



INTEROFFICE MEMO

Gary Grief, Executive Director

Alfonso D. Royal III, Charitable Bingo Operations Director

To: J. Winston Krause, Chairman
Carmen Arrieta-Candelaria, Commissioner
Peggy A. Heeg, Commissioner
Doug Lowe, Commissioner
Robert Rivera, Commissioner

From: Kathy Pyka, Controller

Date: July 24, 2017

Re: 85th Legislature – Legislative Appropriations Request for FY 2018-19

The attached document provides a summary of the Commission's Senate Bill 1 appropriation funding for FY 2018-19 adjusted for the Governor's veto of the Retailer Bonus appropriation in FY 2019.

Please feel free to contact me at 512-344-5410 if you need additional information or have any questions.

Senate Bill 1
FY 2018 - 2019 Legislative Appropriations Request

6/13/2017

FY 2018-19 Total Budget Request compared to SB 1, following 6/12/2017 Governor's Veto

	Texas Lottery		Senate Bill 1, 6/12/2017 with Governor's Veto		Difference between TLC Request and Senate Bill 1, 6/12/2017		% change
	FY 2016-17 Total Budgeted	FY 2018-19 Total Requested	FY 2018	FY 2019	FY 2018	FY 2019	
Goal A: Operate Lottery							
1.1.1. Lottery Operations	\$ 14,930,931	\$ 15,210,922	\$ 7,434,118	\$ 7,437,608	\$ (169,598)	\$ (169,598)	-2.23%
1.1.2. Lottery Field Operations	5,691,777	5,865,219	2,932,241	2,932,978	-	-	0.00%
1.1.3. Marketing and Promotion	13,944,438	13,811,405	6,425,621	6,451,935	(466,924)	(466,925)	-6.76%
1.1.4. Security	11,276,958	11,382,403	5,873,324	5,449,079	(30,000)	(30,000)	-0.53%
1.1.5. Central Administration	25,259,097	25,540,477	12,102,495	12,084,479	(667,731)	(685,772)	-5.30%
1.1.6. Lottery Operator Contract(s)	207,695,833	194,896,562	109,284,032	110,923,293	11,835,751	13,475,012	12.99% *BRE adj.
1.1.7. Scratch Ticket Production Contract(s)	60,300,000	60,300,000	30,150,000	30,150,000	-	-	0.00%
1.1.8. Mass Media Advertising Contract(s)	65,500,000	64,000,000	24,633,448	24,633,448	(7,366,552)	(7,366,552)	-23.02% **
1.1.9. Drawing & Broadcast Contract(s)	5,269,711	5,270,356	2,635,178	2,635,178	-	-	0.00%
1.1.10. Market Research Contract(s)	1,017,935	1,105,240	171,720	171,720	(380,900)	(380,900)	-68.93%
1.1.11. Retailer Bonus	8,145,175	8,400,000	4,200,000	4,200,000	(4,200,000)	(4,200,000)	-50.00% Veto
1.1.12. Retailer Commissions	46,754,450	44,096,240	24,726,013	25,096,903	2,677,893	3,048,783	12.99% *BRE adj.
Total, Operate Lottery	465,786,305	449,878,824	230,568,190	227,966,621	5,431,939	3,224,048	1.92%
Goal B: Enforce Bingo Laws							
2.1.1. Bingo Licensing	\$ 1,610,977	\$ 1,418,914	\$ 662,772	\$ 662,772	\$ (46,685)	\$ (46,685)	-6.58%
2.1.2. Bingo Education & Development	296,354	285,408	133,314	133,314	(9,390)	(9,390)	-6.58%
2.1.3. Bingo Law Compliance	3,153,621	3,075,120	1,436,385	1,436,385	(101,175)	(101,175)	-6.58%
2.1.4. Bingo Prize Fee Collections & Acct. Rider 8, Local Bingo Prize Fees	577,725	633,688	316,844	316,844	-	-	19.38%
Total, Enforce Bingo Laws	25,271,000	24,260,160	14,480,500	14,480,500	2,350,420	2,350,420	14.78%
Total, Commission	\$ 30,909,677	\$ 29,673,290	\$ 17,029,815	\$ 17,029,815	\$ 2,193,170	\$ 2,193,170	2.72%
Method of Financing							
Lottery Account - 5025	\$ 465,786,305	\$ 449,878,824	\$ 230,568,190	\$ 227,966,621	\$ 5,431,939	\$ 3,224,048	1.92%
General Revenue Fund - 0001	30,909,677	29,673,290	17,029,815	17,029,815	2,193,170	2,193,170	14.78%
Total, Method of Financing	\$ 496,695,982	\$ 479,552,114	\$ 247,598,005	\$ 244,996,436	\$ 7,625,109	\$ 5,417,218	2.72%
FTE's	326.5	324.5	323.5	323.5	-1.0	-1.0	-1.0

*Strategies A.1.6 and A.1.12 are funded on a % of lottery sales. The budget recommendation reflects increases for these line items based on the projected sales value developed by the LBB using the Comptroller's Biennial Revenue Estimate (BRE) issued in January 2017. The sales estimate does not factor a decrease in sales and revenue anticipated from budgetary decreases.

**The budget was modified in Conference Committee to reflect an increase of \$4.6855M to the Senate version of the budget. However, the Article IX Contract Cost Containment provision requires a reduction of \$4.6855M.

	FY 2018	FY 2019	FY 2018-19
Amount of Lottery reductions excluding Strategies A.1.6 and A.1.12	\$ (9,081,705)	\$ (13,299,747)	\$ (22,381,452)
Amount of GR reductions to Bingo Strategies	\$ (157,250)	\$ (157,250)	\$ (314,500)