAC was discontinued in 2011, but the Commission reinstated it in 2018 for FY 2019 and has continued it each year since then.
- Each year, the CBOD provides to the Commission a copy of the CBOD's Audit Services Department's Annual Audit Plan and Risk Assessment (Provided as Attachment 35).

Lottery Sales and Revenue

Each Commission open meeting includes a report on lottery sales, including sales by product with comparative year-over-year sales data. Updates are also provided on monthly revenue transfers from lottery sales to the Foundation School Fund, Texas Veterans Commission and the revenue transfer of unclaimed lottery prizes to the Foundation School Fund.

Agency Operating Budget Status

The Commission receives status updates on the agency's operating budget and expenditures at a Commission open meeting several times a year.

Major Contract Approval and Amendments/Extensions

"Major" contracts (contracts that directly support the agency's core gaming business function and have a cumulative value of \$10 million or more) require Commission approval, both to initiate the procurement and to execute the final contract, as does the contract for outsourced Internal Audit services because the Internal Auditor reports directly to the Commission. Procurements for "prime" contracts (contracts other than major contracts that have a cumulative value that exceeds one million) and amendments and extensions of major and prime contracts are presented to the Commission for informational purposes prior to staff action. In the event an amendment or extension must be processed before the next Commission open meeting, Commissioners will be provided a copy of the amendment/extension via the Commissioners' Weekly Packet (see below), or separate emails sent to each Commissioner.

Rulemaking Proceedings

The Commission proposes and adopts administrative rules in connection with the administration of the State Lottery Act, the Bingo Enabling Act, and the general administration of the agency. At an open meeting, the Commission considers staff recommendations to publish proposed rule amendments in the Texas Register in order to receive public comment. If the Commission votes to propose a rulemaking, at a subsequent public Commission meeting the Commission will consider adopting the rule proposal, including any changes made in response to public comments. In addition to the public's opportunity to submit written comments during a minimum 30-day comment period, the public also has an opportunity to provide comment at the Commission meetings and, in certain instances, a separate public comment hearing may be

scheduled to provide members of the public an additional opportunity to comment on a particular rule proposal.

Executive Director Reports

At each Commission open meeting, the Executive Director provides a report to the Commission, including information on the agency's operational status, major contracts, agency procedures, awards, and FTE status.

Charitable Bingo Operations Division Director Reports

At each Commission open meeting, the Bingo Director provides a report to the Commission, including information on the Charitable Bingo Operations Division's activities, including licensing, accounting and audit activities, reports, and any special projects.

Internal Auditor Reports

At each Commission open meeting the Internal Auditor provides a report on information regarding internal and any external audits or reviews relating to the Commission, and/or on the Internal Auditor's activities.

Bingo Advisory Committee (BAC) Reports

At each Commission open meeting, the Chair of the Bingo Advisory Committee reports on the BAC's activities since the prior Commission meeting.

Enforcement Actions Against Licensees

Under the State Lottery Act, the Commission staff licenses persons as sales agents to sell lottery tickets. Under the Bingo Enabling Act, the Commission staff issues manufacturer, distributor, commercial lessor, and bingo conductor licenses; and also maintains a Registry of Bingo Workers. In connection with lottery licensees, administrative enforcement actions for violations of the State Lottery Act and/or Commission rules can range from a suspension of the license for a prescribed time period or license revocation. In connection with bingo licensees, administrative enforcement action for violations of the Bingo Enabling Act and/or Commission rules can range from a monetary penalty to license revocation. At each Commission open meeting, orders arising from litigated or default contested cases against licensees and settlements (proposed consent orders) between Commission staff and licensees are presented to the Commission for approval.

Legislative Report

At each Commission open meeting during and following each regular legislative session, the Governmental Affairs Director provides the Commission with information regarding pending legislation impacting the agency and actions taken by legislative committees.

Commissioner Briefings to Prepare for Open Meetings

The Executive Director and other senior management staff brief each Commissioner either individually or in groups of two to prepare for each Commission open meeting. At these briefings, the Commissioners have the opportunity for one-on-one communication with the staff to ask questions and discuss the agency's operations and performance.

Commissioners' Weekly Packet / Correspondence Report

Information reflecting external correspondence received by the agency and addressed to Commissioners, and certain correspondence sent by the Executive Director or agency staff, is provided to each Commissioner weekly (each Thursday). These weekly packets include, but are not limited to, correspondence received from leadership offices, the Legislature, other state agencies, and the general public. The weekly packets also include updated information on daily lottery sales, revenue from lottery sales and net revenue to the State.

Survey of Organizational Excellence Results

The Texas Lottery Commission has participated for many years in the Survey of Organizational Excellence (currently known as the Survey of Employee Engagement), a confidential employee survey administered and scored by staff from the Institute of Organizational Excellence at the University of Texas at Austin. Since 1994, the agency has participated in the survey every other year. The survey results provide a measure of the agency's employee job satisfaction over time, and in comparison with other state agencies. After the survey is finalized, the results are formally presented to the Commissioners as part of a regular Commission open meeting agenda.

Litigation

In recent years the Commission has been involved as a party in relatively few lawsuits. Commissioners are notified of litigation once the agency is notified of it, or in the infrequent instances when the agency initiates litigation. Commissioners are also copied on each agency request for Texas Attorney General representation in connection with particular litigation. The General Counsel informs each Commissioner of key litigation events when they occur. In addition, the Commissioners have the opportunity to receive legal advice regarding pending litigation, as well as any other litigation that may impact the agency, in their individual briefings for Commission open meetings or in an Executive Session during any open meeting.

H. How does your policymaking body obtain input from the public regarding issues under the agency's jurisdiction? How is this input incorporated into the operations of your agency?

The Commission obtains public input regarding issues under the agency's jurisdiction several ways. At each Commission open meeting, the Commission notices on the meeting agenda an item titled "Public comment" and may receive input from members of the public during consideration of this item. If information received during the public comment item is not on the current meeting agenda, the topic may be placed on a future meeting agenda for further development, discussion and/or action. Additionally, and more frequently, the Commission receives public comment on specific agenda items during Commission meetings and is able at that time to consider public input, ask questions and take any appropriate action.

Public input is a vital component of the Commission's rulemaking procedures under the Administrative Procedures Act (APA). In rulemaking matters, the Commission solicits formal input, both orally and in writing, from interested citizens throughout the state regarding proposed administrative rules and rule amendments. The Commission considers any comments and

responds to them in the rulemaking process either by amending the proposed rule, withdrawing the proposed rule, or adopting the rule as proposed. Further, prior to initiation of the formal rulemaking process, the Commission may solicit and consider informal comments from interested members of the public and, for bingo rules, from the Bingo Advisory Committee.

The Commission obtains limited input from participants in contested case proceedings, which consist almost entirely of enforcement actions against lottery or bingo licensees or registered bingo workers, because of the APA's prohibition of *ex parte* communications with parties to a case. However, information may be received by the Commission in the context of a contested case proceeding as that information is developed either as part of the evidence in the case; the Administrative Law Judge's Proposal for Decision; any exceptions or replies to the Proposal for Decision; a Final Commission Order; or a Motion for Rehearing; or otherwise during the administrative appeal process, if there is one. In response to such information, the Commission may make appropriate adjustments to its enforcement programs, as appropriate.

Commissioners, on an individual basis, as well as agency staff, may meet with members of the general public, vendors, or licensees to discuss agency rules, general policies, and agency practices, as requested or needed. In addition, Commissioners on occasion receive input from the public through members of the Legislature or other state officials.

Also, each Commissioner may receive letters or telephone calls from members of the public. The Commission, through its Correspondence Section, tracks all general correspondence and complaints received and responds accordingly. In each weekly packet and correspondence report (discussed above), the Commissioners are notified of all received or pending correspondence that is addressed to the Commission or a Commissioner, and its disposition.

I. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart. For advisory committees, please note the date of creation for the committee, as well as the abolishment date as required by Texas Government Code, Section 2110.008. In addition, please attach a copy of any reports filed by your agency under Texas Government Code, Section 2110.007 regarding an assessment of your advisory committees as Attachment 28.

**Texas Lottery Commission
Exhibit 5: Subcommittees and Advisory Committees**

Name of Subcommittee or Advisory Committee	Size / Composition / How are members appointed?	Purpose / Duties	Legal Basis for Committee (statute or rule citation)	Creation and Abolishment Dates
Bingo Advisory Committee (BAC)	Nine members, each appointed by the Commission. The Commission must appoint members to represent the following interest groups: (1) the public, (2) conductors that are not licensed commercial lessors, (3) conductors that are licensed commercial lessors, (4) commercial lessors, (5) licensed manufacturers, and (6) licensed distributors.	The BAC advises the Commission on the needs and problems of the state's bingo industry, reports the activities of the BAC to the Commission, and performs other duties as directed by the Commission pursuant to an annual work plan. The Commission requires the BAC to submit an annual report of the BAC's perspective on the state of the charitable bingo industry in Texas (including information specified by agency rule) and the BAC's activities for the prior year.	Texas Occupations Code Section 2001.057 (Bingo Enabling Act) 16 Texas Administrative Code Section 402.102	The BAC is created annually (the current BAC was approved Aug. 11, 2022) and is abolished annually on August 31 the following year unless the Commission acts to continue the BAC prior to that date.

Table 5 Exhibit 5 Subcommittees and Advisory Committees

The BAC typically meets once every two months just prior to a Commission open meeting. The designated Bingo Commissioner usually attends each BAC meeting either in person or remotely. As noted previously, at each Commission open meeting the Chair of the BAC reports on the BAC's activities since the prior Commission meeting. Also, each year in August the Commission evaluates the BAC's work and usefulness by requiring the BAC to prepare for their review an annual report of the BAC's perspective on the state of the charitable bingo industry in Texas (including information specified by agency rule) and the BAC's activities for the prior year. At the open meeting where the annual report is presented, the Commission votes on whether to continue the BAC for the following fiscal year. If the BAC is continued, the Commission also approves the BAC work plan for the following year.

The Commission discontinued submitting the Advisory Committee Supporting Schedule to the Legislative Budget Board starting with the Commission's Legislative Appropriations Request for the 2016-17 biennium because the Commission does not have authority under the General Appropriations Act to reimburse advisory committee members and, therefore, there is no direct monetary cost associated with maintaining the BAC. The Commission has BAC work plans covering FYs 2018 to the present and annual reports for FYs 2019 to the present which are provided as Attachment 28.

V. Funding

A. Provide a brief description of your agency's funding.

The Texas Lottery Commission (TLC) is funded from two funding sources. The operation of the lottery and administration of the agency is funded from the General Revenue (GR) Dedicated Lottery Account. The regulation of charitable bingo is funded from General Revenue.

	FY 2022	FY 2023
General Revenue (Charitable Bingo)	\$2,419,590	\$2,419,591
General Revenue Dedicated Fund- Lottery Account Number 5025	\$263,886,628	\$256,419,808
	\$266,306,218	\$258,839,399

Source SB 1, General Appropriations Act (GAA) 87th Legislature, Regular Session

B. List all riders that significantly impact your agency's budget.

SB 1, GAA, 87th Legislature, Article VII Rider 3: Operate Lottery

Pursuant to Government Code, Chapter 466, appropriations made to Goal A, Operate Lottery, shall not exceed 12% 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.

SB 1, GAA, 87th Legislature, Article VII Rider 4: 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.

SB 1, GAA, 87th Legislature, Article VII Rider 6: Appropriations Limited to Revenue Collections

Fees, fines, and other miscellaneous revenues as authorized and generated by the operation of charity bingo pursuant to Occupations Code, Chapter 2001 shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal B, Enforce Bingo Laws, as well as the "other direct and indirect costs" made elsewhere in this Act associated with this goal. Direct costs for the strategy items in Goal B, Enforce Bingo Laws are estimated to be \$2,419,590 in FY 2022 and \$2,419,591 in FY 2023 and "other direct and indirect costs" for Goal B, Enforce Bingo Laws, are estimated to be \$737,985 for FY 2022 and \$742,679 for FY 2023.

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.

SB 1, GAA, 87th Legislature, Article VII Rider 8: Retailer Commissions

- a. Pursuant to Government Code, Chapter 466, an amount equal to 5% of gross sales shall be made available for the purpose of paying retailer commissions.
- b. The amounts included above in Strategy A.1.11, Retailer Commissions, include an estimated amount equal to one-half of 1% of gross sales each fiscal year that is in addition to the 5% retailer commission amount in subsection (a) above and may only be used for the purpose of paying sales performance retailer commissions. Any unobligated and unexpended balances of appropriations for the fiscal year ending August 31, 2022, are appropriated to the agency for the same purposes for the fiscal year beginning September 1, 2022. Prior to providing an additional retail commission above 5% of gross sales, the Texas Lottery Commission shall provide a report to the Governor and the Legislative Budget Board outlining the Texas Lottery Commission's plans to implement a retailer sales performance commission or similar sales performance incentive program and the projected benefits of the program to lottery ticket sales and state revenues.

SB 1, GAA, 87th Legislature, Article VII Rider 9: Lottery Operator Contract

The amounts included above in Strategy A.1.6, Lottery Operator Contract, are estimated appropriations out of the State Lottery Account in the General Revenue Fund and may only be used for payment of lottery operator contractual obligations. The estimated amount appropriated for FY 2022 is an amount equal to 2.0773% of gross sales in FY 2022; and the estimated amount appropriated in FY 2023 is an amount equal to 2.0331% of gross sales in FY 2023.

SB 1, GAA, 87th Legislature, Article VII Rider 10: Appropriation of Increased Revenue

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% of the amount by which gross sales exceed \$6,335,000,000 in FY 2022 and the amount by which gross sales exceed \$6,335,000,000 in FY 2023 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, 2022, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2022.

- a. Notification of Planned Use of Funds. Prior to the use of the funds appropriated by this rider, the agency shall submit to the Legislative Budget Board a report, in a manner prescribed by the Legislative Budget Board, outlining the planned use of the funds.
- b. Reporting Requirement on Use of Funds. The agency shall submit to the Legislative Budget Board, by December 1 each fiscal year, a report, in a manner prescribed by the Legislative Budget Board, that includes the following information:
 - (1) the amounts of the funds appropriated by this rider that were expended in the previous fiscal year and the purpose of the expenditures; and
 - (2) the amount of the funds that were lapsed at the end of the previous fiscal year.

SB 1, GAA, 87th Legislature, Article VII Rider 13: Bingo Third Party Reimbursements

Included in amounts appropriated above in Strategy B.1.3, Bingo Law Compliance Field Operations, is an estimated \$60,000 in FY 2022 and \$60,000 in FY 2023 from General Revenue

collected from third party reimbursements by the Bingo division in accordance with Texas Occupations Code §§2001.205(b), 2001.209(b), and 2001.560(d).

SB 1, GAA, 87th Legislature, Article VII Rider 14: Limitations on Transfers

Notwithstanding Article IX, §14.01, Appropriation Transfers of this Act, appropriations may not be transferred from Strategy A.1.7, Scratch Ticket Production Contract(s) to other strategies without prior written approval from the Legislative Budget Board.

C. Show your agency's expenditures by strategy.

**Texas Lottery Commission
Exhibit 6: Expenditures by Strategy - FY 2022 (Actual)**

Goal / Strategy	Amount Spent	Percent of Total	Contract Expenditures Included in Total Amount
A.1.1 Lottery Operations	\$ 8,799,347	3.1%	\$ 5,269,030
A.1.2 Lottery Field Operations	3,035,583	1.1%	-
A.1.3 Product Development	5,742,871	2.0%	2,767,824
A.1.4 Security	5,158,818	1.8%	2,159,837
A.1.5 Central Administration	13,158,603	4.6%	2,222,049
A.1.6 Lottery Operator Contract(s)	148,667,480	51.7%	148,667,480
A.1.7 Scratch Ticket Production Contract(s)	62,725,565	21.8%	62,725,565
A.1.8 Promote Lottery Games Contracts (s)	10,164,234	3.5%	10,164,234
A.1.9 Drawing & Broadcast Contracts(s)	2,146,833	0.7%	2,146,833
A.1.10 Retailer Bonus	2,100,000	0.7%	2,100,000
A.1.11 Retailer Commissions	24,155,125	8.4%	-
TOTAL GOAL A	\$ 285,854,460	99.4%	\$ 238,222,852
B.1.1 Bingo Licensing	459,029	0.2%	90,913
B.1.2 Bingo Education and Training	87,744	0.0%	4,214
B.1.3 Bingo Law Compliance Field Operations.	942,304	0.3%	-
B.1.4 Bingo Prize Fee Collections & Accounting	181,028	0.1%	-
TOTAL GOAL B	\$ 1,670,106	0.6%	95,127
GRAND TOTAL:	\$ 287,524,565	100.0%	\$ 238,317,979

Table 6 Exhibit 6 Expenditures by Strategy

*Note: These expenditures do not include Benefits Replacement Pay or Payroll Related expenditures that are not direct budgeted expenditures.

D. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

**Texas Lottery Commission
Exhibit 7: Sources of Revenue — FY 2022 (Actual)**

Source	Amount
General Revenue Fund	\$1,685,189
General Revenue Dedicated Fund-Lottery Account Number 5025	\$286,126,118
TOTAL	\$287,811,307

Table 7 Exhibit 7 Sources of Revenue

E. If you receive funds from multiple federal programs, show the types of federal funding sources.

The Texas Lottery Commission does not receive federal funds.

F. If applicable, provide detailed information on fees collected by your agency. Please explain how much fee revenue is deposited/returned to the General Revenue Fund and why, if applicable.

**Texas Lottery Commission
Exhibit 9: Fee Revenue - FY 2022 (Actual)**

Fee Description/ Program/ Statutory Citation	Current Fee	Fees Set by Statute or Rule?	Statutory Maximum or Minimum, if applicable	# of Persons/ Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited
Lottery License Application Fees Texas Govt Code, §466.152(b)	\$100 one location \$25 each addl	Statute authorizes Operations Director to set fee in an amount that covers costs. Rule references fee but amount is specified in the retail license application form.	N/A	1,741*	\$259,088	GR-Dedicated
Lottery License Renewal Fees Texas Govt Code, §466.158(b)	\$15		N/A	5,294*	\$79,410	GR-Dedicated
Lottery Security Proceeds Texas Govt Code, §466.156(a)	\$25	Statute authorizes Executive Director to set security in an amount to reflect possible losses to the state. Rule references security but the pooled bond fund contribution amount is specified in the retail license application form.	N/A	1,741*	\$57,425	GR-Dedicated

Lottery Ticket Sales- Stolen/Lost Ticket, Packet Fee; Damaged Pack Fee Texas Admin. Code, §401.370(b)(4)	\$25	Rule (Proposed rule change to repeal these fees)	N/A	554 Stolen 42 Damaged 2 Destroyed ***	\$59,750	GR-Dedicated
Lottery Ticket Sales- Late Penalties Texas Govt Code, §466.019(b) Texas Tax Code, §111.061	5% of Amount	Statue (Tax Code)	N/A	777**	\$255,163	GR-Dedicated
Lottery Ticket Sales- NSF Fee Texas Govt Code, §466.019(b) Texas Tax Code, §111.002	\$25	Rule	Tax Code min \$25 max \$500	775**	\$28,125	GR-Dedicated
Lottery Assignment Fee Texas Govt Code, §466.410(g)	\$500	Rule	N/A	2	\$1,000	GR-Dedicated
Bingo Administrative Penalty Texas Occ. Code, §2001.601-.602	Varies	Rule	\$1,000 per violation	73	\$19,650	General Revenue
Bingo Prize Fees Texas Occ. Code, §2001.502(a)	Varies	Statue	5% of prize amount for prizes over \$5	1,784	\$16,392,185	General Revenue
Bingo Operators/Lessors- Lessor Texas Occ. Code, §2001.158	\$132-\$3,300 1 yr \$264-\$6,600 2 yr	Rule	Minimum Varies by tier	253	\$637,059	General Revenue
Bingo Operators/Lessors- Lessor Amendment, Bingo Texas Occ. Code, §2001.306	\$10	Rule	N/A	7	\$70	General Revenue
Bingo Equipment- Distributor Original/Renewal Texas Occ. Code, §2001.209	\$1,000 1 yr \$2,000 2 yr	Rule	N/A	8	\$12,000	General Revenue
Bingo Equipment- Manufacturer Original/Renewal Texas Occ. Code, §2001.205	\$3,000 1 yr \$6,000 2 yr	Rule	N/A	15	\$60,000	General Revenue
Open Records Fees Texas Govt Code, §552.261	Varies	Rule	N/A	Unknown	\$174	General Revenue

Table 9 Exhibit 9 Fee Revenue

*These figures are the number of entities (based on sales tax ID) for which renewal and new license application change requests were created in the agency's Enterprise Series system during FY 2022. A change request is created every time a renewal or new license application is received. It is possible that in a limited number of cases, the fee was not provided by the applicant.

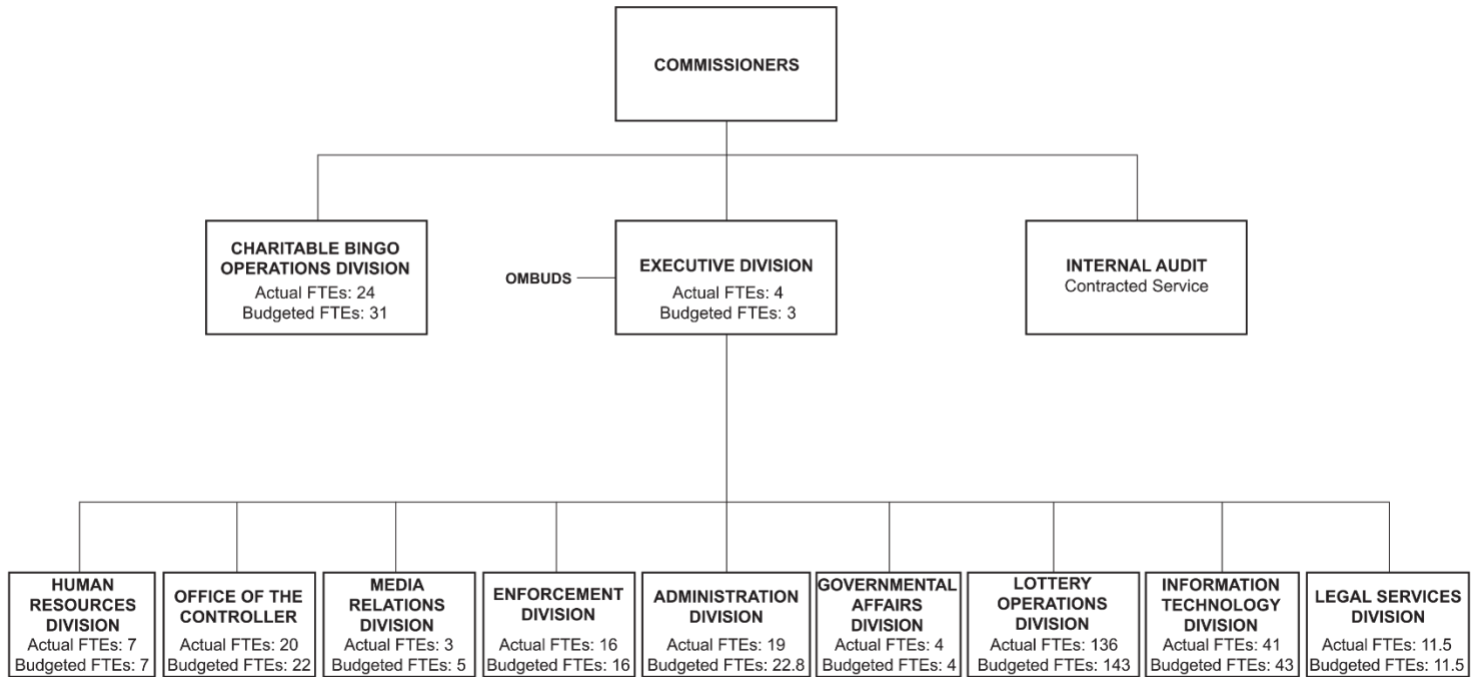
**These counts represent the number of entities (based on sales tax id) that had either a Non-Sufficient Funds (NSF) Penalty (5%) or an NSF Fee (\$25) posted to their account during FY 2022. It's possible that some of the fees and penalties posted were backed out with subsequent adjustments. Also, some of the fees and penalties posted may not have been paid by delinquent retailers who continue to have an outstanding balance.

*** These figures represent the number of retailer entities (based on sales tax id) that had at least one pack of scratch tickets placed in the respective statuses (Stolen Retailer Chargeable, Damaged Retailer Chargeable, Destroyed Retailer Chargeable) during FY 2022. When a pack is placed in one of these statuses, the retailer incurs a \$25 fee.

VI. Organization

A. Provide an organizational chart that includes major programs and divisions and shows the number of FTEs in each program or division. Detail should include, if possible, division heads with subordinates, and actual FTEs with budgeted FTEs in parenthesis.

TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE
07/31/2023



Please see Attachment 30 for additional organizational charts.

B. Fill in the chart below listing the agency’s headquarters and number of FTEs and, if applicable, field or regional offices.

Texas Lottery Commission
Exhibit 10: FTEs by Location for FY 2023

Headquarters, Region, or Field Office	Location	Number of Budgeted FTEs FY 2023	Number of Actual FTEs as of 7/31/2023
Divisions by Headquarters			
Executive	Austin	3.0	4.0
Governmental Affairs	Austin	4.0	4.0
Media Relations	Austin	5.0	3.0
Enforcement	Austin	16.0	16.0
Office of the Controller	Austin	22.0	20.0
Human Resources	Austin	7.0	7.0

Internal Audit*	Austin	-	-
Legal Services	Austin	11.5	11.5
Lottery Operations	Austin	102.0	97.0
Administration	Austin	20.8	17.0
Information Technology	Austin	43.0	41.0
Bingo	Austin	16.0	14.0
TOTAL:		250.3	234.5
Divisions by Region or Field Office			
Administration-Cameron Warehouse	Austin	2.0	2.0
Lottery Operations- Claim Center	Abilene	2.0	2.0
Lottery Operations- Claim Center	Amarillo	2.0	2.0
Lottery Operations- Claim Center	Beaumont	2.0	2.0
Lottery Operations- Claim Center	Corpus Christi	2.0	2.0
Lottery Operations- Claim Center	Dallas	6.0	5.0
Bingo Regional Office	Dallas	4.0	2.0
Lottery Operations- Claim Center	El Paso	2.0	2.0
Lottery Operations- Claim Center	Fort Worth	3.0	3.0
Lottery Operations- Claim Center	Houston	7.0	6.0
Bingo Regional Office	Houston	3.0	3.0
Lottery Operations- Claim Center	Laredo	2.0	2.0
Lottery Operations- Claim Center	Lubbock	2.0	2.0
Lottery Operations- Claim Center	McAllen	2.0	2.0
Lottery Operations- Claim Center	Odessa	2.0	2.0
Bingo Regional Office	Odessa	2.0	2.0
Lottery Operations- Claim Center	San Antonio	3.0	3.0
Bingo Regional Office	San Antonio	6.0	3.0
Lottery Operations- Claim Center	Tyler	2.0	2.0
Lottery Operations- Claim Center	Victoria	2.0	2.0
TOTAL:		58.0	51.0
GRAND TOTAL:		308.3	285.5

Table 10 Exhibit 10 FTEs by Location

*Internal Audit is a contracted service.

C. What are your agency's FTE caps for fiscal years 2021-25?

86th Legislature HB1, General Appropriations Act
FY2021: 323.50

87th Legislature SB1, General Appropriations Act
FY2022: 321.50
FY2023: 321.50

88th Legislature HB1, General Appropriations Act
FY2024: 321.50
FY2025: 321.50

D. How many temporary or contract employees did your agency have in fiscal year 2022? Please provide a short summary of the purpose of each position, the amount of expenditures per contract employee, and the procurement method of each position.

Type of Temporary/Contract Employee	Purpose of Position	Amount Expended	Procurement Method
Facilities Relocation Project Manager	Assist with the design and engineering of all Texas Lottery space (staff work areas, studio and claim center) and the development of related cost estimates as relates to relocation of agency to Capitol Complex state-owned building.	\$ 157,679	State Use Program Work Quest
Purchaser	Assist in year-end procurement workload.	\$ 27,261	State Use Program Work Quest
Contracts Specialist	Assist in procurement and contract workload to ensure all contracts are in place and timely for significant/major agency services.	\$ 107,665	State Use Program Work Quest
Programming Services (Position 1)	IT staffing services to perform programming and software development on several in-house applications and processes. The system and objectives that fall under the scope of this project vary greatly in size, platform, and skill set required.	\$ 204,225	DIR Cooperative Contracts Program IT Staff Augmentation Contracts RFD & Assoc. Inc
Programming Services (Position 2)	IT staffing services to perform programming and software development on several in-house applications and processes. The system and objectives that fall under the scope of this project vary greatly in size, platform, and skill set required.	\$ 204,225	DIR Cooperative Contracts Program IT Staff Augmentation Contracts RFD & Assoc. Inc
Network Engineer	IT staffing services to assist with installing networking technologies and supporting networks, as well as operating, monitoring, and managing network infrastructure.	\$ 89,265	DIR Cooperative Contracts Program IT Staff Augmentation Contracts RFD & Assoc. Inc
IT Support Technician	IT staffing services to perform support work, assisting with operational problems of agency information technology systems.	\$ 56,840	DIR Cooperative Contracts Program IT Staff Augmentation Contracts RFD & Assoc. Inc

E. List each of your agency’s key programs or functions, along with expenditures and FTEs by program.

**Texas Lottery Commission
Exhibit 11: List of Program FTEs and Expenditures — FY 2022**

Program	Actual FTEs FY 2022	Budgeted FTEs FY 2023	Actual Expenditures FY 2022	Budgeted Expenditures FY 2023
Executive	3.0	3.0	\$ 465,064	\$ 630,854
Governmental Affairs	4.0	4.0	\$ 462,424	\$ 473,913

Media Relations	4.0	5.0	\$ 401,564	\$ 446,566
Enforcement	15.0	16.0	\$ 1,360,579	\$ 1,443,916
Office of the Controller	20.0	22.0	\$ 1,875,019	\$ 1,981,550
Human Resources	7.0	7.0	\$ 712,692	\$ 735,877
Internal Audit*	-	-	\$ 164,598	\$ 300,000
Legal Services	11.5	11.5	\$ 1,368,544	\$ 1,425,926
Lottery Operations	139.0	143.0	\$ 262,972,703	\$ 237,976,845
Administration	20.8	22.8	\$ 9,509,003	\$ 3,711,398
Information Technology	41.0	43.0	\$ 6,568,762	\$ 7,311,744
Bingo	24.0	31.0	\$ 1,663,613	\$ 2,095,625
Total	289.3	308.3	\$ 287,524,565	\$ 258,534,214

Table 11 Exhibit 11 List of Program FTEs and Expenditures.

*Internal Audit is a contracted service.

VII. Guide to Agency Programs

Introduction and Organizational Structure

The State Lottery Act gives both the Commission and the executive director broad authority, together with the responsibility to exercise strict control and close supervision over all lottery games conducted in Texas to promote and ensure integrity, security, honesty and fairness in the operation and administration of the lottery. The five-member Commission sets policy, adopts all rules for the agency, approves major contracts, and performs all other duties required by law.

The agency is comprised of 12 distinct operating areas, including 11 divisions (Administration, Information Technology, Charitable Bingo Operations, Enforcement, Executive, Governmental Affairs, Human Resources, Legal Services, Lottery Operations, Media Relations, and the Office of the Controller) and an outsourced Internal Audit function.

The Executive Director, the Charitable Bingo Operations Division Director, and the outsourced Internal Audit function are appointed by and report to the five-member Commission. The Executive Director and Deputy Executive Director provide leadership to 10 of the divisions within the agency, ensuring that staff carries out applicable state law and Commission policies. The Charitable Bingo Operations Director is responsible for the day-to-day operations relating to the regulation of charitable bingo, ensuring that the staff carries out applicable state law and Commission policies.

Shorter narratives are provided below to describe the support functions of the agency that are typically germane to all state agencies. The more detailed Guide to Agency Programs is provided for the Texas Lottery Commission's two core business functions, administration of the lottery and regulation of charitable bingo. More detailed organizational charts for all divisions are included as Attachment 30.

Executive Division

Contact: Gary Grief, Executive Director

The Executive Division refers to the Executive Director, the Deputy Executive Director, and administrative staff. The Executive Division is the focal point for decision making and strategic planning related to the day-to-day operation and administration of the Texas Lottery.

The Executive Director serves as the Chief Executive Officer for the Texas Lottery Commission relating to the agency's lottery operations and plays a key role in the short- and long-term planning for the agency. The Executive Director performs highly advanced management activities with broad oversight responsibility and exercises strict control and supervision over all lottery

games conducted by the Commission. Through leadership, example, and daily conduct, the Executive Director promotes and ensures integrity, security, honesty, and fairness in the operation and administration of the Texas Lottery. The Legal Services and Governmental Affairs Divisions, along with the Deputy Executive Director, report directly to the Executive Director.

The Deputy Executive Director is responsible for many of the day-to-day operations of the agency and for overseeing the agency's budget planning process. The Administration, Enforcement, Human Resources, Information Technology, Lottery Operations, Media Relations Divisions, and Office of the Controller report directly to the Deputy Executive Director.

The Agency Ombudsman function was created in 2007 in response to a recommendation resulting from a workforce management audit conducted by the State Auditor's Office. The Ombudsman function reports to the Executive Director and serves the agency's employees by providing independent, neutral third-party assistance in resolving employment problems, concerns, and complaints.

Support Functions

Administration Division

Contact: Angela Zgabay-Zgarba

The Administration Division is organized into three sections: Facilities; Purchasing and Contracts; and Agency Policies and Procedures.

- The Facilities Section manages the day-to-day physical operations of the agency. These services include building security and safety, warehouse management, property management, risk management, mail-center services, supply (inventory management, shipping and receiving), vehicle-fleet management, and records retention. This section manages support operations for office locations throughout the state, including the Austin headquarters facility, 15 field offices and Austin warehouse facilities.
- The Purchasing and Contracts Sections manage all procurements for the agency and administer the HUB/Mentor-Protégé Program. The agency contracts for a broad range of goods and services required for daily business operations, and many of the vendors used by the agency are unique to the lottery industry. The Purchasing and Contracts Sections are also responsible for monitoring performance and compliance with all agency contracts, including the assessment of liquidated damages and sanctions if applicable. The agency contracts with a third-party vendor to provide risk analysis and compliance monitoring services for the lottery operator contract.
- The Agency Policies and Procedures Section manages the coordination, planning and execution of all agency policies, directives and procedures utilizing the Procedure

Tracking System (PTS).

Enforcement Division

Contact: John Graham

The objective of the Enforcement Division is to ensure the integrity and security of the Texas Lottery Commission and its games through the investigation of Texas Lottery Commission applicants; bingo and lottery licensees; contract vendors and their employees; and allegations of administrative and criminal violations of the rules and laws governing lottery and bingo.

The major activities include the following:

- Background Investigations – Conduct criminal background checks on lottery employees, retailers and vendors as well as bingo manufacturers, distributors, conductors and workers to ensure the integrity of its licensees and employees.
- Criminal / Administrative Investigations – Investigate complaints from the public as referred from the Lottery Operations Division or the Charitable Bingo Operations Division and investigate any questionable prize claims as referred by the Security Department of the Lottery Operations Division.
- Assist Law Enforcement Agencies – Assist local law enforcement agencies with their investigations by providing information on criminal offenses involving the theft or redemption of lottery tickets.

The Enforcement Division is located at the Texas Lottery Commission’s headquarters in Austin and performs numerous types of investigations for the agency throughout Texas. The Enforcement Division is managed by a Director who reports to the Deputy Executive Director. The types of investigations performed are listed below.

- Bingo worker registry/bingo licensee backgrounds
- Lottery retailer backgrounds
- Texas Lottery Commission vendor backgrounds
- Potential Texas Lottery Commission employee backgrounds
- Lottery Operator employee backgrounds
- Security referral on questionable claims
- Complaints – lottery or bingo
- Internal investigations
- Assist outside law enforcement agencies

- Proactive retailer activity investigations

Investigation referrals are received from different divisions and departments within the agency or initiated by Enforcement Division investigators. Cases are opened in the Enforcement Division and assigned to investigators. Various investigative techniques, such as interviews, records analysis, and field visits are used to ascertain the facts surrounding the allegations. These facts are summarized in an investigative report. Upon completion of the investigation and its report, the results are forwarded back to the referring party for determination of appropriate administrative action. If criminal violations are found, the case is referred to the local prosecutor or court of jurisdiction. More information about the Enforcement Division's regulatory activities is included in the sections on lottery and bingo operations, below.

Governmental Affairs Division

Contact: Nelda Trevino

The Governmental Affairs Division serves as the Texas Lottery Commission's primary liaison with the legislative and executive branches of state government. Its actions are designed to assist the Commissioners, the Executive Director, the Charitable Bingo Operations Director, and all divisions of the agency by providing legislative tracking, analysis, representation, recommendations, and information.

Human Resources Division

Contact: Jan Thomas

Human Resources supports the agency in accomplishing its mission by providing and coordinating human resources management programs necessary to support its employees and managers, and by promoting mutual and positive respect between the agency and its employees. The Human Resources Division performs the following key functions.

- Assists the agency to recruit and hire the best qualified workforce available by working with agency division managers to coordinate recruiting, interviewing, hiring, and orienting new employees. Communicates and interprets provisions of insurance, deferred compensation, and retirement program benefits to agency employees. Promotes internal benefit programs, including the sick leave pool, the employee assistance program, and the tuition reimbursement program, and assists eligible employees with access to those programs.
- Coordinates time and leave accounting for all the agency employees through the Centralized Accounting and Payroll/Personnel System (CAPPS). Processes all employee salary actions in accordance with rules established by the state Comptroller of Public Accounts and the CAPPS governance process.
- Coordinates the agency's workforce management programs, including tracking and

scheduling of employee performance evaluations, as well as employee counseling and discipline. Provides consultation with directors, managers, and employees regarding interpretation and application of state and agency employment policies. Coordinates resolution of employee informal and formal complaints and conducts related complaint investigations. Coordinates employee recognition programs.

- Maintains current technical and practical knowledge of critical employment laws affecting human resources management. Coordinates and tracks required employee training that is mandated by state statutes and agency policy.

Information Technology Division

Contact: Joan Kotal

The Information Technology Division is responsible for managing the agency's network infrastructure, which includes the local and wide-area networks, telecommunications, document repository, the Document Management Center, copiers, the intranet site, and the agency's website. The Division also develops, manages, and supports a variety of software applications, including the agency's Internal Control System, which replicates transactions from the lottery operator and is used for reporting and balancing daily sales activity. The Information Technology Division works very closely with the lottery operator to define software requirements and conduct testing for the lottery gaming system. The lottery gaming system, primarily managed by the lottery operator, includes the provision of lottery terminals to retailers, and functionality for tracking the sale of lottery tickets, retailer licensing and management, tracking inventory of tickets, generating management reports, and processing claims of winners.

Legal Services Division

Contact: Bob Biard

The Legal Services Division provides legal advice and assistance to the Commissioners, Executive Director, Charitable Bingo Operations Director, Internal Auditor, and agency staff. The General Counsel directs the Legal Services Division, serves as the Commission's attorney, and reports to the Executive Director. The Legal Services Division performs the following functions.

- Coordinates and posts the agendas for the Commission's open meetings.
- Reviews and comments on scratch ticket game working papers and written game procedures.
- Provides advice on the procurement of goods and services and assists with the drafting and administration of agency contracts.
- Conducts agency rulemaking proceedings, including preparing proposals for new and amended administrative rules, receiving public comment and holding public comment hearings as necessary, and preparing final rule changes for Commission adoption.
- Represents the Commission in lottery and bingo enforcement cases before the State

Office of Administrative Hearings.

- Assists in processing lottery prize claimants and advises on compliance with voluntary prize assignments and court orders requiring a change in a prize winner's payment schedule.
- Provides advice and training on ethics laws to Commissioners and agency staff.
- Processes and responds to public information requests.
- Serves as the agency's liaison to the Office of the Attorney General (primarily in connection with public information requests and litigation matters).
- Provides legal advice on personnel and employment law matters, lottery advertising and promotional activities, intellectual property issues, business licensing issues, general gambling issues, social media initiatives, legislative and policy issues, and litigation management.

The General Counsel coordinates with the Executive Director to provide the required training to new Commissioners. The Special Counsel reports to the General Counsel and supervises the agency's Public Information Coordinator. The Special Counsel is also designated to provide independent legal advice to Commissioners on contested enforcement cases, as needed. The Public Information Coordinator is the agency's designated contact for all public information requests, receives requests and routes them to the appropriate division, collects responsive information to be provided to a requestor, and coordinates with the Special Counsel to provide briefing on requests for decisions submitted to the Attorney General's Open Records Division.

Media Relations Division

Contact: Steve Helm

The Media Relations Division is managed by a Director who reports to the Deputy Executive Director. The Media Relations Division is the first point of contact for all inquiries from local, state, and national news media. The Division also works with other divisions to maintain uniform messaging on the agency website. Three distinct sections make up the Media Relations Division: Media Relations, Social Media, and Audio-Visual.

- The Media Relations Section responds to media inquiries and issues media advisories and news releases to inform the public about agency activities. Through its winner awareness efforts, the Media Relations Section generates publicity for winners of large jackpots, as well as scratch ticket merchandise and cash prize winners. The Section also coordinates agency public awareness campaigns and provides agency representatives to speak to interested groups throughout Texas as part of the agency's Speakers Bureau.
- The Social Media Section maintains an active social media presence, allowing the Texas Lottery to reach those interested in its products and messages. The Texas Lottery currently communicates with more than 280,000 followers about its products, jackpot alerts, and events across a variety of social media platforms, including Facebook, Twitter

(X), Instagram, LinkedIn, and YouTube. The Texas Lottery's media relations and advertising departments continue an agile approach of producing digital content in-house, which has resulted in an increase of high-quality and cost-effective content being distributed on social media to support various product initiatives throughout the year.

- The Audio-Visual (A/V) Section produces digital content highlighting lottery games, agency news, and promotions. A/V content is primarily distributed to and featured on the agency's social media platforms and website making it visible and accessible for members of the public. Additionally, the A/V Section provides production support and archival services for agency meetings, press conferences, and promotional events. Various internal projects, including the production of training videos, audio recordings, and digital still photography remain core agency services supported by the A/V section.

Office of the Controller

Contact: Annika Guarnero

The Office of the Controller provides financial services and reporting functions for the Texas Lottery Commission in accordance with statutes and requirements set by the Comptroller of Public Accounts, the Legislative Budget Board, the Governor's Office of Budget, Planning and Policy, and other oversight agencies. The Division's primary functions include administration of the development, submission, and management of agency financial statements, financial reports, payroll, accounts payable, sales reporting, revenue projections, fiscal notes, performance measures, annual and biennial budgets, jackpot estimations, retailer incentives, Internal Revenue Service (IRS) tax reporting, and all other agency reports necessary to comply with agency and state requirements.

LOTTERY OPERATIONS

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Lottery Operations Division

Location/Division: 1801 Congress Ave, Austin, Texas 78701

Contact Name: Robert Tirloni, Division Director

Statutory Citation for Program: The State Lottery Act (Texas Government Code, Chapter 466)

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Lottery Operations Division is responsible for player, retailer, and vendor compliance with the requirements of Chapter 466 of the Texas Government Code (The State Lottery Act) and Chapter 401 of the Texas Administrative Code (Administration of the State Lottery Act). The Division serves the needs of the agency and its customers through the following functions.

- Licensee compliance
- Jurisdictional complaint monitoring
- Scratch ticket printing, testing, security, warehousing and distribution
- Retailer recruitment and development
- Retailer licensing and accounting
- Customer service (operation of a toll-free hotline, a customer service email box on the agency's website, and oversight of the agency's correspondence functions)
- Product development and product marketing
- Responsible gambling education
- Oversight of the contracted Lottery Operator's sales force
- Lottery drawings
- Claims processing
- Retailer surveys and inspections
- Security of lottery drawings and claim validation processing
- Promotional events
- Publications and graphics and creative content
- Oversight of media advertising

The Games of Texas are the body of products that the Texas Lottery makes available to the playing public. The Texas Lottery offers two product categories: scratch ticket games and draw games. The agency currently offers eight draw games. Five of the draw games offer four unique add-on features. The agency also offers 80 scratch ticket games annually. The Texas Lottery's *Annual Report and Business Plan*, which provides a detailed overview of the agency's products, is included as Attachment 2, and is also available online:

https://www.texaslottery.com/export/sites/lottery/About_Us/Publications/Reports.html.

The Division serves as the regulatory arm of the Texas Lottery, while also contributing substantially to the agency's revenue-collection function. Product development in the division focuses on maximizing revenue to the state, while advertising efforts support the goal of effectively reaching the public to enhance the awareness of Texas Lottery games and to increase sales. Retailer development efforts focus on the enhancement and expansion of distribution channels to reach new player segments and increase sales.

The Division is organized into five distinct functional areas: Advertising and Promotions, Drawings and Validations, Retailer Services, Products, and Security. The Lottery Operations Division is managed by a Director who reports to the Deputy Executive Director.

Advertising and Promotions Department

The Advertising and Promotions Department oversees Texas Lottery advertising services, promotional events, and publication and graphics services.

- The Advertising Section is responsible for overseeing and managing all advertising media services for the agency. The Section works with the advertising media services vendor, currently Third Ear, to plan and buy lottery media advertising. Advertising media services include planning, buying, and stewardship of broadcast, digital, social media, billboards/out-of-home and newspaper media. The Advertising Section also oversees the brand management and creation of advertising creative concepts, in-house production, and promotional sponsorships.
- The Promotions Section is responsible for overseeing and managing all promotional events, along with the procurement and distribution of promotional products for the agency.
- The Publication and Graphics Section is responsible for overseeing and managing the development, design, and production of agency publications, product marketing materials, and website, social media, and mobile application graphics.

Drawings and Validation Department

The Drawings and Validations Department has two operating units consisting of the Drawings and Validations sections. The Drawings Section conducts a comprehensive program that protects and maintains the security and integrity of lottery game drawings, while ensuring that the draw games are conducted fairly and in compliance with applicable statutes, agency guidelines,

policies, and procedures. The Drawings Section also oversees and conducts specialty drawings such as internet entry promotional second chance drawings and retailer incentive drawings. The agency contracts with a production company to broadcast drawings, and an independent certified public accountant is present to certify all drawings in accordance with statute. In addition, the Section handles a variety of administrative responsibilities, including the maintenance of drawing machines, ball sets, and related equipment.

The Validations Section is composed of 16 claim center offices statewide. Claim centers process ticket claims for payment; respond by telephone and in person to player and general public information inquiries; and conduct retailer site inspections for Americans with Disabilities Act (ADA) compliance and retailer business observations. Prizes may be claimed through different means and offices depending on the value of the prize, as described below.

- Prizes valued at \$599 or less can be claimed at any retailer location. By statute, all lottery prizes of \$600 or more must be claimed through the Texas Lottery Commission at a Texas Lottery claim center.
- Prizes less than or equal to \$2,500,000, and that are not paid by annuities, may be claimed at any Texas Lottery claim center.
- Prizes less than or equal to \$5,000,000, and that are not paid by annuities, may be claimed at Texas Lottery claim centers in Austin, Dallas, Fort Worth, Houston, and San Antonio.
- Prizes greater than \$5,000,000, all *Lotto Texas*[®], *Powerball*[®] and *Mega Millions*[®] jackpot prizes, and prizes paid by annuities must be processed at the Texas Lottery Commission headquarters in Austin.
- A new mobile validations/prize payment option on the Texas Lottery App is discussed later in this section.

Products Department

The Products Department is responsible for managing the development, implementation, promotion, and sale of Texas Lottery scratch ticket and draw games, with a focus on maximizing revenue generation for the state of Texas. Products Department staff works closely with scratch ticket manufacturers, currently Scientific Games International, Pollard Banknote Limited, and IGT Printing Corporation. Products Department staff also work with the lottery operator to distribute scratch tickets, manage the ticket inventory, and market and promote the games to retailers and players through contests and promotions.

The Products Department oversees the development of new draw games and enhancements to existing games and evaluates the performance of current product offerings. The Products Manager and Products Coordinators evaluate market conditions, sales trends, and feedback from the sales force, so that the agency can respond to the dynamic nature of its customer base. In addition, there is a great deal of coordination between the Products and Advertising and

Promotions departments to ensure that the necessary level of advertising and promotional support is present to make the Texas Lottery games successful. Products Department staff is also responsible for administering the agency's retailer bonus program.

The Retailer Development/Responsible Gambling Coordinator in the Products Department is responsible for several items integral to the agency's success, including but not limited to retailer development, retailer cash incentive programs, retailer training, responsible gambling, consumer protection, and general retailer-focused initiatives.

Retailer Services Department

The Retailer Services Department is responsible for processing new retailer license applications and license renewal applications. Department staff enters and monitors retailer information, coordinates ownership transfers and lottery terminal moves, processes license terminations, performs retailer records maintenance, and evaluates retailer compliance with ADA requirements. The department interacts daily with retailers on Electronic Funds Transfers (EFTs), sweep amounts, account adjustments, account reconciliations, and final balances due.

The department works with retailers who have experienced a non-sufficient fund EFT bank-account sweep to ensure prompt payment. When appropriate, the department conducts collection/enforcement activities through the preparation of notices and evidence required for adverse licensing actions. The department tracks and manages delinquent retailer accounts using various collection methods, including bank account freezes, levies, and property liens.

The Retailer Services Department monitors lottery operator compliance with contractual requirements related to scratch ticket distribution, sales terminal installation, equipment moves, retailer training, and interaction with retailer licensees. Department staff is also stationed at the scratch ticket distribution warehouse to monitor lottery operator compliance with contractual requirements related to scratch ticket warehousing, distribution, and returns.

In 2004 (in response to Sunset Advisory Commission recommendations), the agency implemented a universal tracking system to coordinate the collection and intake of complaints, called the Compliance Activity Monitoring Program (CAMP). While several Divisions of the agency use and participate in CAMP (including the Enforcement, Charitable Bingo Operations, and Legal Services Divisions), the Retailer Services Department is the owner of the system.

The Compliance Hotline Section in the Retailer Services Department takes in complaints regarding bingo and lottery issues from the public (through the CAMP process). Staff involved in tracking compliance issues use an automated system developed to monitor all lottery and bingo jurisdictional complaints received by the agency (in the CAMP database). A jurisdictional complaint is one in which the Texas Lottery Commission has the authority to interpret and apply the law in accordance with the State Lottery Act, the Bingo Enabling Act, or the Texas Lottery or Bingo administrative rules. Compliance staff provides general support related to complaints for the Legal Services, Enforcement, Charitable Bingo Operations, and Lottery Operations Divisions.

The Retailer Services Department also responds to customer contacts through the toll-free Communications Services Telephone Hotline. Hotline staff answer questions about retailer licensing, retailer accounting and general regulatory issues. Questions are also received from the general public and Texas Lottery players and callers are directed to other sources if their questions are not related to one of these subject areas. Hotline staff also communicate with retailers, game players and the general public via e-mail and written correspondence. The department is further responsible for tracking, routing, and responding to correspondence and ensuring timely responses on matters directed to the agency, the Executive Director and the Commissioners.

Security Department

The Security Department's primary role is to ensure the security and integrity of lottery drawings and ticket validations. To accomplish this function, Security Department personnel work closely with personnel from other Texas Lottery Commission divisions and departments.

The Security Department monitors lottery drawings and validation processes to ensure that they are conducted in compliance with applicable laws, rules, regulations, policies, and procedures. In addition to the regular daily lottery drawings, the Security Department works with the Products Department and the Drawings Section to monitor activities at all promotional second-chance drawings and retailer incentive drawings. The Security Department works with the Information Technology Division and the Multi-State Lottery Association (MUSL) to ensure that the multi-jurisdictional Powerball game security requirements, set up by MUSL, are being met.

The Security Department works with the Validations Section to verify and confirm the legitimacy of Texas Lottery draw game tickets with prize values of \$5 million or more, winning *Powerball* and *Mega Millions* tickets valued at \$100,000 or more, and winning *Powerball* and *Mega Millions* tickets valued at \$50,000 or more if claimed after 50% of the claim period for the prize has expired. Claims involving questionable lottery tickets (tickets reported stolen, altered, damaged, or previously paid) are submitted to the Security Department. Security personnel conduct a preliminary investigation to determine the true status of the ticket. Based on the findings of the preliminary investigation, the claim is either forwarded to the Enforcement Division for further investigation or returned to the Validations Section for payment determination.

The Security Department houses a forensic laboratory which is used to perform forensic analysis on questionable tickets. Security personnel, using laboratory equipment, examine tickets with suspected alterations to the game play data and claimant signatures to determine the legitimacy of ticket claims. Those tickets found to have been altered are routed to the Enforcement Division for further investigation.

The Security Department works closely with the scratch ticket manufacturers, the lottery product testing vendor, and the Products Department to ensure that all Texas Lottery tickets sold to the public are fully tested, secure, and of the highest quality.

The Security Department is involved with scratch ticket games throughout their existence. The department works with the Products Department in the production and design of new games, with the Validations Section and the Enforcement Division while games are being offered for sale, and with Retailer Services in the destruction of games that have ended.

C. What information can you provide that shows the effectiveness and efficiency of this program or function? If applicable, reference but do not repeat any performance measures from Section II, Exhibit 2, and provide any other metrics of program effectiveness and efficiency. Also, please provide the calculation or methodology behind each statistic or performance measure.

Complete information on all Texas Lottery Commission performance measures is included in Section II and in Attachments 19, 20, and 21. Below are two highlights for the Lottery Division.

Advertising

The goal of the Texas Lottery Commission’s advertising efforts is to responsibly reach and communicate with adult Texans to enhance awareness and participation in Texas Lottery games. Public awareness of Texas Lottery Commission products is important to the agency’s effectiveness in generating revenue for the state of Texas and to maintaining the public trust. The agency evaluates expenditures on advertising by media type annually based on the product game plan, new game launch initiatives and communication strategies planned for the upcoming fiscal year. Monies spent among different media types shift annually based on these factors. While the agency tracks expenditures by all media categories, billboards are the main form of media communication.

The key LBB performance measure assigned to Advertising in FY 2021 was as follows:

Performance Measures	FY 2021 Actual Performance
Dollar Amount of Advertising Budget Spent on Other Advertising (Millions)	\$14.26

This key performance measure was calculated using the actual expenditures for other media and production.

The key performance measure and budget name was changed in FY 2022 as follows:

Performance Measures	FY 2022 Actual Performance
Billboard Expenditures from Promote Lottery Games (Millions)	\$6.64

This key performance measure is calculated using the actual expenditures for billboard media and production.

Retailer Services

Innovation and making the best use of automated systems and human resources are key to the efficient and effective operation of programs for which the Retailer Services Department is responsible. The department is responsible for a wide array of functions that relate to the daily operation of the lottery along with a significant customer service component.

The key LBB performance measures assigned to Retailer Services are as follows:

Performance Measures	FY 2021 Actual Performance	FY 2022 Actual Performance
Number of Retailer Business Locations Licensed	20,464	20,720
Percent of Retailers Satisfied with Lottery Commission	81.85%	86.19%
Average Cost Per Survey Issued	\$0.09	\$0.07

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

Operational Changes Over Time

Validations

One of the agency's core values is innovation, including pursuing the use of technology that enhances the services that we provide to our customers and reduces our operating expenses. The agency has been working closely with the lottery operator to offer another payment method to our players. Starting in FY 2024, players will have the option of receiving their prize payment via a debit card in any of the 16 claim centers. Prizes from \$600 – \$5,000 are eligible for the debit card payment method. Players can immediately use the debit card and do not have to go to a bank with a prize payment check. Another new prize payment option is detailed directly below in the Products section.

Products

After more than 31 years of operations, as a mature lottery, the agency must remain vigilant and responsive to industry trends and players' interests to continue its high level of support for Texas education and veterans in the coming years. The agency continues to consider which new game opportunities and enhancements hold the most promise to provide incremental revenue to the state.

The Games of Texas are the body of games that the Texas Lottery makes available to the playing public. These include scratch tickets and draw games. At the end of FY 2022, eight draw games and approximately 80 scratch games constituted the game portfolio.

Draw games are limited in the variety of design options that result in truly new game concepts. With a full portfolio of draw game offerings, the Texas Lottery is working with the lottery operator to explore design modifications to existing games, new play types and add-on features while monitoring the industry for new draw game concepts and/or promotions that may appeal to Texas players. New draw games or enhancements to existing games require significant messaging to educate retailers and players about the new product offering. The regular reductions to the agency's lottery games promotion budget have made new draw game introductions extremely challenging as the level of funding required to effectively communicate information to Texans is insufficient. Therefore, while new concepts continue to be monitored, the agency is concentrating on the existing portfolio of games with quarterly focused promotions that include retailer communications and player incentives such as digital coupons that are available to players on the Texas Lottery mobile app.

The agency has continued to follow an aggressive scratch ticket launch strategy as we find this the best approach for revenue generation. Introducing more games at smaller print runs keeps the product line new, fresh, and exciting. The FY 2022 game launch schedule included the following highlights:

- A "family" of scratch tickets (a group of games with the same theme across a variety of price points) in September, January, and May.
- Loteria-themed scratch tickets (a bingo-style game with historical roots in Mexico) at several price points.
- Licensed/Branded scratch ticket games that attract new players.
- The nation's first \$100 scratch ticket game after years of significant growth and success at the \$20 and \$50 price points.

Many of the scratch ticket families introduced offer players the opportunity to enter their non-winning tickets into second-chance drawings for a chance to win experiential prizes. Experiential prizes aim to provide winners with unique, exclusive trips and/or prize experiences. Players enjoy

these second-chance prizes, and these large-scale promotions allow us to leverage marketing support from the vendors providing the experiences.

To expand product placement and adapt to the changing retail environment, the agency is working with two of our scratch ticket manufacturers and the lottery operator to gain acceptance for and place automated scratch ticket dispensers in retailer's check-out lanes. These in-lane dispensers are integrated with a retailer's point-of-sale system and the lottery operator's gaming system allowing for the secure sale of scratch ticket games. A typical dispenser will have a menu displaying the available tickets that a customer can request to purchase from the clerk. These attributes and an emphasis on the dispensers' physical security requirements limit retailer liability due to theft. Pilot programs with retailers are being implemented in summer 2023.

It is just as critical for our future success that draw game tickets are also conveniently available in-lane. The agency worked with the lottery operator, the National Association of State and Provincial Lotteries, and various private companies to implement in-lane sales for draw games. The two new delivery options include QUICKTICKET, a gift card-type ticket that contains pre-printed Quick Pick numbers under a scratch surface and Receipt Ticket, a lottery draw game ticket printed on the retailer's plain receipt paper instead of Texas Lottery roll stock. QUICKTICKET and Receipt Ticket offer the United States' most popular lottery draw games, *Powerball* and *Mega Millions*. QUICKTICKET launched at Dollar General® stores and Receipt Ticket launched at H-E-B. Both programs rolled out in early FY 2020. Since the roll out, work has continued with all relevant parties to expand the footprint for in-lane sales. Kroger launched QUICKTICKET in October 2021 and Albertsons and Randalls launched QUICKTICKET in May 2022. The agency has continued its work with various vendors in FY 2023 and will maintain that work in FY 2024 to develop additional in-lane sales opportunities via the QUICKTICKET and Receipt Ticket platforms.

For many years, the Texas Lottery's retailer bonus program has been an important retailer recruitment and retention tool for the agency and sales organization. Decisions by the 85th Legislature and governor on the FY 2018 – 2019 budget resulted in significant reductions to key agency budgets and the retailer bonus program budget was eliminated for FY 2019. However, the 86th Legislature restored funding for retailer bonuses at a reduced appropriation of \$2.02 million per fiscal year during the FY 2020-2021 biennium. The Texas Lottery developed and introduced a new bonus program structure to account for the reduced appropriation. The agency entered a Retailer Bonus Promotion Contract with SCA Promotions, Inc. through Alliant Insurance Services, Inc. Via this contractual relationship, SCA makes bonus payments to retailers selling jackpot winning tickets for *Mega Millions* and *Powerball*, up to \$1 million for any drawing. While this business model has allowed the agency and the sales organization to continue the bonus program, it is now limited to only the two multijurisdictional games. In its Legislative Appropriations Request for the FY 2022 – 2023 biennium, the agency requested an exceptional item to restore the annual budget for the retailer bonus program to previously authorized appropriations to allow for this key program to be fully implemented. This key program impacts retailer recruitment, retention, and development opportunities. Decisions of the 87th Legislature did not restore the annual retailer bonus program budget to previous appropriation levels and

bonus payments continue only for *Mega Millions* and *Powerball*. The Texas Lottery also continues to provide opportunities for retailers to earn free scratch tickets, incentive payments, and cash drawing prizes in the Retailer Cash Incentive Programs.

With a focus on player convenience, the Texas Lottery spent a large amount of time and effort in FY 2016 working toward the introduction of a mobile app in FY 2017. The app allows users to scan and check tickets for winning status; create and save their favorite numbers so that a Texas Lottery retailer can scan the QR code and print a draw game ticket for purchase; view current jackpot amounts and winning numbers; scan tickets to enter promotional second-chance drawings; and locate the nearest lottery retailer. This initiative illustrates the agency's commitment to convenience but also to security and integrity as players can use the app to see if their tickets are winners. Players can also use the app for digital coupon promotions where players receive a free ticket after buying a specified amount of draw game tickets. The digital coupon promotions encourage app downloads, have been widely popular with players and are a successful tool to expand product trial. A cross-agency team with representatives from many functional areas have been working diligently on changes to the app platform to incorporate the addition of mobile validations that will allow players to claim prizes from \$600 – \$5,000 without having to go to a Texas Lottery claim center. Payments are made via Zelle® and deposited into the prize winner's designated bank account. This new, enhanced-customer-service feature for the app went live during the summer of 2023.

The agency continually evaluates its product mix and looks at new opportunities for meeting the interests of the playing public with new and different games as authorized under current statutes. Additionally, the agency prioritizes the recruitment, development, retention and incentivization of retailers to sell the Games of Texas in various ways supported by our limited budget.

Retailer Services

The Texas Lottery conducts Retailer Satisfaction surveys annually to examine retailer views of the services provided by the agency and the lottery operator. The agency has a target of 96% satisfaction levels (measured as scores of "good" or "excellent"). Prior to March 2020, retailer satisfaction surveys were conducted in-person by Claim Center personnel and the agency consistently exceeded the 96% satisfaction target. Survey administration was suspended starting in March 2020 due to COVID-19. In May 2021, the Texas Lottery instituted a new process to survey retailers via email using an internet-based survey tool. For the FY 2021 survey, 82% of respondents rated the services provided by the Texas Lottery as Good or Excellent. This percentage increased to 86% in FY 2022. While the results from the FY 2022 survey demonstrated a high level of satisfaction with Texas Lottery and IGT services, the satisfaction level fell below the target of 96%. The performance was below the target likely due in part to the implementation of the online survey methodology versus the previous in-person survey resulting in a largely different segment of retailer staff being surveyed online compared to the in-person surveys. The Texas Lottery currently plans to continue using email and an internet-based survey tool for future satisfaction surveys.

Advertising

The Texas Lottery's promote lottery games budget has diminished substantially over the years, while the actual cost of promotions has increased. The previously appropriated \$40 million promote lottery budget in 1993 would equate to \$81.2 million in 2022 dollars adjusted for inflation. This amount exceeds the FY 2022 budget of \$10 million by \$71.2 million.

With the greatly expanded product mix that the Texas Lottery now offers, the agency faces significant challenges in promoting its products. In FY 1992, lottery products consisted of one draw game (*Lotto Texas*®) and two scratch ticket games. Today, the Texas Lottery offers eight different draw games plus four unique add-on features. Additionally, the agency launches approximately 80 scratch ticket games each year.

In FY 1992, players were easy to reach frequently via TV and radio. The media landscape has changed, and the agency has encountered dramatic challenges with the proliferation of new choices for consumers, including exponential cable channel expansion, streaming radio, and the role of the internet and social media, all factors that limit promotional exposure. Additionally, tablets, smartphones, and streaming services create even greater opportunities for consumers to time-shift programming, potentially affecting promotional exposure. This market dilution means it is becoming more difficult to reach large groups of consumers for the same level of media expenditures.

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

The Texas Lottery has also adapted to the reduction of the promote lottery game budget by moving creative services in-house. These functions were previously handled by the agency's contracted advertising agency. The job duties and responsibilities of the agency's Brand Strategy Coordinator position changed to focus on in-house development of advertising creative concepts, in-house production, and advertising creative strategy.

The agency believes that maintaining appropriate business and marketing tools, e.g., those that effectively promote lottery draw games and scratch tickets, and fund retailer bonus and incentive programs, are key to the Texas Lottery's ongoing success. This approach provides the best opportunity for the Texas Lottery to introduce new products, promote existing products and retain and recruit retailers, resulting in increased revenue for our beneficiaries.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

The Lottery Operations Division serves both external and internal customers. These customers include lottery players, winners, retailers, Commissioners, and agency staff.

The retailer base serviced by the Lottery Operations Division has remained relatively stable with slight growth over the past few years.

As of August 31, 2022, the retailer base (20,720) included the following categories within the North American Industry Classification System (NAICS):

Type of business	Number of retailers (FY 22)
Grocery/food stores	2,313
Convenience stores	3,334
C-store/gas	10,594
Restaurant/bar	26
Drug stores	38
Liquor stores	891
Merchandise store	1,888
Service businesses	0
Newsstands/smoke shops	137
Kiosks	0
Miscellaneous	1,499
Total	20,720

Most of the lottery retailer base is concentrated in the convenience store industry. Barring any statutory changes that would allow the sale of tickets in ineligible locations (i.e., bars and/or restaurants with “on-premise consumption” TABC permits), this trend is expected to continue. The Texas Lottery along with the lottery operator, their Texas-based sales force, and corporate teams, is consistently engaged in an active recruitment program to expand the retailer base to new trade styles to include general merchandise, drug, home improvement and “Big Box” retail trade styles. Even with the addition of these types of businesses, convenience stores are expected to remain the predominate trade style.

To be eligible to sell lottery tickets in Texas, individuals and entities must complete and submit an Application for Texas Lottery Ticket Sales License. The application is reviewed by the agency and a license may be issued provided all requirements set forth in the State Lottery Act and Title 16, Chapter 401 of the Texas Administrative Code are met.

The player base consists predominantly of Texans of legal age (18 years or over) who purchase lottery tickets and includes players from surrounding states and Mexico who travel to Texas to purchase their tickets. Both players and retailers rely upon the Lottery Operations Division for assistance and guidance regarding the rules for claiming prizes and selling lottery tickets. The division fulfills these responsibilities by providing necessary services to lottery players and retailers. Players are also subject to all of the requirements set forth in the State Lottery Act and Title 16, Chapter 401 of the Texas Administrative Code.

Section §466.021 of the State Lottery Act requires that the executive director employ an independent firm to conduct a demographic study of Texas Lottery players every two years. The results of the study must be presented to the Commission, the Governor, and the legislature, before the convening of each regular legislative session. The Demographic Study is provided as Attachment 22 and posted on the agency’s website:

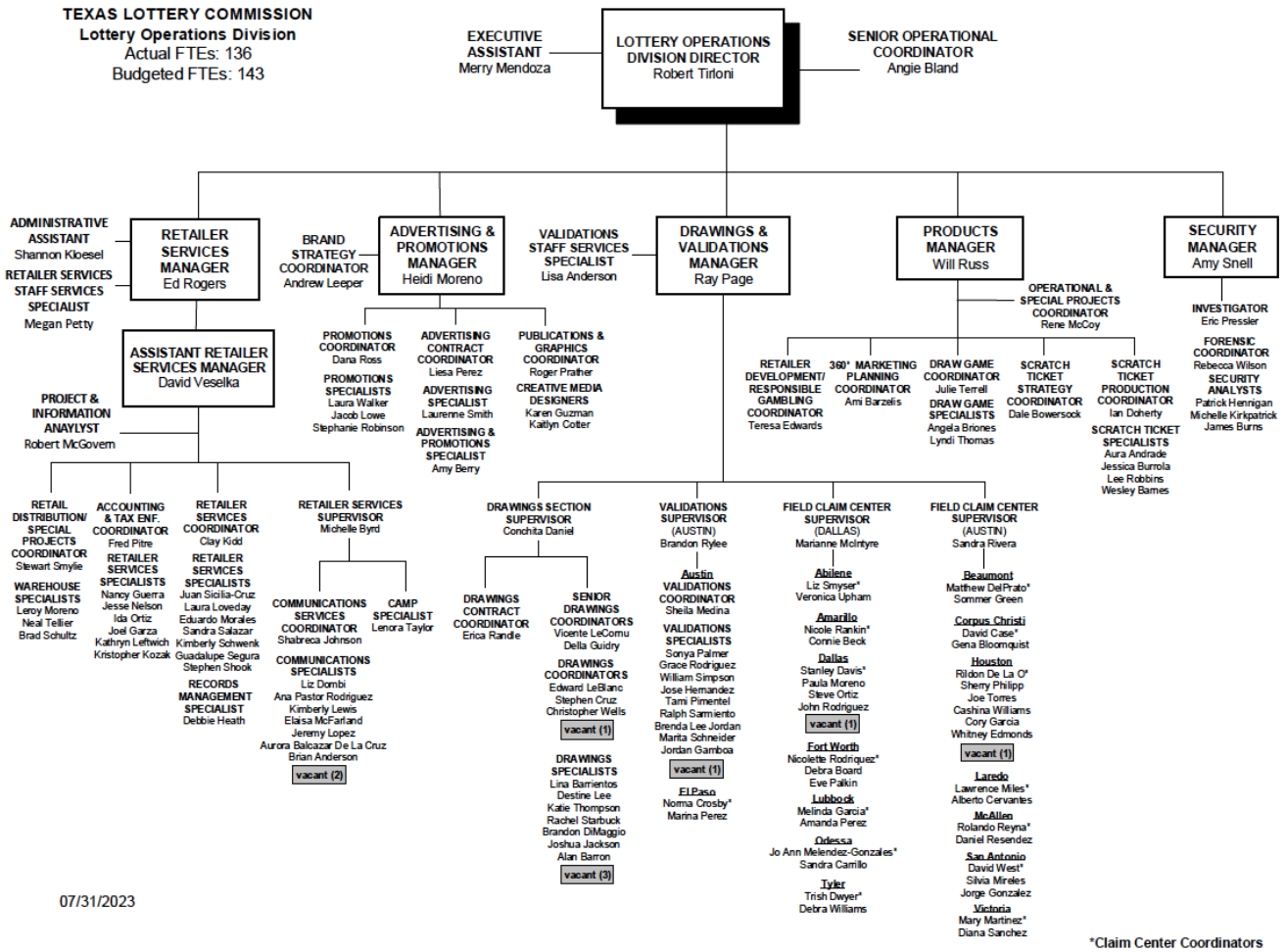
https://www.texaslottery.com/export/sites/lottery/About_Us/Publications/Reports.html.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The Lottery Operations Division is managed by a Director, who reports to the Deputy Executive Director. The division encompasses staff both in the Austin headquarters and field staff located in the 15 field claim centers.

Following is the Lottery Operations Division organizational chart:

Self-Evaluation Report



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The Lottery Operations Division is funded through the General Revenue - Dedicated Lottery Account 5025.

In addition, the following appropriation Riders provide funding for the Lottery Operations Program:

SB 1, GAA, 87th Legislature, Article VII Rider 3: Operate Lottery

Pursuant to Government Code, Chapter 466, appropriations made to Goal A, Operate Lottery, shall not exceed 12% 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.

SB 1, GAA, 87th Legislature, Article VII Rider 4: 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.

SB 1, GAA, 87th Legislature, Article VII Rider 8: Retailer Commissions

Pursuant to Government Code, Chapter 466, an amount equal to 5% of gross sales shall be made available for the purpose of paying retailer commissions.

The amounts included above in Strategy A.1.11, Retailer Commissions, include an estimated amount equal to one-half of 1% of gross sales each fiscal year that is in addition to the 5% retailer commission amount in subsection (a) above and may only be used for the purpose of paying sales performance retailer commissions. Any unobligated and unexpended balances of appropriations for the fiscal year ending August 31, 2022, are appropriated to the agency for the same purposes for the fiscal year beginning September 1, 2022. Prior to providing an additional retail commission above 5% of gross sales, the Texas Lottery Commission shall provide a report to the Governor and the Legislative Budget Board outlining the Texas Lottery Commission's plans to implement a retailer sales performance commission or similar sales performance incentive program and the projected benefits of the program to lottery ticket sales and state revenues.

SB 1, GAA, 87th Legislature, Article VII Rider 9: Lottery Operator Contract

The amounts included above in Strategy A.1.6, Lottery Operator Contract, are estimated appropriations out of the State Lottery Account in the General Revenue Fund and may only be used for payment of lottery operator contractual obligations. The estimated amount appropriated for FY 2022 is an amount equal to 2.0773% of gross sales in FY 2022; and the estimated amount appropriated in FY 2023 is an amount equal to 2.0331% of gross sales in FY 2023.

SB 1, GAA, 87th Legislature, Article VII Rider 10: Appropriation of Increased Revenue

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% of the amount by which gross sales exceed \$6,335,000,000 in FY 2022 and the amount by which gross sales exceed \$6,335,000,000 in FY 2023 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, 2022, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2022.

Notification of Planned Use of Funds. Prior to the use of the funds appropriated by this rider, the agency shall submit to the Legislative Budget Board a report, in a manner prescribed by the Legislative Budget Board, outlining the planned use of the funds.

Reporting Requirement on Use of Funds. The agency shall submit to the Legislative Budget Board, by December 1 each fiscal year, a report, in a manner prescribed by the Legislative Budget Board, that includes the following information:

- the amounts of the funds appropriated by this rider that were expended in the previous fiscal year and the purpose of the expenditures; and
- the amount of the funds that were lapsed at the end of the previous fiscal year.

SB 1, GAA, 87th Legislature, Article VII Rider 14: Limitations on Transfers

Notwithstanding Article IX, §14.01, Appropriation Transfers of this Act, appropriations may not be transferred from Strategy A.1.7, Scratch Ticket Production Contract(s), to other strategies without prior written approval from the Legislative Budget Board.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

N/A

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

N/A

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

N/A

K. If contracted expenditures are made through this program please provide

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2022;
- the number of contracts accounting for those expenditures;
- the award dates and funding source for those contracts
- the method used to procure those contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and

- a short description of any current contracting problems.

Attachment 15 provides a listing of all contracts over \$1 million. Attachment 18 includes several reports providing additional information on all agency contracts, including a report of all “Major Contracts.”

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program’s performance, including any outdated or ineffective state laws? Explain.

Retailer Services

Chapter 466 of the Government Code does not currently allow the agency to contract with or license the Lottery Operator to act as a ticket sales agent. This change could result in opportunities to develop a new approach in supporting retail locations that have not traditionally offered lottery tickets at their retail businesses.

Validations

In accordance with Chapter 466 of the Government Code, a retailer can pay a prize in an amount less than \$600 after performing procedures to validate the winning ticket. The validation process at retail locations does not require a claim form to be completed. Agency claim centers are required to have a claim form completed for all prizes paid by warrant. Amending this requirement so the player does not have to complete a claim form for prizes less than \$600 would make the player’s experience the same for prizes paid by a retailer. This change would reduce claims processing time for agency staff and improve customer service for players.

Advertising

Section 466.110 of the Texas Government Code states that advertisements or promotions sponsored by the Texas Lottery must not be of a nature that unduly influences any person to purchase a lottery ticket or number. This general restriction can be broadly interpreted and significantly limits both the types of promotional messages and the media placement strategies employed in the agency’s messaging.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

None identified at this time.

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **actions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

Licensing of Sales Agents

The licensing of Texas Lottery retailers or ticket sales agents is needed to ensure that the integrity and security of Texas Lottery games are maintained to protect the interests of the state of Texas and Texas Lottery players. Licensing of sales agents is necessary to ensure that the marketing and sale of Texas Lottery games is conducted in an appropriate manner. Provisions in the State Lottery Act set out the eligibility parameters for an applicant for a sales agent's license. In addition, the Lottery Operations Director may license as a sales agent each person the director believes will best serve the public convenience. The Lottery Operations Director may *not* issue a license to a person to engage in business exclusively as a lottery sales agent and a license may not be transferred or assigned to any other person or location. The Lottery Operations Director may issue a license to a person only if the director finds that the person's experience, character, and general fitness are such that the person's participation as a sales agent will not detract from the integrity, security, honesty, and fairness of the operation of the lottery.

The agency conducts retailer investigations based on lottery gaming system monitoring of business activities, public complaints, and issues identified by lottery operator or agency personnel in the course of their work activities in support of licensed retailers.

When a licensed sales agent/retailer is found to be noncompliant with regulations related to the retailer's eligibility, the sales agent is advised of the issue impacting its eligibility. Compliance issues may be identified through the filing of complaints by members of the public via the Compliance Activity Monitoring Program (CAMP) process or by reviews conducted by department staff. Some compliance issues require formal investigations by Texas Lottery Commission investigators while others may be evaluated via a review of agency official records. Retailer Services personnel will advise the sales agent via correspondence and/or telephone contact of measures they can take to resolve issues impacting their eligibility.

If the sales agent's eligibility issue is not resolved or cannot be resolved, action may be taken against the sales agent's license. If the agency summarily suspends a sales agent's license, the agency shall give the lottery retailer written notice of the time and place of the administrative

hearing within ten days of the hearing. The hearing is to determine whether the sales agent can show cause why the licenses should not be suspended. If the agency proposes the revocation of a sales agent's license, the agency shall give the lottery retailer written notice of the time and place of the administrative hearing not later than the 20th day before the date of the hearing. The administrative hearing, except in summary suspension proceedings, shall be a contested case hearing conducted by the State Office of Administrative Hearings (SOAH) pursuant to the Administrative Procedure Act and the Commission's Rule of Practice and Procedure, Title 16, Chapter 401 of the Texas Administrative Code. All relevant rules of evidence and time limits established in those rules shall apply to hearings conducted. The scope of judicial review of a decision in a contested case shall be under the substantial evidence rule.

The Compliance Activity Monitoring Program (CAMP) section of the Retailer Services department is the intake point for consumer/public complaints against sales agents. Complaints about lottery sales agents are reviewed and, when necessary, investigated by the Texas Lottery Commission Enforcement Division. The investigative reports are reviewed by Lottery Operations Division management and administrative action against a sales agent's license may be initiated.

All applicants for a sales agent's license are required to certify that their location is in compliance with the Americans with Disabilities Act (ADA) as set forth in the State Lottery Act. Retailer locations must be accessible to everyone, including physically challenged individuals, so that anyone can enter (if applicable) and purchase or redeem a lottery ticket.

Retailer locations may require a formal inspection for ADA compliance in response to a complaint received from a player or a member of the public. The ADA compliance inspection covers areas of retailer locations that a player needs to enter, if applicable, and to purchase or redeem a lottery ticket. The inspection follows the State Lottery Act as it relates to federal ADA guidelines. Inspections are performed by Retailer Services and claim center staff and are evaluated for ADA compliance by designated Retailer Services staff.

If a location is noncompliant, then Retailer Services staff notifies the retailer of the areas of noncompliance via certified letter. Noncompliant retailers are then responsible for making the changes needed to bring the location into compliance. Follow-up inspections are performed to ensure compliance. The agency may initiate administrative action against a sales agent's license if it fails to come into compliance with ADA guidelines.

P. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the chart is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure. In addition, please briefly explain or

define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

For additional information, please see the *Compliance Activity Monitoring Reports* posted on the agency’s website:

https://www.texaslottery.com/export/sites/lottery/About_Us/Publications/Reports.html

**Texas Lottery Commission
Lottery Division
Exhibit 12: Information on Regulated Population; Complaints Against Regulated Persons, Businesses, or other Entities; and Disciplinary Actions
FYs 2018 to 2022**

*Number within Total Regulated Population (Active Credentials Only)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Retailer locations that held an active Texas Lottery Ticket Sales License at the end of each fiscal year	17,954	18,253	20,057	20,464	20,720

Complaints Received by Source	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Complaints Received	454	502	434	442	462
Complaints Initiated by Agency (originating from criminal history checks)*	NA	NA	NA	NA	NA
Complaints Initiated by Agency (non-originating from criminal history check)	6	5	17	1	3
Complaints Originating from Public (including other regulated persons or entities)	448	497	417	440	459
Complaints Originating from Other Agencies**	0	0	0	1	0

****Only Applicable if Conducting Fingerprint Criminal History Checks.***

***** In the Report on Compliance Activity Monitoring publications issued by the agency, the figures for complaints received from the public include complaints received from the State Auditor’s Office. In the above table, the one complaint received from the State Auditor’s Office in FY 2021 is included only in the Complaints Originating from Other Agencies category.***

Disposition of Complaints	Fiscal Year 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Complaints Received*	454	502	434	442	462
Complaints Found Jurisdictional	454	502	434	442	462
Complaints Found Non-Jurisdictional	0	0	0	0	0
Total Complaints Dismissed (no investigation)	0	0	0	0	0
Complaints Dismissed for Lack of Evidence (no investigation)	0	0	0	0	0
Complaints Dismissed Due to No Violation Alleged (no investigation)	0	0	0	0	0

Total Complaints Sent for Investigation	454	502	434	442	462
---	-----	-----	-----	-----	-----

****Since Complaints May Not be Processed within a Single Fiscal Year, Rows Below May Not Equal the Total.***

Complaints Resolved	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Complaints Resolved After Investigation	431	537	270	495	465
Complaints Dismissed for Lack of Evidence Found in Investigation	107	177	73	205	188
Complaints Dismissed Due to No Violation Found in Investigation	78	132	70	124	124
Total Complaints Resolved Though Informal Action	0	0	0	0	0
Total Complaints Resolved Through Formal Action	431	537	270	495	465

Disciplinary Actions Taken	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Complaints Resolved Through Final Orders (Formal and Informal)*	20	41	35	21	25
Number of Administrative Penalties Issued	NA	NA	NA	NA	NA
Total Amount of Administrative Penalties Issued	NA	NA	NA	NA	NA
Total Amount of Administrative Penalties Collected	NA	NA	NA	NA	NA
Average Amount of Administrative Penalties Issued	NA	NA	NA	NA	NA
Average Amount of Administrative Penalties Collected	NA	NA	NA	NA	NA
Warnings	75	58	27	16	28
Reprimands**	0	0	0	0	0
Suspensions	15	29	28	15	24
Probated Suspensions	NA	NA	NA	NA	NA
Revocations	0	1	0	0	0
Remedial Plans (if applicable)	NA	NA	NA	NA	NA
(Other Disciplinary Action – Specify)**	NA	NA	NA	NA	NA

**** Since Complaints May Not be Processed within a Single Fiscal Year, Rows Below May Not Equal the Total.***

*****The Texas Lottery issues warning letters for certain retailer violations. In the Report on Compliance Activity Monitoring publications issued by the agency, these were listed as Reprimands. For this table those numbers are reported as Warnings only.***

Disciplinary Actions Appealed	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Hearings at SOAH	0	9	3	2	0
Agency Prevailed at SOAH	NA	9	3	2	NA
Agency Did Not Prevail at SOAH	NA	0	0	0	NA
Total Appeals by Respondent to District Court	0	0	0	0	0

Self-Evaluation Report

Agency Action Affirmed by District Court	NA	NA	NA	NA	NA
Agency Action Overturned or Changed by District Court	NA	NA	NA	NA	NA
Total Appeals by Agency to District Court	0	0	0	0	0
Agency Action Affirmed by District Court	NA	NA	NA	NA	NA
Agency Action Overturned or Changed by District Court	NA	NA	NA	NA	NA

Timelines for Enforcement Actions	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<i>Final Resolution = complaint dismissed or final order entered; does not include time in appeals to <u>district court</u></i>					
Average Days from Complaint Received to Final Resolution	85	79	93	135	132
Maximum Days from Complaint Received to Final Resolution	2607	769	1019	1119	937
Average Days from Complaint Received to Dismissed	70	64	58	122	115
Average Days from Complaint Received to Dismissed (no investigation)	NA	NA	NA	NA	NA
Average Days from Complaint Received to Investigation Finished	47	37	32	45	41
Average Days from Start to Finish of Investigation	34	30	28	33	32
Number of Complaints Open for More than One Year (as of August 31 st of Fiscal Year)	10	9	54	60	13
Percentage of Complaints Resolved within Six Months	94%	93%	90%	79%	86%

Tables 12-18 Exhibit 12 Information on Complaints Against Persons or Entities

CHARITABLE BINGO OPERATIONS DIVISION

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Charitable Bingo Operations Division

Location/Division: 1801 N. Congress Ave., Austin

Contact Name: LaDonna Castañuela, Division Director

Statutory Citation for Program: The Bingo Enabling Act (BEA), Texas Occupations Code Chapter 2001

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Charitable Bingo Operations Division (CBOD or the Division) of the Texas Lottery Commission is responsible for the regulation of all activities relating to the conduct of charitable bingo games in the state of Texas. Charitable bingo is an important fund-raising activity for a variety of Texas nonprofit organizations. The CBOD is charged with the strict control and close supervision of bingo conducted in this state so that bingo is fairly conducted and the proceeds from bingo are used for an authorized purpose. The Division's goal is to achieve voluntary compliance and assist licensees through training and education.

The CBOD is managed by a director, who reports to the five-member Commission. The Division is organized into the following areas: the Audit Services Department, Licensing Services Section, Accounting Services Section, and Compliance Services Section. While each area of the CBOD performs a distinct function, these sections also interact frequently with each other, as well as with other TLC divisions.

Audit Services Department

The Audit Services Department (Audit) conducts audits, game inspections, and investigations of licensed authorized organizations, lessors, manufacturers, distributors, and accounting units. The goal is to ensure compliance with the Bingo Enabling Act (BEA) and the Charitable Bingo Administrative Rules (Rules). By law, bingo is a cash-based operation. Audit activities help to ensure that all proceeds derived from bingo are used for a lawful purpose and charitable bingo games are conducted fairly. Audit activities are conducted in accordance with 16 Tex. Admin. Code § 402.703 and with the professional standards set forth in the *Bingo Audit Methodology and Standards Handbook* which provides a framework for performing high-quality audit work with competence, integrity, objectivity, and independence.

The Licensing Services Section (Licensing) processes original, renewal, temporary and amendment applications for licensed authorized organizations, lessors, manufacturers, and

distributors, and also processes accounting unit notifications. Licensing examiners communicate by written correspondence, email, fax, or telephone with all applicants to clear deficiencies before licenses are issued. All applications go through a determination process to ensure eligibility and compliance with the BEA and Rules. Examiners also process and issue temporary licenses to authorized organizations for one-time occasions.

Licensing is also responsible for maintaining a registry of approved bingo workers; processing equipment transfer and sale requests; updating changes to licensees' information on file; and sending all required notifications of applications and licenses to local jurisdictions and local law enforcement.

In addition, license examiners process and track surrendered and expired licenses that have been placed on administrative hold status and provide assistance to applicants who call the 1-800 information line or send questions via email.

Accounting Services Section

The key functions of the Accounting Services Section (Accounting) are to collect prize fees on behalf of the State; process all quarterly reports and mail out billing notices; monitor the operating capital limits and distributions of bingo net proceeds; and communicate with licensees regarding compliance issues. If a licensee does not pay, or underpays, its prize fee for a quarter, Accounting is responsible for collection of those fees and taxes. The collection of prize fees may include forfeiting bonds, placing licensees on payee hold with the Comptroller of Public Accounts, or requesting administrative action and, if necessary, providing testimony at an administrative hearing.

Accounting interacts frequently with licensees regarding the filing of reports; meeting net proceeds requirements; notification of accounting unit changes or the transfer of funds into their bingo account; and the calculation of their operating capital and required distributions. On a quarterly basis, Accounting notifies all conductors in writing of their required distributions and then verifies that the distributions were made.

Compliance Services Section

The Compliance Services Section (Compliance) processes requests for waivers from the requirements to generate net proceeds and to make charitable distributions, and requests for administrative action from Audit, Licensing, and Accounting. Requests for administrative action may result in the assessment of sanctions such as administrative penalties to persons that violate the BEA or the Rules. The objectives for applying an administrative penalty are to protect the public; encourage compliance with the BEA and the Rules; deter future violations; offer opportunities for rehabilitation as appropriate; punish violators; and to deter others from committing violations. Administrative penalties are assessed after staff efforts to bring a licensee into compliance are unsuccessful. If the license holder requests an administrative hearing, the Compliance Services Section works closely with Legal Services Division (Legal) until a final order

is issued by the Commission. If the final order assesses penalties or further action, Compliance will track penalty payment and further actions.

Compliance is also responsible for processing submissions for the approval of bingo products used in Texas. Bingo products include bingo paper, instant and event pull-tab tickets, and electronic card-minding devices. Only bingo products approved by the CBOD Director can be sold, leased, or used in Texas.

Other Activities

Other major activities of the CBOD include extensive customer service provided by the Division's training specialist whose main job function is to assist individuals and educate them regarding the BEA and the Rules via the 1-800 phone line and Bingo.Services@lottery.state.tx.us. Additionally, the CBOD develops and updates online training programs and PowerPoint presentations, available on YouTube, to assist licensees who are new to bingo, those who need to refresh their training every two years, and those who are interested in learning more about the bingo business. The Frequently Asked Questions, Director's Messages, Bingo Advisory Opinions (BAOs), and other important news and publications are available on CBOD's website. The BAOs are issued by the CBOD Director in accordance with 16 TAC §402.101.

C. What information can you provide that shows the effectiveness and efficiency of this program or function? If applicable, reference but do not repeat any performance measures from Section II, Exhibit 2, and provide any other metrics of program effectiveness and efficiency. Also, please provide the calculation or methodology behind each statistic or performance measure.

Licensing processes original, renewal, and temporary license applications from individuals and organizations. Licensing also processes amendments for current license holders. The types of licenses are regular conductor, non-regular conductor, worker registry, lessor, distributor, and manufacturer.

In calendar year 2022, there were a total of 1,346 bingo license holders and \$894 million gross receipts were generated.

The following key performance measures provide information on the level of efficiency and effectiveness of the CBOD in ensuring that charitable bingo in Texas is conducted fairly and the proceeds from charitable bingo are used for an authorized purpose.

CBOD Key Performance Measures	FY 2021	FY 2022
Percent of Complaints Referred for Disciplinary Action	1.47%	0%
Net Bingo Games Revenue Received by Charitable Organizations (in Millions of Dollars)	30.78	38.68

Percentage of Organizations Who Met the Statutory Charitable Distribution Requirement	96.89%	97.74%
Number of Licenses Issued (includes regular, non-regular and temporary conductor licenses, manufacturer, distributor, and lessor licenses.)	13,756	9,387
Number of Bingo Complaint Investigations Completed	68	137

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

The important history about CBOD is included in Section III.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

The CBOD regulates all aspects of charitable bingo activities in Texas and issues the following types of licenses:

- **Conductor** – a non-profit organization authorized to conduct bingo in Texas. A nonprofit organization applying for a license to conduct charitable bingo must meet requirements for licensing as stated for the various types of non-profit organizations (fraternal, veteran, religious, medical, emergency medical services, and volunteer fire departments) as specified by §§ 2001.002 (11) (19) (26) (27) (28), 2001.101, and 2001.102 of the BEA. Once licensed, the organization must comply with the BEA and Rules. In calendar year 2022, there were 1,011 licensed conductors in Texas.
- **Lessor** – an individual or organization that leases a location for the purpose of conducting a charitable bingo game. An applicant for a lessor license must meet the requirements of Subchapter D of the BEA. Once licensed, the individual or organization must comply with the BEA and Rules. In calendar year 2022, there were 306 licensed commercial lessors in Texas.
- **Distributor** – an individual or organization that sells, distributes, or supplies equipment to organizations licensed to conduct charitable bingo in Texas. An applicant for a distributor’s license must meet the requirements of Subchapter E of the BEA. Once licensed, the organization must comply with the BEA and Rules. In calendar year 2022, there were 10 licensed distributors in Texas.
- **Manufacturer** – an individual or organization that manufactures bingo equipment and sells to licensed distributors in Texas. An applicant for a manufacturer’s license must meet the requirements of Subchapter E of the BEA. Once licensed, the individual or organization must

comply with the BEA and Rules. In calendar year 2022, there were 19 licensed manufacturers in Texas.

Until Sept. 1, 2023, conductor license applicants could choose to apply for a one- or two-year license term. Effective Sept. 1, 2023, all regular conductor licenses will be issued for two-year terms.

An individual who acts as an operator, manager, cashier, usher, caller, bingo chairperson, bookkeeper, or salesperson for a licensed authorized organization must be listed on the Registry of Approved Bingo Workers (the Registry). To be listed on the Registry, all individuals must meet the requirements of §§ 2001.313 and 2001.314 of the BEA. Once an individual is listed on the Registry, that individual must meet all applicable requirements of the BEA and Rules. In calendar year 2022, there were 8,924 persons listed on the Registry.

CBOD's work also impacts bingo players in Texas and citizens of Texas who benefit from the charitable distributions generated by organizations that conduct bingo in Texas. The reported charitable distributions in FY 2022 were \$38.68 million.

Also in calendar year 2022, attendance at charitable bingo occasions in Texas exceeded 10 million. "Attendance" at a bingo occasion does not necessarily mean a person was playing bingo during an occasion. Non-playing attendees may be counted in this report. Further, a person may be counted more than one time in the aggregated number, as they should be counted for each occasion they attended and multiple occasions can be held on the same day.

Cities and counties in Texas also benefit from charitable bingo activities in the form of bingo prize fees. Prize fees are a cost of 5% (of total winnings) that is collected from a person who wins a bingo prize of more than \$5.00. A licensed conductor must remit 50% of the fees to the commission and 50% to the local entities, if the local entities voted to impose a prize fee before Nov. 1, 2019. If an entity did not vote for the fee, its share of the 50% collected is deposited with the charitable organization. In calendar year 2022, charitable organizations reported the following allocations to local governments:

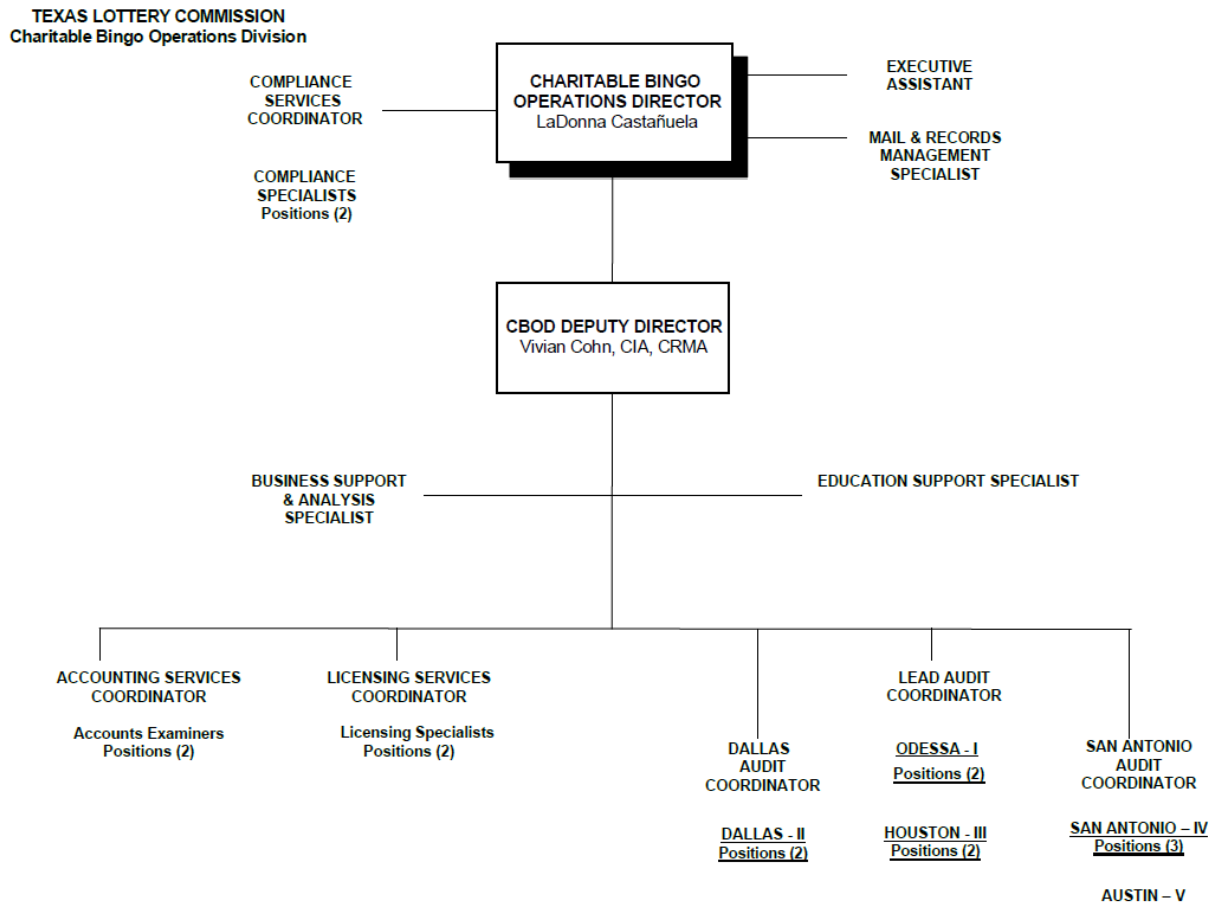
- Cities - \$6,122,325
- Counties - \$6,755,796

In addition, \$16,009,232 in prize fees were collected by CBOD on behalf of the state. Prize fees collected on behalf of the state are deposited to the General Revenue Fund.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

CBOD is administered by the CBOD Director who is a direct report to the five-member Commission. The CBOD is comprised of staff at the Austin headquarters and field auditors located in four regional offices: Dallas, Houston, San Antonio, and Odessa.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The CBOD is funded through General Revenue. While there is no dedicated bingo account in General Revenue, §2001.003 of the BEA provides that it is the legislature’s intent that the Division is funded by the collection commercial lessor, manufacturer, and distributor license fees and prize fees. In addition, the following appropriation rider provides funding for the Bingo Program:

SB 1, GAA, 87th Legislature, Article VII Rider 13: Bingo Third Party Reimbursements.

Included in amounts appropriated above in Strategy B.1.3, Bingo Law Compliance Field Operations, is an estimated \$60,000 in FY 2022 and \$60,000 in FY 2023 from General Revenue

collected from third party reimbursements by the Bingo division in accordance with Texas Occupations Code §§2001.205(b), 2001.209(b), and 2001.560(d).

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

There are no programs, internal or external to the agency, that provide identical or similar services or functions to the target population.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The CBOD has worked with federal government agencies, including the Department of Homeland Security, but does not do so regularly. Also, CBOD performs audits and investigations of bingo activities upon request of local jurisdictions and police departments. The Division receives very few inquiries and requests made by other units of government.

Licensing notifies municipalities, counties, and police departments of bingo licenses, as required by the BEA.

K. If contracted expenditures are made through this program please provide

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2022;
- the number of contracts accounting for those expenditures;
- the award dates and funding source for those contracts
- the method used to procure those contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Charitable Bingo Operations Division Contracted Expenditures – FY 2022						
Vendor Name	Purpose	Type	Expiration	Funding Source	Total Expenditures FY 2022	Notes
Technology Spa LLC (formerly Agencies of Change)	Website Hosting Services	RFP	8/31/24	General Revenue Fund/General Revenue Dedicated Fund-Lottery Account Number 5025	\$182,160	Bingo funds expended were \$85,674 of contract value for FY 22
Xerox Business Solutions Southwest (fka Dahill)	Document Management Services	RFP	8/31/27	General Revenue Fund/General Revenue Dedicated Fund-Lottery Account Number 5025	\$206,657.50	Bingo Funds expended were \$2,896 of contract value for FY22
Texas Department of Public Safety	Inter-agency Cooperation Contact-Criminal History Record Information	IAC	8/31/23	General Revenue Fund/General Revenue Dedicated Fund-Lottery Account Number 5025	\$43,952.25	Bingo Funds expended were \$6,558 of contract value for FY22

There were no contracting problems with the above contracts for FY 2022. The procurements for the above contracts are managed by TLC’s Contracts Administration Section. CBOD pays only its portion of the cost of each of the contracts listed above.

L. Provide information on any grants awarded by the program.

Not applicable.

M. Are there any barriers or challenges that impede the program’s performance, including any outdated or ineffective state laws? Explain.

The CBOD and its licensees still conduct a lot of business on paper. In 2015, the Division launched its current database (Bingo Operations Services System or BOSS) which, for the first time, included a public interface (the Bingo Service Portal or BSP). Bingo license forms, most quarterly reports and associated prize fee payments can be filed through the BSP.

Nevertheless, in FY 2022, the CBOD *received* 10,457 paper documents, each of which CBOD staff must identify correctly, log, prepare for scanning into BOSS and then verify that the scanning was done correctly by the agency’s Scanning Center. When mail contains a check to pay a penalty or

prize fee, the processing involves additional verification and logging and, if a check is for an incorrect amount, it must be returned to the sender with a letter explaining the issue. Requiring licensees to file through BSP when possible, could be accomplished by rule, perhaps with a procedure allowing for waivers in limited circumstances, such as when a license holder is in an area with limited or no access to internet service.

Additionally in FY 2022, CBOD *mailed* 23,190 pieces of mail, including:

- engagement packets including letters, record request documents, and final audit reports from Audit Services Department;
- licenses, registry badges, notifications of licenses and temporary licenses to local governments and local law enforcement agencies from Licensing Services Section;
- thirteen scheduled mailouts each quarter from Accounting Services Section; and
- letters from Compliance Services Section regarding the Director’s decision on a license holders’ request to waive the requirements for charitable distributions or net proceeds, warning letters and illegal bingo letters.

It is important to note that SB 643, 88th Legislature, did repeal some of Licensing’s mailing requirements for temporary licenses for regular conductors. Still, much of the information in the mailings listed above could be sent to the recipient by email. Such a change in practice would allow the CBOD to function more efficiently and would be a notable change for bingo licensees.

CBOD is aware that many licensees may prefer to transact business on paper for various reasons and may have difficulty converting to an online system. Also, CBOD is not suggesting eliminating all mail received or sent by the Division. For instance, conductors are required by law to display their license during a bingo occasion and worker registrants are required to wear their worker registry badges while they are working. The Division believes mailing hard copy licenses to the license holder and worker registry badges to the worker is still a valuable practice.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

None at this time.

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**

- **actions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

As required by the BEA, the Division regulates bingo equipment, organizations, lessors, manufacturers, distributors, and workers to ensure that bingo games are fairly conducted and the proceeds derived from the conduct of the games are used for an authorized purpose.

Regulation of bingo equipment is needed to ensure that the products are fair and meet the standards of the BEA and the Rules. Before bingo equipment can be sold in the state, the manufacturer must submit it to the Division for approval. Pull-tab bingo tickets are by far the most common submission, but the Division also receives bingo paper, electronic card minding devices, and other equipment for approval. Pull-tab bingo tickets are regulated by Rule 402.300 and are most often denied for approval due to artwork or text that does not properly preserve the integrity of the Commission, such as images that could be interpreted as depicting violent acts, profane language, or provocative, explicit, or derogatory images. In such cases, the Division contacts the applicant and requests modification of the submission. Electronic card minder products must undergo testing by an independent laboratory to ensure they operate fairly. The Director has final administrative authority over all bingo product approvals or denials. If a complaint is received about a particular piece of bingo equipment, the Division will investigate and take action necessary to ensure that the product is fair and is in accordance with the version that has been approved.

The Division also issues licenses to bingo organizations, commercial lessors, manufacturers, distributors, and registered bingo workers. The BEA and the Rules require a number of regulations related to the issuance, renewal, and denial of licenses, mostly based on the criminal history of the applicants. Background checks requiring fingerprints are conducted on all applicants. If the applicant has a possible disqualifying criminal offense, the application is set aside for informal resolution. Information about disqualifying criminal offenses can be found in rule 402.702 and in the guidelines posted on the website at:

https://www.texaslottery.com/export/sites/bingo/Documents/Guidelines_for_Current_Licenses_Registered_Workers_and_Applicants.pdf.

Applicants are provided a notice of potential denial of the application and given the opportunity to respond with mitigating information or to request a hearing at the State Office of Administrative Hearings (SOAH). If the applicant fails to respond, the application is deemed withdrawn and denied. If the applicant responds with sufficient mitigating evidence, the Director may offer an agreed order to grant the license, subject to some restrictions. If the applicant requests a hearing, the case is referred to Legal to litigate the case. If a complaint is received about a particular licensee, the Division will investigate and take any action necessary to ensure that the licensee is properly qualified to hold the license and has adhered to the laws and rules related to the license.

Licensed organizations, lessors, manufacturers, and distributors are required by law to submit quarterly reports and to pay applicable prize fees within 25 days of the date the reports are due.

Organizations are also required by law to demonstrate net proceeds on an annual basis. All licensees are further subject to a host of other regulations related to accounting procedures that are necessary to ensure that bingo is conducted fairly and that the proceeds are used for an authorized purpose. When the Division discovers possible violations of these regulations, the licensee will be notified and given a chance to come into compliance and avoid further action. These communications often include a combination of phone calls, emails, and letters. If the issue cannot be resolved at this stage, it will be referred for administrative action.

The Division also issues licenses to bingo organizations, commercial lessors, manufacturers, distributors, and registered bingo workers. The BEA and the Rules require a number of regulations related to the issuance, renewal, and denial of licenses, mostly based on the criminal history of the applicants. Background checks requiring fingerprints are conducted on all applicants. If the applicant has a possible disqualifying criminal offense, the application is set aside for informal resolution. Information about disqualifying criminal offenses can be found in rule 402.702 and in the guidelines posted on the website at:

[https://www.texaslottery.com/export/sites/bingo/Documents/Guidelines for Current Licensees Registered Workers and Applicants.pdf](https://www.texaslottery.com/export/sites/bingo/Documents/Guidelines_for_Current_Licensees_Registered_Workers_and_Applicants.pdf).

Applicants are provided a notice of potential denial of the application and given the opportunity to respond with mitigating information or to request a hearing at the State Office of Administrative Hearings (SOAH). If the applicant fails to respond, the application is deemed withdrawn and denied. If the applicant responds with sufficient mitigating evidence, the Director may offer an agreed order to grant the license, subject to some restrictions. If the applicant requests a hearing, the case is referred to Legal to litigate the case. If a complaint is received about a particular licensee, the Division will investigate and take any action necessary to ensure that the licensee is properly qualified to hold the license and has adhered to the laws and rules related to the license.

Licensees may accept a penalty determination and pay a penalty or, after informal conference, accept a memorandum of agreement and consent order to be issued by the Commission. Agreements may include disciplinary action against a licensee, including penalties, license suspension, revocation, or denial, or a redeposit requirement. Hearings are conducted by administrative law judges at SOAH, in accordance with the Administrative Procedures Act.

Bingo organizations and Units are subject to random audits, including game inspections that occur at the bingo occasion, as required by the BEA. If an audit contains violation findings, it is referred to Compliance for a Director determination. Compliance prepares the following documents for Director consideration: a summary of the audit findings, a violation history of the audit subject(s), and information about previous determinations for the similar violation(s) from the last three years. After review of all the materials, the Director determines if the violations found merit an administrative penalty, an amount for redeposit and/or withdrawal from the bingo bank account, or a warning.

If the determination includes a penalty and/or redeposit requirement, Compliance refers the audit to Legal for administrative action. Administrative action begins with a determination letter drafted by Legal. If the determination only contains warning(s), Compliance will issue the warning letter.

Most audit determinations contain both administrative penalties and warnings. In FY 2022, the audits of 19 accounting units and 15 stand-alone organizations were referred to Compliance for Director determination. Of the 19 accounting unit determinations, 17 included penalties and two were resolved with warning letters. Of the 15 stand-alone organization determinations, 11 included penalties and four were resolved with warnings letters. The total of the penalties collected for the FY 2022 determinations was \$24,550.

Licensing sends a request for administrative action to Compliance after the deadline has passed for an organization to act on license deficiencies listed in a 21-day letter. In FY 2022, Compliance referred 13 requests to issue Notice of Intent to Deny letters to Legal. Six organizations did not respond, resulting in denial of the application. Three organizations cleared their license deficiencies in the letter, resulting in approval of the application. Three organizations chose to surrender their licenses, and one withdrew the application.

Accounting sends requests for administrative action to Compliance for a number of possible violations, including when quarterly reports or records of charitable distributions are not filed timely; errors are found on quarterly reports and amended reports are not filed after notification; charitable distributions have not been made; the requirement to generate positive net proceeds is not met; or a required bond has not been provided. In FY 2022, Accounting referred 57 cases to Compliance: Fourteen against accounting units, 42 against stand-alone organizations, and one against a distributor. Thirty-two cases were closed by Compliance when, after outreach, the issues were resolved. Twenty-five cases were referred to Legal for administrative action. Of the 25 cases, 22 were closed because the accounting units or stand-alone organizations came into compliance before the scheduled hearing, and three cases resulted in a memorandum of agreement and consent order.

The Compliance Activity Monitoring Program (CAMP) Section of the Retailer Services Department of the Lottery Operation Division operates an intake function that includes receiving complaints, including complaints related to bingo. Members of the public may file complaints online on the Division's website. Complaints are first reviewed to determine if the agency has jurisdiction over the matter. Complaints that are found to be jurisdictional are forwarded to the Enforcement Division for investigation. After the investigation, the complaint may be referred to the CAMP section to be closed or to the Division for further action. Sometimes the investigator requests action from Audit, such as an audit or game inspection.

P. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the chart is to create uniformity across agencies under review to the extent possible,

but you may make small adjustments to the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

The data in the tables below include bingo-related complaints received by the CAMP section or other TLC staff, including CBOD. It does not include matters referred to Compliance for administrative action by Audit, Accounting or Licensing. The following definitions are used for terms in the tables below:

- **Complaint:** An allegation of misconduct against an individual, bingo organization, accounting unit, or lessor (respondent) received from an outside source or initiated internally by the Texas Lottery Commission (Commission). The term does not include referrals made for administrative action requests from the Accounting, Audit, or Licensing sections/department.
- **Disciplinary Action:** A formal or informal action taken by the Division in response to a substantiated complaint.
- **Enforcement Action:** All actions taken by the Commission staff from complaint receipt to complaint resolution.
- **Formal Action:** The Division's response to a complaint that requires an action from the respondent. Examples of formal actions include administrative penalty determination letters or notices of hearing to suspend or revoke a license.
- **Informal Action:** The Division's response to a complaint that does not require an action from the respondent. An informal action is a warning letter.
- **Investigation:** An inquiry made by the Enforcement Division to determine if a complaint falls within the scope of CBOD's jurisdiction and whether it can be substantiated.
- **Reprimand:** A warning letter sent by the Division to a respondent in response to a substantiated complaint. A warning letter informs the respondent of a violation and of the applicable law or rule.
- **Scope of Jurisdiction:** CBOD's authority in accordance with the BEA.

**Texas Lottery Commission
Charitable Bingo Operations Division
Exhibit 12: Information on Regulated Population; Complaints Against Regulated Persons,
Businesses, or other Entities; and Disciplinary Actions
FYs 2018 to 2022**

*Number within Total Regulated Population (Active Credentials Only)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total number of regulated persons and entities	11,273	11,448	11,300	11,139	10,401

Complaints Received by Source	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Complaints Received	143	146	73	105	117
Complaints Initiated by Agency	0	0	0	0	0
Complaints Received from External Sources (including the public and other agencies, but excluding the State Auditor’s Office, SAO, regulated persons or entities)	143	146	73	105	117
Complaints Originating from SAO	0	0	0	0	0

Disposition of Complaints	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Complaints Received*	143	146	73	105	117
Complaints Found Jurisdictional	138	141	68	100	108
Complaints Found Non-Jurisdictional	5	5	5	5	9
Total Complaints Dismissed (no investigation)	0	0	0	0	0
Complaints Dismissed (no Violation found in investigation)	106	130	87	54	70
Total Complaints Sent for Investigation	143	146	73	105	117

**Since Complaints May Not be Processed within a Single Fiscal Year, Rows Below May Not Equal the Total*

Complaints Resolved	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Number of External and Internal Complaints Resolved	121	152	99	69	84
Complaints Closed with no Disciplinary Action (not substantiated)	113	138	90	59	75
Total Complaints Resolved Though Informal Action (Reprimands)	3	9	4	5	0
Total Complaints Resolved Through Formal Action	0	0	0	0	0

Disciplinary Actions Taken	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<u>Number</u> of Administrative Penalties Issued	0	0	0	0	0
Reprimands	3	9	4	5	0
Suspensions	0	0	0	0	0
Revocations	0	0	0	0	0

*** Since Complaints May Not be Processed within a Single Fiscal Year, Rows Below May Not Equal the Total**

Disciplinary Actions Appealed	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Cases to SOAH	0	0	0	0	0

Timelines for Enforcement Actions	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<i>Final Resolution = complaint dismissed or final order entered; does not include time in appeals to district court</i>					
Average Days from Complaint Received to Resolution	108	124	79	85	258
Maximum Days from Complaint Received to Closed	503	622	537	343	583
Average Days from Complaint Received to Investigation Finished	54	45	50	46	83
Number of Complaints Pending from Prior Years	44	55	42	16	51
Number of Complaints Open for More Than One Year	2	1	1	16	6
Percentage of Complaints Resolved within Six Months	87%	79%	94%	90%	31%

Tables 12-18 Exhibit 12 Information on Complaints Against Persons or Entities

VIII. Statutory Authority and Recent Legislation

A. Fill in the following charts, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from fiscal years 2015-20, or earlier significant Attorney General opinions, that affect your agency's operations.

Texas Lottery Commission
Exhibit 13: Constitutional Provision and Statutes / Attorney General Opinions

Constitutional Provision and Statutes

Citation / Title	Authority / Impact on Agency
Texas Constitution, Article 3, Section 47 (Prohibition on Lotteries and Gift Enterprises; Exceptions for Charitable Bingo, Charitable Raffles, and State Lotteries)	Provides that the Legislature by law may authorize and regulate certain charitable bingo games, and by general law may authorize the state to operate lotteries and enter into a contract with one or more legal entities to operate lotteries on behalf of the state.
Government Code, Chapter 467 (Texas Lottery Commission)	Establishes the Commission and sets forth the powers and duties of the Commission and restrictions on Commissioners and Commission employees.
Government Code, Chapter 466 (State Lottery Act)	Provides that the Commission and its executive director have broad authority and shall exercise strict control and close supervision over all lottery games conducted in this state. Requires the Commission to employ an executive director who may contract with or employ a person to perform a function, activity, or service in connection with the operation of the lottery.
Occupations Code, Chapter 2001 (Bingo Enabling Act)	Provides that the Commission has broad authority and shall exercise strict control and close supervision over all bingo conducted in this state. Requires the Commission to execute its authority through a bingo division and to employ a director of bingo operations to administer the division under the Commission's direction.

Table 19 Exhibit 13 Statutes

Attorney General Opinions

Attorney General Opinion No.	Impact on Agency
DM-302 (1994)	Texas Constitution Article 3, Section 47(e) does not authorize the Legislature either to permit operation of slot machines by the state or to permit the state to contract with one or more entities to operate slot machines on behalf of the state.
DM-408 (1996)	State Lottery Act Section 467.025(a)(5) expressly prohibits a Texas Lottery Commissioner from advising a person to contribute to a political cause, and implicitly prohibits a Commissioner from soliciting a political contribution.

	Section 467.025(a)(5) applies to activities of Commissioners both in their official and individual capacities.
JC-0064 (1999)	The Lottery Commission may renew a license to conduct bingo games or a license to sell lottery tickets only if the licensee mailed or faxed a sufficient application on or before the date the original license was to expire. The Commission has no authority, express, implied, or in equity, to renew a license if the renewal application was untimely.
GA-0103 (2003)	Texas Constitution Article 3, Section 47(e) does not permit the Legislature to authorize the state to operate video lottery terminals.
GA-0323 (2005)	The Lottery Commission has no authority to sell promotional goods.
GA-0358 (2005)	The Legislature may not, absent a constitutional amendment, authorize the creation of county gaming districts on a local option basis that would then permit the Lottery Commission to administer a video lottery in those counties.
GA-0458 (2006)	The Bingo Enabling Act permits the Lottery Commission to issue a manufacturer's or distributor's license to a group that is composed of multiple legal entities. A person comprising a group of entities that applies for a manufacturer's or distributor's license must meet the eligibility requirements established by the Act and Commission rules, which do not necessarily require common ownership and control of the group.
GA-0499 (2007)	Bingo Enabling Act Section 2001.458(b) prohibits an authorized organization licensed to conduct bingo games from incurring or paying from a bingo account the costs of health insurance or benefits for the organization's employees or their dependents.
GA-0541 (2007)	The constitutional authorization for charitable bingo does not include "electronic pull-tab bingo." The social nature of bingo is one of the ways it differs from games like roulette or slot machines. Bingo games provide an opportunity for entertainment, social gathering, and relaxation for a significant part of a community. The social interaction present in traditional bingo is diminished, if not eliminated, in a game played by an individual on a computer monitor.
GA-0563 (2007)	Under the Bingo Enabling Act, an applicant required to list in its application an individual who holds 10% or more of an equitable or credit interest in a holding company that, in turn, holds an equitable or credit interest in another subsidiary manufacturer or distributor company, is not ineligible as a matter of law for a distributor's or manufacturer's license. Because the holding company and its subsidiary are treated as separate and distinct legal entities under Texas law, the individual does not hold, as a matter of law, an equitable or

Self-Evaluation Report

	credit interest in the subsidiary bingo manufacturer or distributor by virtue of his or her equitable or credit interest in the holding company.
GA-0579 (2007)	A court would probably find that the Lottery Commission violates the Americans with Disabilities Act if it fails to provide Texas residents with "meaningful access" to state services.
GA-0591 (2008)	A Lottery Commission rule authorizing a "graphic and dynamic" video confirmation device solely to inform players of the winning numbers in a bingo game would not by itself convert the game into electronic bingo. Video confirmation of a bingo result would not by itself comprise electronic bingo.
GA-592 (2008)	The Lottery Commission may not operate a "raffle-style" game (as described in the opinion request), nor may it enter into a contract with a private entity to operate such a game on behalf of the state.
GA-0647 (2008)	Depending on the particular facts, State Lottery Act Section 467.025(a)(5) could prohibit a Commissioner from inviting a person to a political fundraising event, authorizing the inclusion of the member's name as a sponsor or host of a political fundraising event, or soliciting a contribution to a candidate for a federal office. The applicability of the statute does not depend on the current status of the candidate as a state officeholder.
GA-0675 (2008)	Because the use of electronically readable information on a driver's license to verify the age of a person attempting to purchase a lottery ticket serves a legitimate law enforcement or governmental purpose, the Lottery Commission is not prohibited by Transportation Code Section 521.126 from using self-service terminals and vending machines to accomplish that purpose.
GA-0812 (2010)	Texas courts have considered the legal status of eight-liner machines that award gift certificates redeemable at retail establishments or tickets redeemable for further play and determined that those machines are gambling devices and do not meet the requirements for exclusion under Penal Code Section 47.01(4)(B). Similarly, a device that awards bingo cards or paper, card-minding devices and pull-tab bingo, or gift certificates redeemable for the same, is not rewarding the player exclusively with "noncash merchandise prizes, toys, or novelties," under Penal Code Section 47.01(4)(B).
GA-0913 (2012)	An eight-liner machine that dispenses tickets for prizes redeemable only at the bingo hall in which the machine is located does not meet the standard for the illegal gambling device exception provided in Penal Code Section 47.01(4)(B). Accordingly, they are illegal gambling devices under the Penal Code.

GA-0950 (2012)	<p>The Commission is authorized to promote and advertise for the lottery. Nothing in the State Lottery Act expressly prohibits the Commission's use of the internet in its administration of the Act.</p> <p>Pursuant to its broad authority under the State Lottery Act and absent prohibition otherwise, it is likely that the Lottery Commission has authority to utilize the internet in its promotional second-chance drawings for non-winning tickets.</p>
GA-1074 (2014)	<p>If room for policy determinations exists in a statute, courts normally defer to the agency's interpretation unless it is plainly erroneous or inconsistent with the statute, regulation, or rule. The lack of legislative directive on how lottery prizes are to be awarded suggests that the Legislature has given the Commission discretion to make those policy determinations.</p> <p>A court is unlikely to conclude that a Texas Lottery draw game is unconstitutional merely because it awards a preset prize amount regardless of the number of tickets purchased or because it does not carry forward any unpaid prize money to be awarded to an eventual winner.</p>
GA-1065 (2014)	<p>Occupations Code Chapter 53 does not authorize the Lottery Commission to deny or revoke an entity's bingo-related license solely on the basis that an officer, director, or shareholder has been convicted or constructively convicted of an offense specified in Section 53.021(a). The Legislature has chosen not to give the Commission the authority to revoke or deny an entity its license for the conviction of an individual required to be listed in the entity's application for an offense other than gambling, a gambling-related offense, or criminal fraud.</p>
KP-0107 (2016)	<p>Whether the Commission may consider the presence of illegal gambling activity at an applicant's retail location in examining an applicant's character and fitness under State Lottery Act Section 466.151(e) depends on the facts. To the extent the Commission may consider the presence of illegal gambling activity, a court would likely conclude that the Commission's express authority to make findings under Section 466.151(e) implies the authority to determine whether a particular activity would constitute illegal gambling, or a particular item would constitute an illegal gambling machine, under the Penal Code.</p>
KP-0202 (2018)	<p>A court would likely conclude that the language of the Bingo Enabling Act does not authorize the transfer of a "grandfathered" commercial lessor license that includes a right for the lessor to lease to more than one licensed authorized organization.</p>

Table 20 Exhibit 13 Attorney General Opinions

B. Provide a summary of significant legislation regarding your agency by filling in the charts below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass but were significant, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation). Place an asterisk next to bills that could have a major impact on the agency.

**Texas Lottery Commission
Exhibit 14: 88th Legislative Session**

Legislation Enacted

Bill Number	Author	Summary of Key Provisions
HB 639	Lozano/LaMantia	Relating to the number of temporary licenses to conduct bingo issued to certain authorized organizations in a calendar year. Increases the maximum yearly number of temporary bingo licenses that an authorized organization may receive from 6 to 12. The bill applies to organizations that do not hold a regular bingo license.
SB 643	Zaffirini/Thompson	Relating to the conduct of charitable bingo. The bill repeals the \$750 prize limit per game, increases the bingo occasion prize limit cap from \$2,500 to \$5,000, increases the number of temporary licenses a regular license holder may request from 24 to 48, changes the negative net proceeds evaluation period from one year to two and includes several statutory clean-up and clarifying provisions requested by the agency. HB 431 by Rep. Senfronia Thompson was the companion bill.
HB 1, (General Appropriations Act) Article IX Section 17.36	Bonnen/Huffman	The Rider states “the Executive Director of the Texas Lottery Commission shall not allow the order, purchase or sale of lottery tickets by telephone including facilitating the sale of tickets via an application on a phone.” The Governor’s Proclamation issued on June 18, 2023, states Article IX Section 17.36 is unconstitutional because it attempts to create general law in the Appropriations Act in violation of Article III, Section 35. Further, the Proclamation also states that a similar command to the TLC was proposed in SB 1820, but that bill was not passed by the Legislature.
HB 882 86th Legislature	Bell/Kolkhorst	Relating to the duration of a bingo occasion. Increases the maximum duration of a bingo occasion from four hours to six hours and to increase from four to six the number of hours a temporary license to conduct bingo is valid during any one day. SB 567 by Sen. Kolkhorst was the companion bill.
HB 914 86th Legislature	Thompson/Zaffirini	Relating to the regulation of bingo games. The bill eliminated the prize fee on non-cash prizes, required certain counties and cities to opt in to continue receiving a portion of prize fees, and allowed one or two more bingo occasions to be held simultaneously at the same location, among other changes.

Table 21 Exhibit 14 Legislation Enacted 88th Legislature

Legislation Not Passed

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
HB 903	Moody	Relating to the operation of a quick draw lottery game. The bill defined a quick draw lottery game and required the Texas Lottery Commission to regulate ticket prices, payout and sales agents. Sales agents were limited to those holding a permit or license by TABC for locations that provide on-premises consumption of alcohol. TLC would be required to market and advertise the game to inform the public of availability and adopt rules related to operation of the game.

HB 1395	Moody	Relating to the Texas Lottery Commission establishing at least one weekly lottery game with a drawing held on Sundays.
HB 1942	Leach	Relating to the regulation of sports wagering. Contingent on the approval of a constitutional amendment legalizing sports wagering in Texas, the bill establishes the statutory framework for the operation of mobile sports wagering for certain sports teams in Texas, including a strict permitting and regulatory process operated through the Texas Lottery Commission. SB 715 by Sen. Lois Kolkhorst was the companion bill.
HB 3940	Bhojani	Relating to the compensation paid to sale agents for state lottery ticket sales. This bill authorized increasing the minimum 5% retailer commissions to 10%.
HJR 92	Raymond	Proposing a constitutional amendment to dedicate net state lottery revenue to support educational programs that benefit classroom teaching in public schools. This resolution proposed to dedicate net state lottery revenue to support educational programs that benefit classroom teaching in public schools and to prohibit advertisements and promotions that state or imply lottery ticket sales revenue will financially assist public schools.
HJR 102	Leach	Proposing a constitutional amendment authorizing the legislature to legalize wagering in this state on certain sporting events. This resolution authorized the legislature to legalize wagering in this state on certain sporting events. This constitutional amendment is necessary to allow sports betting. HB 1942 was the enabling legislation. SJR 39 by Sen. Lois Kolkhorst was the companion legislation.
HJR 105	Dutton	Proposing a constitutional amendment authorizing the operation of five casinos in this state by licensed persons in certain counties that have approved casino gaming to provide funding for public education. The bill proposed to authorize five casinos in Texas in Bexar, Dallas, El Paso, Galveston, and Harris County. The bill authorized the Legislature to enact laws governing casinos and impose a tax on casino operations to fund public education.
SB 1820	Hall	Relating to the prohibited play and facilitation of play of a lottery game by telephone or through the internet. The intent of the legislation was to prohibit the sale of lottery tickets by telephone, including through third-party lottery couriers.
HB 394	Moody	Relating to the Texas Lottery Commission establishing at least one weekly lottery game with a drawing held on Sundays.
87th Legislature		
HB 817	Moody	Relating to the operation of a quick draw lottery game. The bill defined a quick draw lottery game and required the Texas Lottery Commission to regulate ticket prices, payout and sales agents. Sales agents were limited to those holding a permit or license by TABC for locations that provide on-premises consumption of alcohol. TLC would have been required to market and advertise the game to inform the public of availability and adopt rules related to operation of the game.
87th Legislature		
SB 1897	West	Relating to the appointment of attorneys ad litem for children in the managing conservatorship of this state and funding those attorneys ad litem through an instant-ticket lottery. The bill would have created an instant-ticket lottery game to benefit the children's justice fund established under Section 402.0123 for the purpose of assisting counties in financing attorneys ad litem appointed for children in the permanent managing conservatorship of this state.
87th Legislature		
HB 2204	Thompson/Zaffirini	Relating to the regulation of charitable bingo. This bill would update regulations to make statutory language consistent with legislative intent and administrative practice. It would authorize more occasions for charities to

Self-Evaluation Report

87th Legislature		conduct bingo, revise the bingo prize structure, and clarify current law to help the Texas Lottery Commission administer the law.
HB 2570 87th Legislature	Kuempel	Relating to the prizes awarded in certain pull-tab bingo games. The bill sought to amend the Occupations Code to set \$10,000 as the maximum value for a jackpot prize awarded in a single carryover pull-tab bingo game and to clarify that carryover pull-tab bingo is excepted from the prohibition against offering or awarding prizes with an aggregate value of more than \$2,500 on a single bingo occasion. The bill defined "carryover pull-tab bingo" and excluded games played on a gambling device from that definition.
HB 4034 86th Legislature	Dominguez	Relating to the use of money in the state lottery account for education. This legislation amended the Government Code to state that no less than 50% of total revenue received from the sale of tickets and license and application fees under this chapter shall be deposited to the credit of the foundation school fund.

Table 22 Exhibit 14 Legislation Not Passed 88th Legislature

IX. Major Issues

Issue 1: Lottery Ticket Courier Companies

A; B; C: Brief Description of Issue; Discussion; Impact

The lottery industry and the sale of lottery tickets are not immune to the advancement of technology. Traditional lottery tickets are a paper-based product and have been a focus for technology companies to modernize for many years, with significant advancements occurring in other states and around the world, although not in the state of Texas. However, a lottery business activity widely known as “lottery couriers” has emerged in the state. The Commission has no position regarding these services and understands the policy to prohibit or regulate these services is a policy decision to be determined by the Legislature.

According to the Legislative Budget Board in its analysis of legislation filed in the Senate in the 88th regular legislative session regarding lottery couriers (Senate Bill 1820), in the first seven months of FY 2023, lottery sales associated with courier services contributed to \$101.0 million in lottery ticket sales. The LBB noted that extrapolating these sales figures to a full fiscal year produces an estimated lottery ticket sales by retailers associated with couriers of approximately \$173.1 million for FY 2023.

Over the past six years, a number of lottery ticket courier companies have started operations in Texas (and other states) with a different business model than typical lottery licensees. Couriers are unlicensed service providers that take orders from customers, either through an internet website on a laptop or desktop computer, or by using an application on a mobile device, and, upon the receipt of funds from the customer, send a representative to purchase lottery tickets in-person from a licensed brick-and-mortar lottery retailer. After purchased at the brick-and-mortar location, the courier transmits a scanned image of the ticket to the customer and retains the physical ticket until it is determined to be a winning or non-winning ticket. Winning tickets with prizes of \$600 or more must be claimed at a Texas Lottery claim center, and the courier will arrange to deliver those tickets to the customer to be claimed. The agency has noted the development of courier services in Texas in both its Strategic Plan and Business Plan for the last several years.

Courier service is a private business activity that occurs outside the regulated ticket purchase process. Couriers have no business or regulatory relationship with the Texas Lottery and the relationships a courier maintains to obtain tickets are with individual retailers in Texas with whom it has its own private working arrangement. The Texas Lottery is aware of the identity of certain couriers operating in Texas but there may be others the agency is not aware of. Some couriers, prior to starting operations, have asked the agency whether a license or other form of permission was required for them to perform their contemplated services in Texas. Based on the description of the services those couriers provided to the agency, which is consistent with the general

business model described above, the agency determined that the State Lottery Act does not require a courier to obtain a license or other authorization from the agency. This conclusion is based on the fact that the form of the courier transaction does not involve a regulated sale of lottery tickets.

Legislation to require the Texas Lottery to prohibit couriers from operating in Texas, S.B. 1820, was filed during the 88th regular legislative session. In its analysis of S.B. 1820, the Senate Research Center stated that “Third-party couriers are not comprehended in current law.” While the Senate approved S.B. 1820, the House of Representatives did not consider the legislation. The final outcome approved by the Texas Legislature was a budget rider added to Article IX of the Appropriations Bill (House Bill 1) with the intent of directing the agency to prohibit the activity of couriers. The Governor signed the Appropriations Bill on June 18, 2023, and issued a proclamation related to House Bill 1. Included in the proclamation is a statement related to the rider provision which says, “I must note that Section 17.36 of Article IX is unconstitutional. Section 17.36 purports to tell the Lottery Commission that it must issue a new rule on a particular subject. This attempt to make general law in the General Appropriations Act violates Article III, Section 35 of the Texas Constitution.” These facts leave the agency in a very difficult position.

Some couriers work with established, non-affiliated Texas Lottery retailers to purchase tickets, while others have created an affiliated legal entity to obtain a retailer license, such that the courier and the retailer are separate business organizations under common ownership. A retailer that is affiliated with a courier must comply with all Texas Lottery sales agent licensing requirements, including being open and accessible to the public and not engaging in business exclusively as a lottery ticket sales agent. Also, some couriers may accept customer orders exclusively via an application on a mobile phone while others accept orders via a laptop or desktop computer internet connection without using a phone. Some couriers may take orders both ways. Regardless of the potential differences, all couriers charge a fee for their service to purchase and manage their customers’ tickets. While couriers began by offering to purchase only draw game tickets, the agency understands that more recently some couriers have added scratch ticket games.

Although the Texas Lottery has no authority over couriers, couriers independently publicize the lottery via their websites and advertising and have demonstrated the ability to generate significant incremental sales. Licensed retailers associated with couriers have emerged as some of the top-selling sales agents in Texas. The agency is aware of the following licensed retailers that work with couriers, and their recent lottery sales are provided below. As a caveat, courier transactions are not segregated from other lottery purchases so the agency cannot identify the amount of sales from courier transactions as compared to walk-in purchases only:

Retailer Name	Retailer City	FY22 Sales	Courier
Winners Corner TX LLC	Austin	\$89,181,873.50	Jackpocket
Jaja Accessories	Round Rock	\$6,265,393.00	theLotter
Luck Zone	Round Rock	\$5,668,781.00	theLotter
ALTX Management	Waco	\$4,116,910.50	Lottery.com

Players Cafe	Cedar Park	\$2,293,157.00	Lotto.com
Players Cafe	Austin	*	Lotto.com
Hooked on MT	Colleyville	*	Mido Lotto
Lucky Choice Limited Liability	San Antonio	*	Jackpot.com
		*These retailers began selling in FY23	

D. What key obstacles impede your agency’s ability to achieve its objectives?

See below response to F.

E. What, if any, agency or program functions does your agency perform that are no longer serving a clear and ongoing purpose? Which agency functions could be eliminated?

See below response to F.

F. Aside from additional staff or funding, what are your agency’s biggest opportunities for improvement in the future? For example, are there other programs or duties the agency could take on to better carry out its mission?

Other than the one issue described above, the Texas Lottery Commission believes its statutes and programs are in alignment with its mission and duties and that no significant changes are needed to continue operating effectively.

X. Other Contacts

A. Fill in the following charts with updated information on people with an interest in your agency and be sure to include the most recent email address.

Texas Lottery Commission

Exhibit 15: Contacts

Interest Groups

(groups affected by agency actions or that represent others served by or affected by agency actions)

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Lottery			
Association of Convenience Store Retailers (ACSR) Adnan Ahmad, Secretary	9502 Computer Dr, Suite 111 San Antonio, TX 78229	210-692-3100 281-883-9933 (C)	secretary@acsrtx.com
Greater Austin Merchants Cooperative Assoc (GAMA) Aaijaj Badarpura, President	8801 Research Blvd, Ste 102 Austin, TX 78758	512-374-1413	corporate@gamaus.com
Greater Houston Retailers Cooperative Assoc., Inc. (GHRA) Imran Ali, President	12790 S. Kirkwood Rd Stafford, TX 77477	844-777-4472	lali@ghraonline.com Skarowadia@ghraonline.com
IGT Global Solutions Corp. dba IGT Solutions Corp. Joseph Lapinski	8520 Tuscany Way, Build. 6, Suite 100A Austin, TX 78754	512-908-4226	joseph.lapinski@IGT.com
Independent Buyers' Company (IBC) Rob Knight, Chairman & CEO	4600 Eden Rd Arlington, TX 76001	800-482-6671	Rob@ibc.us
National Association of Convenience Stores (NACS) Michael Davis, VP Member Services	1600 Duke St, 7th Floor Alexandria, VA 22314	800-966-6227 703-684-3600 703-518-4246	Mdavis@nacsonline.com
National Council on Problem Gambling (NCPG) Keith Whyte, Executive Director	730 11th Street NW, Suite 601 Washington, DC 20001	202-547-9204	Ncp@ncpgambling.org Keithw@ncpgambling.org
North Texas Business Alliance Co-Op (NTBA) Britt Lyon, COO	6142 Campbell Rd, Ste 100 Dallas, TX 75248	972-242-0075	Blyon@thentba.com
Pollard Banknote Limited Brad Thompson Jennifer Westbury	140 Otter Street Winnipeg, MB R3t 0M8	204-474-2323	bthompson@pbl.ca jwestbury@pbl.ca
Scientific Games, Inc. John Schulz Jeff Shoumaker	1500 Bluegrass Lakes Parkway Alpharetta, GA 30004	770-663-3739	john.schulz@scientificgames.com jeff.shoumaker@scientificgames.com
South Texas Merchant Association (STMA) Ahmed Badarpura, President	12054 Starcrest Dr San Antonio, TX 78247	210-826-3786 210-725-0315 (C)	Abadarpura@mystma.com
Texas Coalition on Problem Gambling (TXCPG) Devin Mills, PhD, President	3100 Edloe Street, Suite 210 Houston, TX 77024	414-759-8495	devin.mills.research@gmail.com

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Texas Food & Fuel Assoc. (TFFA) Annette Hicks, CMP, VP of Meetings & Events	401 West 15th St, Suite 510 Austin, TX 78701	512-476-9547	tffa.com ahicks@tffa.com
Texas Food & Fuel Assoc. (TFFA) Paul Hardin, President/CEO	401 West 15th St, Suite 510 Austin, TX 78701	512-476-9547	phardin@tffa.com
Texas Package Stores Association (TPSA) Christy deClairmont, Associate Director	1122 Colorado St, Suite 313 Austin, TX 78701	512-472-3232	cbdeclairmont@texaspackage.com
Texas Package Stores Association (TPSA) Lance Lively, Executive Director	1122 Colorado St, Suite 313 Austin, TX 78701	512-472-3232	lively@texaspackage.com
Texas Retailers Association (TRA) Diana Cardona, VP Operations	13706 Research Blvd, Ste 314 Austin, TX 78750	512-472-8261 512-462-2392 (C)	Dcardona@tcretailers.org
The Lotto Report Dawn Nettles, Editor	P. O. Box 495033 Garland, Texas 75049	972-686-0660	lottoreport@lottoreport.com
Bingo			
American Legion William West	P.O. Box 140527 Austin, TX 78714	512-472-4138	txlegion@txlegion.org
American Legion Auxiliary Myra Cooper, President	P. O. Box 140407 Austin, TX 78714	512-476-7278	alateexas@txlegion.org
AMVETS Stephanie Colwell		214-701-7545	TheColwellFamily@yahoo.com
Bingo Advisory Committee, (BAC) William "Trace" Smith III, Chair, representing conductors that are not licensed commercial lessors	1608 N. Robinson Texarkana, TX 78801	903-278-0336	trace.smithbac@gmail.com
Bingo Advisory Committee, (BAC) Emile Bourgoyne, representing licensed manufacturers	1296 Schexnayder Ln. Melville, LA 71353	337-592-0325	ebourgoyne@aol.com emile.bourgoyne@pollardgames.com
Bingo Advisory Committee, (BAC) Tommy Duncan, Jr. representing licensed distributors	145 County Rd. 6474 Dayton, TX 77535	713-455-7535 713-826-8615 (C)	tduncan@goodtimeaction.com
Bingo Advisory Committee, (BAC) Melodye Green, representing commercial lessors	16802 Park Hill Dr. Dallas, TX 75248	214-492-0909 214-662-2646 (C)	bingomel@sbcglobal.net
Bingo Advisory Committee, (BAC) Stacie Johnston, representing conductors that are not licensed commercial lessors	3793 VZ County Rd. 3502 Wills Point, TX 75169	972-852-0293 214-783-2800 (C)	Sdjohnston10@gmail.com
Bingo Advisory Committee, (BAC) Jason Pohl, representing conductors that are not licensed commercial lessors	1804 East 26th St., Bryan, TX 77802	979-777-8180 979-774-7266 (C)	brazosbingo@verizon.net
Bingo Advisory Committee, (BAC) Veronica Uriegas, representing conductors that are licensed commercial lessors	2400 E. Oltorf Street, Suite 11, Austin, TX 78741	512-784-3497	jamveronica@hotmail.com
Bingo Advisory Committee, (BAC)	2308 Crown Colony Dr., Arlington, TX 76011	817-903-7071	Corey.Harris87@gmail.com

Self-Evaluation Report

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Corey Harris, representing conductors that are not licensed commercial lessors			
Bingo Advisory Committee, (BAC) Michael Anastasio, representing conductors that are licensed commercial lessors	1109 Deorsam Drive, Copperas Cove, TX 76522	254-547-1516 254-317-1588 (C)	Anastasiom@outlook.com
Disabled American Veterans Dept. of Texas Teresa Johniken		936-637-3281	Adjutant@davtexas.org
Duggins, Wren, Mann & Romero Kevin Oldham, Attorney	600 Congress Avenue, Ste. 1, Austin, TX 78701	512-495-8866	koldham@dwmrlaw.com
Improved Order of Redmen Degree of Pochantas of Texas Carlos Nuñez Great Keeper of Records			cnunez.gcr.tx@gmail.com
Kimberley Kiplin, Attorney	510 Hearn St. Austin, TX 78703	512-797-7939	Kim@Kiplinlaw.com
League of United Latin American Citizens Robert E. Tellez, Deputy State Director	No address	No phone number	Robert@tstrategies956.com
National Association of Fundraising Ticket Manufacturers Mary Magnuson, President	180 East 5 th St., Ste. 940 Saint Paul, MN, 55101	651-644-4710	mmagnuson@thejacobsonlawgroup.com
Stephen Fenoglio, Attorney	P.O. Box 301525 Austin, TX 78703	512-347-9944	JSFenoglio@Fenogliolaw.com
Texans for Charitable Bingo Anne Mazuka	No address	512-527-4919	amazuka@cgagroup.com
Texas Charity Advocates J. Thomas Stewart, Executive Director	P.O. Box 29154 Austin, TX 78755	214-236-5016	Tom.Stewart@texascharityadvocates.com
The Bingo Interest Group Steve Bresnen, Attorney	311 W. 5 th St., Ste. 1002 Austin, TX 78701	512-917-0011	steve@bresnenassociates.com
Veterans of Foreign Wars Mitch Fuller, National & State Legislative Chairman	P. O. Box 14468 Austin, TX 78761	512-834-8535, Ext. 107	Mitch@texasvfw.org
Veterans of Foreign Wars Auxiliary Jo Ella Menn, Treasurer	P. O. Box 14468 Austin, TX 78761	512-834-8535, Ext 302	Treasurer@texasvfwaux.org

Table 23 Exhibit 15 Interest Groups

Interagency, State, or National Associations

(that serve as an information clearinghouse or regularly interact with your agency)

Group or Association Name/ Contact Person	Address	Telephone	Email Address
La Fleur's Magazine Terri Markle, Co-CEO and President	5157 Ijamsville Road, Ijamsville, MD 21754	301-610-6070	terri@lafleurs.com
Mid-Size Agency Coordinating Council (MACC) Machelle Pharr, Chair			Machelle.Pharr@ers.texas.gov

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Multi-State Lottery Association (MUSL) Bret Toyne, Executive Director	8101 Birchwood Court, Suite R Johnston, IA 50131	515-453-1400	bret@musl.com
Multi-State Lottery Association (MUSL) Patricia Lantz, General Counsel	8101 Birchwood Court, Suite R Johnston, IA 50131	515-453-1400	patricia@musl.com
North American Assoc. of State & Provincial Lotteries (NASPL) David Gale, Executive Director	7757 Auburn Road, Unit #7, Concord, OH 44077	440-361-7962	dgale@nasplhg.org
Public Gaming Research Inst. Paul Jason	218 Main St. #203 Kirkland, WA 98033	425-449-3000	pjason@publicgaming.com
Texas State Human Resources Association (TSHRA) Paul Love, Chair			Paul.Love@military.texas.gov

Table 24 Exhibit 15 Interagency, State, and National Association

Liaisons at Other State Agencies

(with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or attorney at the Attorney General's office)

Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Comptroller of Public Accounts Appropriations Control Officer Natalie Miller	111 East 17th Street Austin, Texas 78774	512-463-4383	natalie.miller@cpa.texas.gov
Comptroller of Public Accounts Revenue Estimating Joseph Fonger	111 East 17th Street Austin, Texas 78774	512-475-0010	joseph.fonger@cpa.texas.gov
Department of Public Safety (DPS) Criminal Records Division – Criminal History Inquiry	6100 Guadalupe Street Austin, TX 78752	512-424-2474	
DPS Criminal Records Division – Compliance and Training Bureau	6100 Guadalupe Street Austin, TX 78752		TCIC.Training@dps.texas.gov
DPS Criminal Records Division – Criminal History Fingerprint Services	6100 Guadalupe Street Austin, TX 78752	512-424-2356	Fingerprint.services@dps.texas.gov
DPS Criminal Records Division – Criminal History Inquiry Unit	6100 Guadalupe Street Austin, TX 78752	512-424-2474	Ncju@dps.texas.gov
DPS Criminal Records Division – TLETS Operations	6100 Guadalupe Street Austin, TX 78752	512-424-2256	
Governor's Office Alexandra Becker, Budget & Policy Advisor	Governor's Office of Budget & Policy State Insurance Building 1100 San Jacinto Austin, Texas 78701	512-463-1778	Alexandra.becker@gov.texas.gov v
Guille Crenwelge Enterprise Risk Specialist State Office of Risk Management	P.O. Box 13777 Austin, TX 78711-3777	512-936-1571	Guille.Crenwelge@sorm.texas.gov ov

Self-Evaluation Report

Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Legislative Budget Board Budget Analyst Jeb Bell	1501 Congress Ave. #5, Austin, TX 78701	512-463-1276	jeb.bell@lbb.texas.gov
Office of the Attorney General Melissa Mather, Assistant Attorney General, General Litigation Division	P.O. Box 12548 Austin, TX 78711-2548	512-475-2540 512-419-8240 (C)	Melissa.Mather@oag.texas.gov
Office of the Attorney General Jonathan Wilder, Investigator, Bankruptcy & Collections Division	P.O. Box 12548 Austin, TX 78711-2548	512-475-4563	Jonathan.Wilder@oag.texas.gov
State Auditor's Office Michael Simon, Audit Manager	1501 N. Congress Ave, Austin, TX 78701	512-936-9480	Michael.Simon@sao.texas.gov
State Auditor's Office Sarah Moody, SHRM-CP Classification Analyst	1501 N. Congress Ave, Austin, TX 78701	512-936-9708	Sarah.Moody@sao.texas.gov
Texas Commission on Law Enforcement (TCOLE) Jim Clifton	6330 East Highway 290, STE 200, Austin, TX 78723	512-936-7700	Jim.clifton@tcole.texas.gov
Texas Department of Agriculture Metrology Laboratory Lisa Corn, Coordinator	1258 CR 226 Giddings, TX 78942	979-542-3231	lisa.corn@TexasAgriculture.gov
Texas Department of Public Safety (DPS) Michael Millner, Administrator	6100 Guadalupe Street Austin, TX 78752	512-424-7769 737-230-3763 (C)	Michael.millner@dps.texas.gov
Texas Veterans Commission Tom Palladino, Executive Director	1801 Congress Ave, Suite 14s Austin, TX 78701	512-463-6564	thomas.palladino@tvc.texas.gov
Tommy Oates Chief Safety Officer and Director of Risk Management Texas Facilities Commission	P.O. Box 13047 Austin, TX 78711-3047	512-463-3057 512-378-3376 (C)	Tommy.Oates@tfc.texas.gov
Travis Deer Program Manager Property Management & Tenant Services Texas Facilities Commission	P.O. Box 13047 Austin, TX 78711-3047	512-987-2240 (C)	Travis.Deer@tfc.texas.gov

Table 25 Exhibit 15 Liaisons at Other State Agencies

XI. Additional Information

A. Texas Government Code, Section 325.0075 requires agencies under review to submit a report about their reporting requirements to Sunset with the same due date as the SER. Include a list of each agency-specific report that the agency is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place. Please do not include general reporting requirements applicable to all agencies, reports that have an expiration date, routine notifications or notices, posting requirements, federally mandated reports, or reports required by G.A.A. rider. If the list is longer than one page, please include it as an attachment.

Please see Attachment 34 for Evaluation of Agency Reporting Requirements table.

B. Does the agency's statute use "person-first respectful language" as required by Texas Government Code, Section 325.0123? Please explain and include any statutory provisions that prohibit these changes.

The Commission's governing statutes do not use any of the terms noted in Texas Government Code Section 325.0123 or Texas Government Code Chapter 392.

C. Please describe how your agency receives and investigates complaints about the agency and its operations.

Different divisions of the agency have varying responsibilities in regard to the agency's response to complaints made against the agency, depending on the nature of the complaint. If the complaint is related to the operation of the lottery or bingo regulation, it may be investigated by program staff. The Human Resources Division is generally responsible for receiving and investigating complaints made by employees and others regarding a variety of workplace issues. Human Resources coordinates with the specific manager or director responsible for taking corrective action. Additionally, the Internal Auditor monitors the EthicsPoint system available to employees for reporting issues. Internal Audit forwards this information to the Executive Director and Human Resources Division Director for appropriate action.

Complaints filed against the agency with the Texas Workforce Commission Civil Rights Division (TWC-CRD) and/or the Equal Employment Opportunity Commission (EEOC) are tracked and shown in Exhibit 17 below.

D. Fill in the following chart detailing information on complaints received about your agency and its operations. Do not include complaints received about people or entities you regulate.

**Texas Lottery Commission
Exhibit 17: Complaints Against the Agency — FYs 2018-22**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Number of complaints received	0	0	0	0	0
Number of complaints resolved	0	0	0	0	0
Number of complaints dropped / found to be without merit	0	0	0	0	0
Number of complaints pending from prior years	0	0	0	0	0
Average time period for resolution of a complaint	0	0	0	0	0

Table 27 Exhibit 17 Complaints Against the Agency

E. Fill in the following charts detailing your agency’s Historically Underutilized Business (HUB) purchases. Sunset is required by law to review and report this information to the Legislature.

**Texas Lottery Commission
Exhibit 18: Purchases from HUBs**

FY 2020

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal*	Statewide Goal
**Heavy Construction	\$0	\$0	0.00%	N/A	11.2%
**Building Construction	\$0	\$0	0.00%	N/A	21.1%
Special Trade	\$95,722	\$0	0.00%	14.80%	32.9%
Professional Services	\$1,266,183	\$181,838	14.36%	23.70%	23.7%
Other Services	\$195,748,258	\$27,782,444	14.19%	24.20%	26.0%
Commodities	\$2,559,945	\$1,539,860	60.15%	21.10%	21.1%
TOTAL	\$199,670,109	\$29,504,143	14.78%		

Table 28 Exhibit 18 HUB Purchases for FY 2020

*If your goals are agency specific-goals and not statewide goals, please provide the goal percentages and describe the method used to determine those goals. (TAC Title 34, Part 1, Chapter 20, Rule 20.284)

FY 2021

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
**Heavy Construction	\$0	\$0	0.00%	N/A	11.2%
**Building Construction	\$0	\$0	0.00%	N/A	21.1%

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
Special Trade	\$99,550	\$185	0.19%	12.80%	32.9%
Professional Services	\$1,152,256	\$298,161	25.88%	23.70%	23.7%
Other Services	\$215,176,981	\$29,727,410	13.82%	24.30%	26.0%
Commodities	\$2,384,638	\$1,440,472	60.41%	21.10%	21.1%
TOTAL	\$218,813,427	\$31,466,228	14.38%		

Table 29 Exhibit 18 HUB Purchases for FY 2021

FY 2022

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
**Heavy Construction	\$0	\$0	0.00%	N/A	11.2%
**Building Construction	\$0	\$0	0.00%	N/A	21.1%
Special Trade	\$311,638	\$305,054	97.89%	10.60%	32.9%
Professional Services	\$1,151,837	\$145,305	12.62%	23.70%	23.7%
Other Services	\$223,823,725	\$22,592,223	10.09%	24.50%	26.0%
Commodities	\$2,240,175	\$1,205,550	53.82%	21.10%	21.1%
TOTAL	\$227,527,374	\$24,248,132	10.66%		

Table 30 Exhibit 18 HUB Purchases for FY 2022

*The process for calculating annual HUB procurement goals uses baseline HUB availability set by the CPA and the agency's past utilization of HUBs over the most current five fiscal year periods. Agency goals are calculated using a formula from the CPA-issued report titled, *Historically Underutilized Business (HUB) Disparity Study of State Contracting 2009*. Following guidance provided by the CPA, the Texas Lottery's practice is to use the Statewide Goal in a procurement category if a goal calculated from past agency performance (over five fiscal year periods) exceeds the statewide goal.

**The Heavy Construction and Building Construction categories were not applicable to agency operations in FYs 2020, 2021 or 2022, since the agency did not have any strategies or programs relating to heavy or building construction.

F. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Section 2161.003; TAC Title 34, Part 1, Rule 20.286c)

Yes, the agency's policy on its HUB/Minority Program is included in the Purchasing Manual found on the agency's intranet. The Texas Lottery Commission has adopted the HUB rules promulgated by the Comptroller of Public Accounts. The agency and its contractors make a good faith effort to meet or exceed the HUB goals established by the *State of Texas Disparity Study*. To promote its goals, the Texas Lottery Commission performs outreach activities, conducts an annual agency HUB forum, requires HUB subcontracting plan determinations for all contracts valued at \$100,000 or more, and coordinates a mentor-protégé program. Prime vendors are encouraged to attend

the agency's annual HUB forum and to participate as mentors in the agency's mentor protégé program. Twice yearly, the HUB Coordinator prepares reports that summarize the agency's HUB performance which are made available to Commissioners and upper management. Agency policy requires that HUBs be solicited for all procurements valued at \$10,000 or more, and purchasers are encouraged to select HUBs for purchases that do not require competitive bids. The HUB Coordinator assists purchasing staff and/or agency divisions in identifying HUBs who may be able to provide requested goods or services. Purchasing staff also attend HUB outreach events and provide bid opportunities for spot bid fairs. The agency analyzes reports of both direct and subcontracting expenditures and monitors its subcontracting reports on a monthly basis.

G. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Section 2161.252; TAC Title 34, Part 1, Rule 20.285)

Yes, the agency analyzes all contracts valued at \$100,000 or more to make a HUB subcontracting plan determination prior to solicitation. When the Texas Lottery Commission determines that subcontracting is probable, all respondents must submit a HUB Subcontracting Plan (HSP) that is completed in accordance with the Comptroller's HUB rules. To determine whether a good faith effort has been performed, the agency may request clarification from respondents. If a good faith effort was not demonstrated or the HSP was done incorrectly, the bid/proposal is disqualified. The agency has made a variety of assistance available to respondents including: an HSP checklist; a presentation that reviews HSP requirements at its Pre-Bid/Pre-Proposal Conferences; a booklet that provides HSP instructions, samples and resources; the opportunity to submit HSP questions and to submit draft HSP documents for review prior to the solicitation deadline; and the opportunity to request one-on-one workshops.

H. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

1. Do you have a HUB coordinator? If yes, provide name and contact information. (Texas Government Code, Section 2161.062; TAC Title 34, Part 1, Rule 20.296)

Yes. Eric Williams, eric.williams@lottery.state.tx.us or 512.344.5241.

2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, Section 2161.066; TAC Title 34, Part 1, Rule 20.297)

Yes. In previous years, prior to the pandemic, the agency has held an annual onsite HUB forum that allows HUBs the opportunity to network with both key Lottery staff and prime vendors. Information about the agency's procurement processes and mentor-protégé program was also presented at the forums. These forums were discontinued during the pandemic but are planned to re-start in FY 2024.

3. Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Section 2161.065; TAC Title 34, Part 1, Rule 20.298)

Yes. The mentor-protégé program is an ongoing initiative with the agency and the ultimate goal of the program is to provide developmental assistance to HUBs that will potentially increase their ability to contract directly with the state and/or to obtain subcontract opportunities under a state contract. All relationships among mentors, protégés and the program sponsor are voluntary, and participation in the agency's mentor-protégé program is neither a guarantee for a contract opportunity nor a promise of business.

I. Fill in the charts below detailing your agency's Equal Employment Opportunity (EEO) Statistics. See Exhibit 19 Examples. Sunset is required by law to review and report this information to the Legislature. Please use only the categories provided below. For example, some agencies use the classification "paraprofessionals," which is not tracked by the state civilian workforce. Please reclassify all employees within the appropriate categories below.

**Texas Lottery Commission
Exhibit 19: Equal Employment Opportunity Statistics**

1. Officials / Administration

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2020	23.25	3.2%	8.5%	21.5%	24.7%	50.5%	41.7%
2021	23.75	0%	8.5%	22.1%	24.7%	52.6%	41.7%
2022	24.00	0%	8.5%	25.0%	24.7%	61.5%	41.7%

Table 31 Exhibit 19 EEO Statistics for Officials/Administration

2. Professional

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2020	209.00	10.8%	10.9%	32.1%	21.8%	59.0%	54.1%
2021	204.25	10.8%	10.9%	33.8%	21.8%	58.3%	54.1%
2022	202.25	10.5%	10.9%	35.4%	21.8%	57.8%	54.1%

Table 32 Exhibit 19 EEO Statistics for Professionals

3. Technical

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2020	8.25	24.2%	15.1%	30.3%	29.8%	24.2%	56.9%
2021	9.25	27.0%	15.1%	16.2%	29.8%	27.0%	56.9%
2022	11.25	28.9%	15.1%	17.8%	29.8%	37.8%	56.9%

Table 33 Exhibit 19 EEO Statistics for Technical

4. Administrative Support

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2020	57.00	15.8%	14.6%	33.8%	36.5%	66.7%	74.7%
2021	54.50	17.0%	14.6%	33.0%	36.5%	66.1%	74.7%
2022	55.25	17.2%	14.6%	30.8%	36.5%	61.5%	74.7%

Table 34 Exhibit 19 EEO Statistics for Administrative Support

5. Service / Maintenance

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2020	0	0%	13.3%	0%	53.0%	0%	54.0%
2021	0	0%	13.3%	0%	53.0%	0%	54.0%
2022	0	0%	13.3%	0%	53.0%	0%	54.0%

Table 35 Exhibit 19 EEO Statistics for Service and Maintenance

6. Skilled Craft

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2020	0	0%	11.5%	0%	52.3%	0%	14.0%
2021	0	0%	11.5%	0%	52.3%	0%	14.0%
2022	0	0%	11.5%	0%	52.3%	0%	14.0%

Table 36 Exhibit 19 EEO Statistics for Skilled Craft

J. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

Please see Attachment 31 for TLC procedures HR-053 EEO and Sexual Harassment; and Attachment 32 for the most recent Agency Workforce Plan.

XII. Agency Comments

The Texas Lottery Commission's Unique Role as a Texas State Agency

The Texas Lottery Commission is unique among other Texas state agencies in that its ongoing operations combine for-profit performance expectations with the fiscal accountability and regulatory oversight of a government entity. Through its operation and administration of Texas Lottery games, and the regulation and administration of all Texas charitable bingo-related activities, the Texas Lottery Commission has a significant state fiscal impact. Accordingly, the Commission is extremely respectful of its role and responsibilities as a careful steward of the resources entrusted to it.

The Texas Lottery Commission has two main functions which are inherently different:

- Under the State Lottery Act, the Commission is charged with operating, administering, and closely supervising all lottery games conducted in Texas to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery.
- Under the Bingo Enabling Act, the Commission is charged with administering and closely supervising all bingo conducted in Texas to ensure that bingo is fairly conducted and the proceeds derived from bingo are used for an authorized purpose.

The “Texas Model”

What sets the Texas Lottery Commission apart from other North American lotteries is the unique public-private structure of the agency. The members of the original Implementation Task Force of the Texas Lottery were the architects of what has become known within the lottery industry as the “Texas Model.” The agency maintains administrative, regulatory, and management control over all critical functions, while utilizing private enterprises’ inherent efficiency and profit motive to optimize the Texas Lottery’s revenue potential. This organizational model maintains critical functions and broad oversight within the agency, while outsourcing those functions better performed by private industry. This approach shifts the burden of performance to the private sector, while the state enforces performance standards under parameters strictly defined by contract. The agency also enjoys economies of scale by contracting with vendors to provide—directly or through subcontractors—a wide range of services statewide. This alliance with private enterprise enables the Texas Lottery to realize several key operational benefits:

- Substantially reduced government capital investment necessary to operate the lottery
- Significantly reduced workforce as compared to similarly sized lotteries (e.g., California and Florida)
- Incentivized sales organization
- Enhanced resource allocation capabilities associated with market change
- Greater flexibility in customer responsiveness

Using this public-private concept, the agency addresses a number of significant business functions through seven contractual arrangements with primary vendors. Each vendor provides a variety of services under the continuous supervision of Commission personnel. The Texas Model is illustrated in the chart below.



XIII. Attachments

Attachments Relating to Key Functions, Powers, and Duties

1. If the agency publishes a version of its enabling statute and/or rules, please include an electronic copy.

Note: See two attachments total for this item.

2. Annual reports published by the agency from FYs 2018-22.

Note: See fifteen attachments total for Lottery annual reports.

Note: See three attachments total for Bingo reports. The 2018 Annual Report for Bingo is the only report available. 2019-22 Annual Reports for Bingo have been discontinued. Also included are two biennial Bingo reports as a requirement under the BEA for the Division to report, by June 1 of even-numbered years, certain financial information for the preceding two calendar years to the Governor, Lieutenant Governor, Speaker, and Chairs of the applicable standing committee of both houses.

3. Internal or external newsletters published by the agency in FY 2022.

Note: See four attachments for Bingo total; 32 for Lottery.

- a. Retailer Manual (NOTE: Some, not all, sections updated most recently 12.5.2022.)
- b. Retailer Newsletter RoundUp (NOTE: Updated monthly.)
- c. Retailer FAQs (NOTE: while these weren't updated in 2022, they are available on the website year-round.)
- d. Common Violations (NOTE: not all of these were updated in 2022, but they are available on the website year-round.)
- e. Retailer Benefits (NOTE: Top Selling Retailers and Available Bonuses updated 2022.)
- f. Retailer Cash Incentive Program (NOTE: RCIP flyers and brochures updated as new program information becomes available.)
- g. What's New 3 (NOTE: Published 2019, but currently on website.)
- h. Responsible Gambling Resources (NOTE: Updated 2022-23.)
- i. Retailer Virtual Training Script (NOTE: Currently used for new retailer training; is not provided to retailers.)
- j. Retailer Classroom Training Scripts: Altura, Gemini and GT20 (NOTE: These provide more detail than Virtual Training Scripts and are provided, upon request, to retailers as a supplement to the Retailer Manual.)
- k. Retailer Terminal Quick Reference Cards: Altura, Gemini and GT20 (NOTE: English and Spanish. Updated 2022-23.)

4. List of studies that the agency is required to do by legislation or riders.

Note: See fourteen attachments total.

5. List of legislative or interagency studies relating to the agency that are being performed during the current interim.

N/A

6. List of studies from other states, the federal government, or national groups/associations that relate to or affect the agency or agencies with similar duties or functions. Provide links if available.

Note: Bingo does not have any reports. See three attachments total for Lottery.

7. If applicable, a list describing the type of personal information of license holders the agency publishes on its website. Please also explain if and how license holders can opt out of this publication.

Note: See one attachment.

Attachments Relating to Policymaking Structure

8. Biographical information (e.g., education, employment, affiliations, and honors) or resumes of all policymaking body members.

Note: See one attachment.

9. Board training manuals and copies of any policies related to the board's duties and responsibilities.

Note: See eleven attachments total.

10. Employee manuals and copies of any policies related to staff's duties and responsibilities.

Note: An HR Procedures List is included, and additional procedures can be provided upon request. Also included are job descriptions of director-level positions. See fourteen attachments total.

11. Copies of any other significant policies adopted by the board.

Note: See two attachments total.

Attachments Relating to Funding

12. Agency's Legislative Appropriations Request for FYs 2024-25.

Note: See one attachment.

13. Annual financial reports from FYs 2018-22.

Note: See five attachments total.

14. Operating budgets from FYs 2018-22.

Note: See three attachments total.

15. If applicable, a list of all contracts above \$1 million. Please include a brief explanation of the contract, as well as the amount, award date, funding source, procurement method, and term of the contract. Do not include purchase orders in this list.

Note: See one attachment.

Attachments Relating to Organization

16. If applicable, a map to illustrate the regional boundaries, headquarters location, and field or regional office locations.

Note: See three attachments total.

17. Any flowcharts showing the operations of the agency, such as complaint resolution processes, disciplinary or enforcement procedures, etc.

Note: Pages from the 2021 Report on Compliance Activity Monitoring are provided. See one attachment. The full report is available online at:

<https://www.texaslottery.com/export/sites/lottery/Documents/Compliance-Activity-Monitoring-2021-Report.pdf>

18. If applicable, a list and brief explanation of all active memorandums of understanding and information sharing agreements the agency has entered into. Indicate whether these are required by statute, rule, or something else.

Note: See five attachments total.

Attachments Relating to Agency Performance Evaluation

19. Quarterly performance reports completed by the agency in FYs 2018-22.

Note: See 20 attachments total.

20. Performance reports presented to the agency's board of directors in FYs 2018-22, if different from the reports in Attachment 16.

Note: See 28 attachments total.

21. Performance reports submitted to the Legislative Budget Board from FYs 2018-22.

Note: See 17 attachments total, including a document with a listing of all measures and their definitions as of FY 2022.

22. Any recent studies on the agency or any of its functions conducted by outside management consultants or academic institutions.

Note: Bingo does not have any reports. See two attachments total for Lottery.

23. Agency's current internal audit plan.

Note: See one attachment.

24. Agency's current strategic plan.

Note: See one attachment.

25. List of internal audit reports from FYs 2018-22 completed by or in progress at the agency.

Note: All internal audit reports are posted on the agency's website at:

https://www.texaslottery.com/export/sites/lottery/About_Us/Publications/Audits.html

See each annual audit report provided as five attachments total.

26. List of State Auditor reports from FYs 2018-22 that relate to the agency or any of its functions.

Note: The State Auditor's Office has not conducted any Lottery or Bingo-specific audits during the period 2018-2022.

All prior audits specific to the agency are posted on the agency's website:

https://www.texaslottery.com/export/sites/lottery/About_Us/Publications/Audits.html

The SAO has conducted general audits that have included the Lottery Commission as one of several subject agencies. Links to those audits (based on a search of the SAO website) are provided in the list below:

A Report on Contract Monitoring Assessment at Certain State Agencies (May 2023):

<https://sao.texas.gov/Reports/Main/23-028.pdf>

Best Practices Guide: Applying for an Occupational License After Conviction or Deferred Adjudication (August 2020): <https://sao.texas.gov/Reports/Main/20-327.pdf>

A Classification Compliance Audit Report on Information Technology Positions at Business

And Economic Development Agencies (January 2020): <https://sao.texas.gov/Reports/Main/20-701.pdf>

A Classification Compliance Audit Report on Information Technology Positions at Business And Economic Development Agencies (January 2020): <https://sao.texas.gov/Reports/Main/20-701.pdf>

A Report on Activities Related to State Agencies' and Higher Education Institutions' Delegated Audit Authority (March 23, 2018): <https://sao.texas.gov/Reports/Main/18-023.pdf>

A Report on the Implementation Status of Prior State Auditor's Office Recommendations (February 28, 2018): <https://sao.texas.gov/Reports/Main/18-021.pdf>

A Report on the Implementation Status of Prior State Auditor's Office Recommendations (April 25, 2017): <https://sao.texas.gov/reports/main/17-031.pdf>

A Report on the Delegation of Authority to State Entities to Contract for External Audit Services (February 6, 2017): <https://sao.texas.gov/Reports/Main/17-023.pdf>

27. Any customer service surveys conducted by or for your agency in FYs 2018-22.

Note: In FY21, the Performance Measure was changed to an online survey. See eight attachments.

28. Any reports created under Texas Government Code, Section 2110.007 regarding the usefulness and costs of the agency's advisory committees.

Note: Provided annual reports regarding the activities of the Bingo Advisory Committee. See six attachments.

29. A description of the agency's review of existing rules as required by Texas Government Code, Section 2001.039, and for the last eight years, a brief description of the rules reviewed by date and the result the review.

Note: See six attachments.

30. **(Added by agency) Agency Organizational Charts**

Note: See one attachment.

31. **(Added by agency; from SER Section XI: Additional Information Q6J.) 053 – EEO and Sexual Harassment 8-5-2021**

Note: See one attachment.

32. **(Added by agency; from SER Section XI: Additional Information Q6J.) Agency Workforce Plan_FINAL 2023**

Note: See one attachment.

33. **(Added by agency; from SER Section II: Key Functions and Performance QI.) Agency Data Systems**

Note: See one attachment.

34. **(Added by agency) Evaluation of Agency Reporting Requirements**

Note: See one attachment.

35. **(Added by agency); from SER Section VII: Guide to Agency Programs – Charitable Bingo Operations Division Annual Audit Plan**

36. **(Added by agency); from SER Section VII: Guide to Agency Programs – Charitable Bingo**

Note: See five attachments.