

































































































































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
<b>Total</b>	<b>289.3</b>	<b>308.3</b>	<b>\$ 287,524,565</b>	<b>\$ 258,534,214</b>

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](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*<sup>®</sup>, *Powerball*<sup>®</sup> and *Mega Millions*<sup>®</sup> 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 85<sup>th</sup> 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 86<sup>th</sup> 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 87<sup>th</sup> 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
<b>Total</b>	<b>20,720</b>

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:

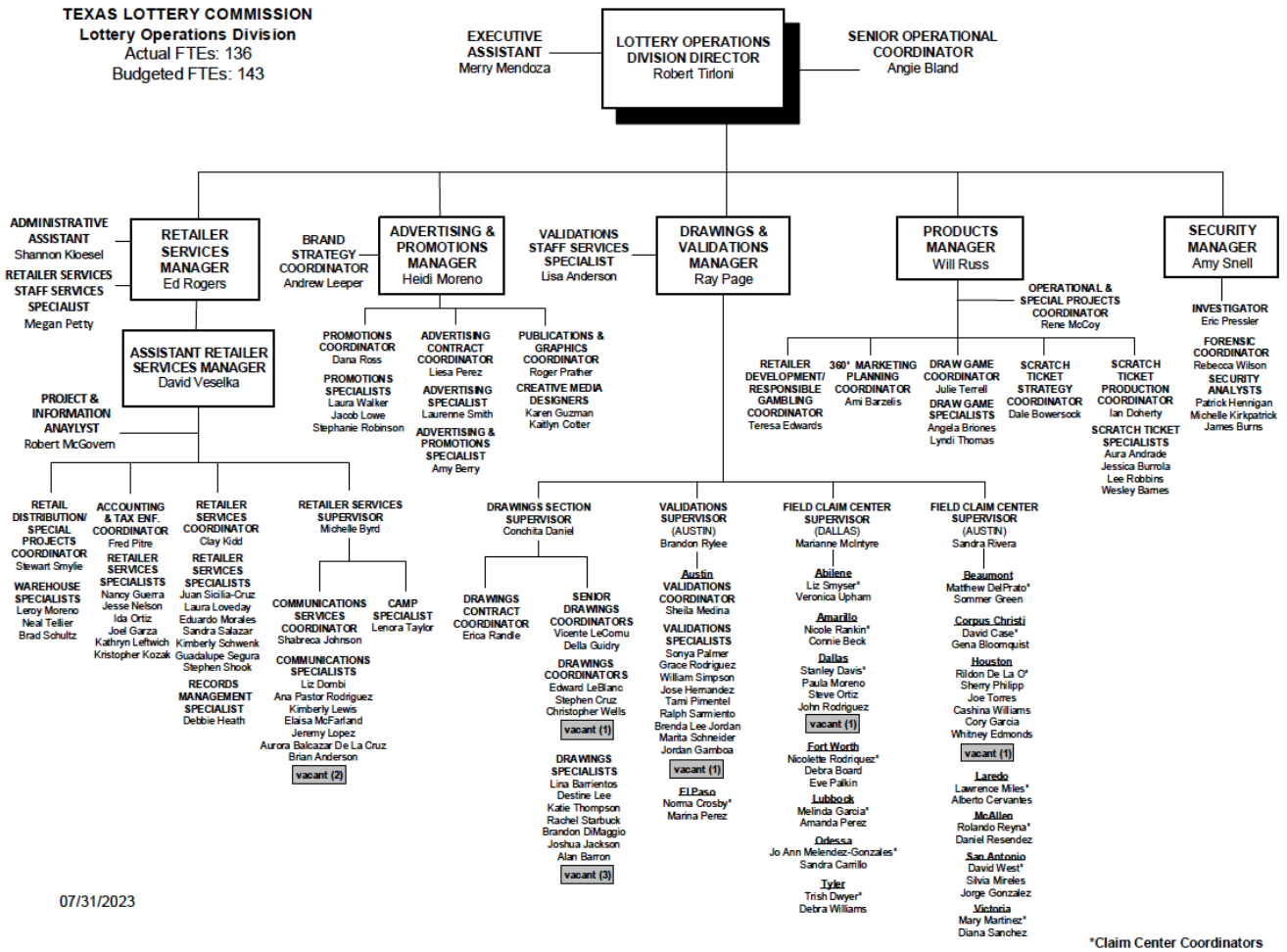
[https://www.texaslottery.com/export/sites/lottery/About\\_Us/Publications/Reports.html](https://www.texaslottery.com/export/sites/lottery/About_Us/Publications/Reports.html).

**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, 87<sup>th</sup> 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, 87<sup>th</sup> 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, 87<sup>th</sup> 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, 87<sup>th</sup> 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, 87<sup>th</sup> 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, 87<sup>th</sup> 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 20<sup>th</sup> 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](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**

<b>*Number within Total Regulated Population (Active Credentials Only)</b>	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

<b>Complaints Received by Source</b>	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.***

<b>Disposition of Complaints</b>	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

<b>Timelines for Enforcement Actions</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<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 <sup>st</sup> 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](mailto: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:

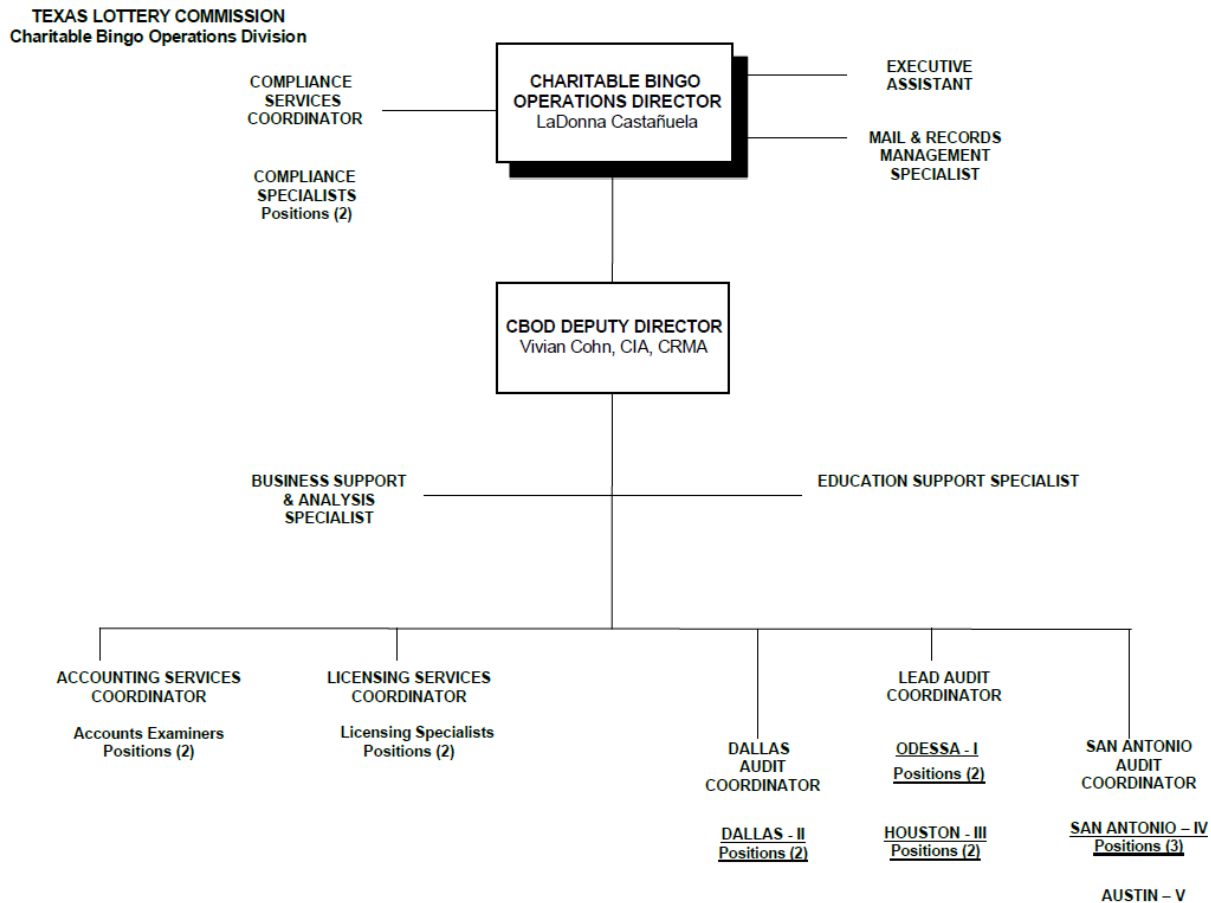
- Cities - \$6,122,325
- Counties - \$6,755,796

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, 87<sup>th</sup> 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, 88<sup>th</sup> 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](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**

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

<b>Complaints Received by Source</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
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

<b>Disposition of Complaints</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
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*

<b>Complaints Resolved</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
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

<b>Disciplinary Actions Taken</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<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**

<b>Disciplinary Actions Appealed</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Total Cases to SOAH	0	0	0	0	0

<b>Timelines for Enforcement Actions</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<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 <b>86<sup>th</sup> Legislature</b>	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 <b>86<sup>th</sup> Legislature</b>	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 88<sup>th</sup> 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.
<b>87<sup>th</sup> Legislature</b>		
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.
<b>87<sup>th</sup> Legislature</b>		
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.
<b>87<sup>th</sup> Legislature</b>		
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

<b>87<sup>th</sup> Legislature</b>		conduct bingo, revise the bingo prize structure, and clarify current law to help the Texas Lottery Commission administer the law.
HB 2570 <b>87<sup>th</sup> Legislature</b>	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 <b>86<sup>th</sup> Legislature</b>	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 88<sup>th</sup> 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 88<sup>th</sup> 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:

<b>Retailer Name</b>	<b>Retailer City</b>	<b>FY22 Sales</b>	<b>Courier</b>
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
<b>Lottery</b>			
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)	<a href="mailto:secretary@acsr.tx.com">secretary@acsr.tx.com</a>
Greater Austin Merchants Cooperative Assoc (GAMA) Aaijaj Badarpura, President	8801 Research Blvd, Ste 102 Austin, TX 78758	512-374-1413	<a href="mailto:corporate@gamaus.com">corporate@gamaus.com</a>
Greater Houston Retailers Cooperative Assoc., Inc. (GHRA) Imran Ali, President	12790 S. Kirkwood Rd Stafford, TX 77477	844-777-4472	<a href="mailto:lali@ghraonline.com">lali@ghraonline.com</a> <a href="mailto:Skarowadia@ghraonline.com">Skarowadia@ghraonline.com</a>
IGT Global Solutions Corp. dba IGT Solutions Corp. Joseph Lapinski	8520 Tuscany Way, Build. 6, Suite 100A Austin, TX 78754	512-908-4226	<a href="mailto:joseph.lapinski@IGT.com">joseph.lapinski@IGT.com</a>
Independent Buyers' Company (IBC) Rob Knight, Chairman & CEO	4600 Eden Rd Arlington, TX 76001	800-482-6671	<a href="mailto:Rob@ibc.us">Rob@ibc.us</a>
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	<a href="mailto:Mdavis@nacsonline.com">Mdavis@nacsonline.com</a>
National Council on Problem Gambling (NCPG) Keith Whyte, Executive Director	730 11th Street NW, Suite 601 Washington, DC 20001	202-547-9204	<a href="mailto:Ncp@ncpgambling.org">Ncp@ncpgambling.org</a> <a href="mailto:Keithw@ncpgambling.org">Keithw@ncpgambling.org</a>
North Texas Business Alliance Co-Op (NTBA) Britt Lyon, COO	6142 Campbell Rd, Ste 100 Dallas, TX 75248	972-242-0075	<a href="mailto:Blyon@thentba.com">Blyon@thentba.com</a>
Pollard Banknote Limited Brad Thompson Jennifer Westbury	140 Otter Street Winnipeg, MB R3t 0M8	204-474-2323	<a href="mailto:bthompson@pbl.ca">bthompson@pbl.ca</a> <a href="mailto:jwestbury@pbl.ca">jwestbury@pbl.ca</a>
Scientific Games, Inc. John Schulz Jeff Shoumaker	1500 Bluegrass Lakes Parkway Alpharetta, GA 30004	770-663-3739	<a href="mailto:john.schulz@scientificgames.com">john.schulz@scientificgames.com</a> <a href="mailto:jeff.shoumaker@scientificgames.com">jeff.shoumaker@scientificgames.com</a>
South Texas Merchant Association (STMA) Ahmed Badarpura, President	12054 Starcrest Dr San Antonio, TX 78247	210-826-3786 210-725-0315 (C)	<a href="mailto:Abadarpura@mystma.com">Abadarpura@mystma.com</a>
Texas Coalition on Problem Gambling (TXCPG) Devin Mills, PhD, President	3100 Edloe Street, Suite 210 Houston, TX 77024	414-759-8495	<a href="mailto:devin.mills.research@gmail.com">devin.mills.research@gmail.com</a>

<b>Group or Association Name/ Contact Person</b>	<b>Address</b>	<b>Telephone</b>	<b>Email Address</b>
Texas Food & Fuel Assoc. (TFFA) Annette Hicks, CMP, VP of Meetings & Events	401 West 15th St, Suite 510 Austin, TX 78701	512-476-9547	<a href="http://tffa.com">tffa.com</a> <a href="mailto:ahicks@tffa.com">ahicks@tffa.com</a>
Texas Food & Fuel Assoc. (TFFA) Paul Hardin, President/CEO	401 West 15th St, Suite 510 Austin, TX 78701	512-476-9547	<a href="mailto:phardin@tffa.com">phardin@tffa.com</a>
Texas Package Stores Association (TPSA) Christy deClairmont, Associate Director	1122 Colorado St, Suite 313 Austin, TX 78701	512-472-3232	<a href="mailto:cbdeclairmont@texaspackage.com">cbdeclairmont@texaspackage.com</a>
Texas Package Stores Association (TPSA) Lance Lively, Executive Director	1122 Colorado St, Suite 313 Austin, TX 78701	512-472-3232	<a href="mailto:lively@texaspackage.com">lively@texaspackage.com</a>
Texas Retailers Association (TRA) Diana Cardona, VP Operations	13706 Research Blvd, Ste 314 Austin, TX 78750	512-472-8261 512-462-2392 (C)	<a href="mailto:Dcardona@tcretailers.org">Dcardona@tcretailers.org</a>
The Lotto Report Dawn Nettles, Editor	P. O. Box 495033 Garland, Texas 75049	972-686-0660	<a href="mailto:lottoreport@lottoreport.com">lottoreport@lottoreport.com</a>
<a href="#">Bingo</a>			
American Legion William West	P.O. Box 140527 Austin, TX 78714	512-472-4138	<a href="mailto:txlegion@txlegion.org">txlegion@txlegion.org</a>
American Legion Auxiliary Myra Cooper, President	P. O. Box 140407 Austin, TX 78714	512-476-7278	<a href="mailto:alatexas@txlegion.org">alatexas@txlegion.org</a>
AMVETS Stephanie Colwell		214-701-7545	<a href="mailto:TheColwellFamily@yahoo.com">TheColwellFamily@yahoo.com</a>
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	<a href="mailto:trace.smithbac@gmail.com">trace.smithbac@gmail.com</a>
Bingo Advisory Committee, (BAC) Emile Bourgoyne, representing licensed manufacturers	1296 Schexnayder Ln. Melville, LA 71353	337-592-0325	<a href="mailto:ebourgoyne@aol.com">ebourgoyne@aol.com</a> <a href="mailto:emile.bourgoyne@pollardgames.com">emile.bourgoyne@pollardgames.com</a>
Bingo Advisory Committee, (BAC) Tommy Duncan, Jr. representing licensed distributors	145 County Rd. 6474 Dayton, TX 77535	713-455-7535 713-826-8615 (C)	<a href="mailto:tduncan@goodtimeaction.com">tduncan@goodtimeaction.com</a>
Bingo Advisory Committee, (BAC) Melodye Green, representing commercial lessors	16802 Park Hill Dr. Dallas, TX 75248	214-492-0909 214-662-2646 (C)	<a href="mailto:bingomel@sbcglobal.net">bingomel@sbcglobal.net</a>
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)	<a href="mailto:Sdjohnston10@gmail.com">Sdjohnston10@gmail.com</a>
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)	<a href="mailto:brazosbingo@verizon.net">brazosbingo@verizon.net</a>
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	<a href="mailto:jamveronica@hotmail.com">jamveronica@hotmail.com</a>
Bingo Advisory Committee, (BAC)	2308 Crown Colony Dr., Arlington, TX 76011	817-903-7071	<a href="mailto:Corey.Harris87@gmail.com">Corey.Harris87@gmail.com</a>

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)	<a href="mailto:Anastasiom@outlook.com">Anastasiom@outlook.com</a>
Disabled American Veterans Dept. of Texas Teresa Johniken		936-637-3281	<a href="mailto:Adjutant@davtexas.org">Adjutant@davtexas.org</a>
Duggins, Wren, Mann & Romero Kevin Oldham, Attorney	600 Congress Avenue, Ste. 1, Austin, TX 78701	512-495-8866	<a href="mailto:koldham@dwmrlaw.com">koldham@dwmrlaw.com</a>
Improved Order of Redmen Degree of Pocahantas of Texas Carlos Nuñez Great Keeper of Records			<a href="mailto:cnunez.gcr.tx@gmail.com">cnunez.gcr.tx@gmail.com</a>
Kimberley Kiplin, Attorney	510 Hearn St. Austin, TX 78703	512-797-7939	<a href="mailto:Kim@Kiplinlaw.com">Kim@Kiplinlaw.com</a>
League of United Latin American Citizens Robert E. Tellez, Deputy State Director	No address	No phone number	<a href="mailto:Robert@tstrategies956.com">Robert@tstrategies956.com</a>
National Association of Fundraising Ticket Manufacturers Mary Magnuson, President	180 East 5 <sup>th</sup> St., Ste. 940 Saint Paul, MN, 55101	651-644-4710	<a href="mailto:mmagnuson@thejacobsonlawgroup.com">mmagnuson@thejacobsonlawgroup.com</a>
Stephen Fenoglio, Attorney	P.O. Box 301525 Austin, TX 78703	512-347-9944	<a href="mailto:JSFenoglio@Fenogliolaw.com">JSFenoglio@Fenogliolaw.com</a>
Texans for Charitable Bingo Anne Mazuka	No address	512-527-4919	<a href="mailto:amazuka@cgagroup.com">amazuka@cgagroup.com</a>
Texas Charity Advocates J. Thomas Stewart, Executive Director	P.O. Box 29154 Austin, TX 78755	214-236-5016	<a href="mailto:Tom.Stewart@texascharityadvocates.com">Tom.Stewart@texascharityadvocates.com</a>
The Bingo Interest Group Steve Bresnen, Attorney	311 W. 5 <sup>th</sup> St., Ste. 1002 Austin, TX 78701	512-917-0011	<a href="mailto:steve@bresnenassociates.com">steve@bresnenassociates.com</a>
Veterans of Foreign Wars Mitch Fuller, National & State Legislative Chairman	P. O. Box 14468 Austin, TX 78761	512-834-8535, Ext. 107	<a href="mailto:Mitch@texasvfw.org">Mitch@texasvfw.org</a>
Veterans of Foreign Wars Auxiliary Jo Ella Menn, Treasurer	P. O. Box 14468 Austin, TX 78761	512-834-8535, Ext 302	<a href="mailto:Treasurer@texasvfwaux.org">Treasurer@texasvfwaux.org</a>

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	<a href="mailto:terri@lafleurs.com">terri@lafleurs.com</a>
Mid-Size Agency Coordinating Council (MACC) Machelle Pharr, Chair			<a href="mailto:Machelle.Pharr@ers.texas.gov">Machelle.Pharr@ers.texas.gov</a>

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

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	<a href="mailto:natalie.miller@cpa.texas.gov">natalie.miller@cpa.texas.gov</a>
Comptroller of Public Accounts Revenue Estimating Joseph Fonger	111 East 17th Street Austin, Texas 78774	512-475-0010	<a href="mailto:joseph.fonger@cpa.texas.gov">joseph.fonger@cpa.texas.gov</a>
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		<a href="mailto:TCIC.Training@dps.texas.gov">TCIC.Training@dps.texas.gov</a>
DPS Criminal Records Division – Criminal History Fingerprint Services	6100 Guadalupe Street Austin, TX 78752	512-424-2356	<a href="mailto:Fingerprint.services@dps.texas.gov">Fingerprint.services@dps.texas.gov</a>
DPS Criminal Records Division – Criminal History Inquiry Unit	6100 Guadalupe Street Austin, TX 78752	512-424-2474	<a href="mailto:Ncju@dps.texas.gov">Ncju@dps.texas.gov</a>
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	<a href="mailto:Alexandra.becker@gov.texas.gov">Alexandra.becker@gov.texas.gov</a> v
Guille Crenwelge Enterprise Risk Specialist State Office of Risk Management	P.O. Box 13777 Austin, TX 78711-3777	512-936-1571	<a href="mailto:Guille.Crenwelge@sorm.texas.gov">Guille.Crenwelge@sorm.texas.gov</a> ov

Self-Evaluation Report

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

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%
<b>TOTAL</b>	<b>\$199,670,109</b>	<b>\$29,504,143</b>	<b>14.78%</b>		

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%
<b>TOTAL</b>	<b>\$218,813,427</b>	<b>\$31,466,228</b>	<b>14.38%</b>		

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%
<b>TOTAL</b>	<b>\$227,527,374</b>	<b>\$24,248,132</b>	<b>10.66%</b>		

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](mailto: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](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](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.**