

MINORITY BUSINESS

PARTICIPATION REPORT



AN AGENCY OF THE STATE OF TEXAS

Commissioners:

J. Winston Krause,
Chairman

Jodie G. Baggett

Katie Dickie Stavinoha
John W. Townes, III

Mary Ann Williamson



TEXAS LOTTERY COMMISSION

Gary Grief, Executive Director

Sandra K. Joseph, Charitable Bingo Operations Director

April 16, 2014

The Honorable Rick Perry
The Honorable David Dewhurst
The Honorable Joe Straus
Members of the 83rd Legislature

Ladies and Gentlemen:

In accordance with Section 466.107 of the State Lottery Act, the Texas Lottery Commission (TLC) is submitting its annual Minority Business Participation Report for fiscal year (FY) 2013.

During FY 2013, the agency achieved an overall participation of 30.76 percent in its minority/Historically Underutilized Business (HUB) contracting activity, which represented an increase from FY 2012's performance of 27.84 percent. In addition, the agency continued to surpass its 20-percent goal for licensed minority retailers.

During FY 2014, the Texas Lottery will continue to implement initiatives designed to increase the minority/HUB participation in its business operations.

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

Sincerely,

J. Winston Krause Chairman

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TEXAS LOTTERY COMMISSION

MINORITY BUSINESS PARTICIPATION REPORT

FISCAL YEAR 2013

INTRODUCTION

The Texas Lottery Commission (TLC) has prepared its annual Minority Business Participation Report for FY 2013 in accordance with Section 466.107 of the State Lottery Act. This report documents the agency's level of minority business participation both in its lottery and bingo regulatory contracting activity, and in the licensing of lottery

sales agents. It also provides recommendations for the improvement of lottery-related minority business opportunities.

As defined by the State Lottery Act, a "minority business" is a "business entity at least 51 percent of which is owned by minority group members or, in the case of a corporation, at least 51 percent of the shares of which are owned by minority group members."

Minority group members include African Americans, American Indians, Asian Americans, Mexican Americans and other Americans of Hispanic origin.

Throughout this report, the terms "minority-owned business" and "minority business" are used

interchangeably.

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

TEXAS LOTTERY COMMISSION VISION

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

TEXAS LOTTERY MISSION

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

CHARITABLE BINGO MISSION

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

CORE VALUES

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

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

MINORITY/HUB COMMITMENT

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

MINORITY/HUB PROGRAM

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

OUTREACH ACTIVITIES

Outreach activities make up one of the most important components of the TLC's Minority/HUB Program. The purpose of these activities is to inform minority/HUB vendors about opportunities to provide goods and services to the agency and its contractors. Outreach is performed primarily by participating in business opportunity forums and other events throughout the state. The TLC HUB Coordinator may also assist in planning and cosponsoring statewide events in cooperation with other state agencies. In addition, the agency conducts an annual HUB Forum to inform minority/HUB vendors about TLC procurement processes and to provide networking opportunities. A chart listing the outreach events in which the agency participated during FY 2013 is available in Appendix C (page 24).

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

CONTRACT COMPLIANCE

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

REPORTING

The TLC's minority/HUB expenditures are monitored throughout the year, and periodic minority/HUB participation updates are provided to TLC commissioners. In addition, HUB subcontracting expenditures and supplemental informa-

(CPA) for inclusion in the Statewide HUB Reports. HUB participation information is also included in the agency's Strategic Plan, Legislative Appropriations Request, and Annual Report of Non-Financial Data.



EXECUTIVE SUMMARY

During FY 2013, the TLC continued its efforts to provide opportunities for minority-owned businesses to participate in its procurement processes. Developing contacts with minority-owned businesses in Texas and licensing minority retailers as Texas Lottery sales agents are essential to the agency's initiatives.

The TLC's overall expenditures, as captured by the CPA's *Fiscal Year 2013 Annual Statewide HUB Report*, increased from FY 2012 to FY 2013. During this reporting period, the Commission ranked 18th by overall expenditures among the 50 largest-spending agencies. This was the same ranking that the TLC had in FY 2012.

FIG. 2 MINORITY SPENDING

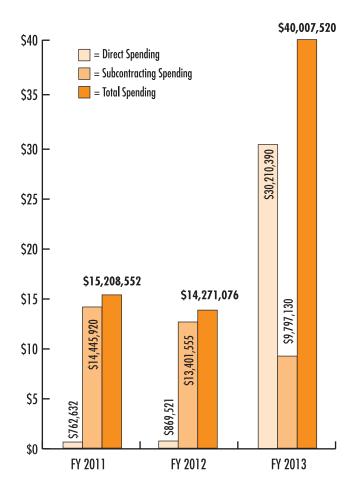
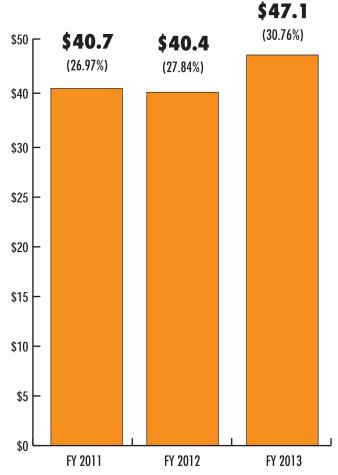
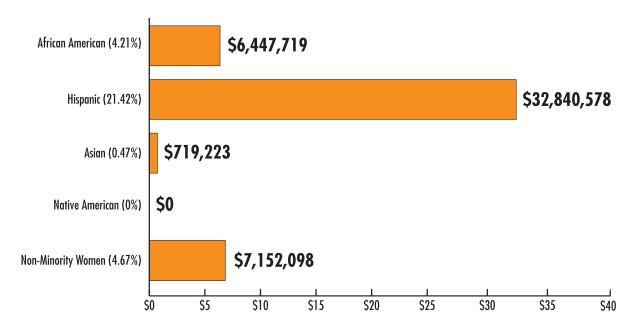


FIG. 1 MINORITY/HUB SPENDING (IN MILLIONS)

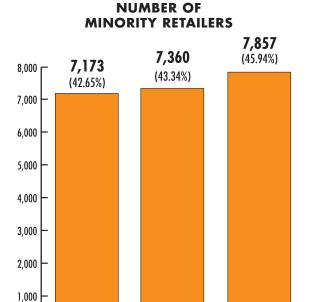


During FY 2013, the TLC achieved an overall participation rate in its minority/HUB contracting activity of 30.76 percent. As shown in Figure 1, total expenditures paid to all minority/HUB vendors increased from the previous fiscal year. The TLC's overall minority/HUB percentage also increased. Figure 2 summarizes payments made to minority-owned businesses only (not including non-minority women). During this reporting period, direct expenditures to minority-owned businesses increased and subcontracting payments decreased. Figure 3 shows the breakdown of FY 2013 minority/HUB spending by ethnic group.

FIG. 3
FY 2013 MINORITY/HUB SPENDING BY ETHNICITY



During FY 2013, the TLC continued to exceed the 20-percent goal for its minority-owned Texas Lottery retailer base which is set out in Texas Government Code Section 466.151. Minority retailers now number 7,857, representing 45.94 percent of the agency's total Texas Lottery retailer base (see Figures 4 and 5). In addition, for the seventh consecutive year, the TLC has maintained a minority retailer percentage of more than 40 percent. More detailed information on minority retailers by county is located in Appendix B (page 18).



FY 2012

FY 2013

FY 2011

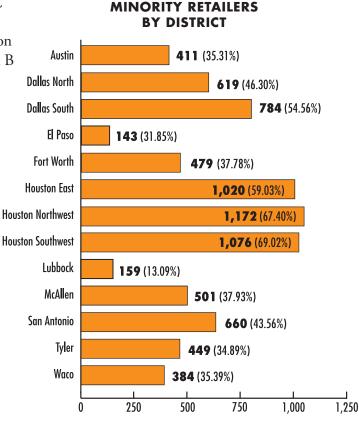


FIG. 5

KEY CONTRACTORS

The Commission's key contractors during FY 2013 for contracts estimated to be \$100,000 or more* included the following:

ALLIED BARTON SECURITY SERVICES LLC – Security officer services.

AUSTIN RIBBON AND COMPUTER SUPPLIES, INC.** – Uninterrupted power supply lease.

BARKER & HERBERT ANALYTICAL LABORATORIES, INC. – Lottery product testing services.

BEEHIVE SPECIALTY Co.** - Promotional products.

CANON SOLUTIONS AMERICA (FKA OCÉ IMAGISTICS, INC.) – Document management services.

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

DELEHANTY CONSULTING, LLC – Lottery security study services (expired 3/22/2013).

DELL MARKETING, LP – Microsoft enterprise agreement.

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

ELSYM CONSULTING, INC. – Internal control system and related services.

EUBANK AND YOUNG STATISTICAL CONSULTING – Statistical consulting services.

FIVE POINTS & ASSOCIATES, INC.** – Application development and maintenance services.

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

GTECH CORPORATION[®] – Lottery operations and services.

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

IPSOS-REID CORPORATION – Market research services.

KNIGHT SECURITY SYSTEMS, LLC – Surveillance camera products and services.

LATINWORKS MARKETING, LLC** – Advertising services.

MAXWELL, LOCKE AND RITTER, LLP – Audit services (expired 3/31/2013).

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

POLLARD BANKNOTE, LTD. – Instant ticket manufacturing and services.

RFD & ASSOCIATES, INC.** – System conversion services.

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

SEQUEL DATA SYSTEMS, INC.** – PC equipment lease.

SHI GOVERNMENT SOLUTIONS** – SAN equipment lease.

SIERRA GROUP, LLC – Promotional products.

SUNGARD VERICENTER, INC. – Web site hosting services.

TLP, INC. DBA TRACY LOCKE AND LATINWORKS – Advertising services (expired 12/31/2012).

TYCO INTEGRATED SECURITY (FKA ADT SECURITY SYSTEMS) – Security management system and monitoring services.

WEAVER AND TIDWELL, LLP - Audit services.

^{*}List does not include interagency contracts, property leases, or licensed property contracts.

^{**}HUB certified contractors

FISCAL YEAR 2013 HIGHLIGHTS

- The TLC's minority/HUB expenditures totaled more than \$47.1 million.
- For FY 2013, the Texas Lottery Commission ranked 18th in terms of overall expenditures as captured by the CPA's *Fiscal Year 2013 Annual Historically Underutilized Business (HUB) Report*. Of the 18 largest-spending state agencies, the TLC ranked number one by overall HUB percentage (see Table C, page 12).
- Five of the TLC's contractors increased subcontracting payments to minority/ HUB businesses.
- Eight HUB companies provided key contract services to the agency during FY 2013 (see page 6).
- The TLC awarded over \$16,000 worth of bid opportunities at the "Doing Business Texas Style Spot Bid Fair" held in conjunction with ACCESS 2013 in Irving, Texas.
- The TLC continued its vendor education efforts regarding the HUB subcontracting plan (HSP) by offering one-on-one HSP workshops and reviews of draft HSPs. This resulted in greater numbers of compliant HSPs and increased competition.
- The TLC participated in 14 economic opportunity forums and HUB-related outreach events statewide.
- The TLC conducted a successful annual HUB forum on June 25, 2013, which attracted minority/HUB participants from across the state. Roundtable networking sessions at this event allowed maximum interaction between attendees, agency staff, and key TLC contractors.

 The TLC participated in HUB Discussion Workgroup meetings that were held during the

fiscal year.

• The TLC maintained a minority retailer percentage of more than 40 percent for the seventh consecutive year. This represents a retailer participation of more than twice the established goal.

FISCAL YEAR 2013 MINORITY/HUB EXPENDITURE SUMMARY

TABLE A

I. DIRECT MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	DIRECT EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$9,168	0.01%	
HISPANIC AMERICAN	\$29,865,742	19.48%	
ASIAN AMERICAN	\$335,480	0.22%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$ 1,609,096	1.05%	
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TOTAL	\$31,819,486	20.76%	\$153,290,298

II. MINORITY/HUB SUBCONTRACTING EXPENDITURES

MINORITY/HUB GROUP	SUBCONTRACTING EXPENDITURES	% OF NON-MINORITY/ NON-HUB TOTAL	TOTAL NON-MINORITY/ NON-HUB EXPENDITURES
AFRICAN AMERICAN	\$6,438,551	5.30%	
HISPANIC AMERICAN	\$2,974,836	2.45%	
ASIAN AMERICAN	\$383,743	.32%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$5,543,002	4.56%	
TOTAL	\$15,340,132	12.63%	\$121,470,812

III. GRAND TOTAL OF MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	MINORITY/HUB EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$6,447,719	4.21%	
HISPANIC AMERICAN	\$32,840,578	21.42%	
ASIAN AMERICAN	\$719,223	0.47%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$7,152,098	4.67%	
GRAND TOTAL	\$47,159,618	30.76%	\$153,290,298

NOTE: Fiscal Year expenditures were based on the reportable expenditure object codes utilized by the Comptroller of Public Accounts (CPA) for the State of Texas HUB Report. Totals may not sum exactly to CPA report due to rounding.

The Texas Lottery Commission promotes fair and competitive opportunities for minority/ HUB vendors interested in doing business with the agency and its key contractors. The TLC conducted an effective program during FY 2013 to inform and educate minority businesses/ HUBs about opportunities to provide supplies, equipment, and services for the operation of the agency and to serve as licensed sales agents. The following sections detail some of the TLC's achievements in FY 2013.

INCLUSION IN PROCUREMENTS

The TLC's procurement-related initiatives included:

- Participating in forums and other outreach events to inform minority/HUB vendors about the TLC's contracting and subcontracting opportunities.
- Hosting an annual HUB forum to present procurement-related information to minority/HUB vendors and provide networking opportunities.
- Determining the probability of subcontracting and identifying potential minority/HUB subcontracting opportunities for contracts with an expected value of \$100,000 or more.
- Providing vendor support by offering one-on-one HUB subcontracting plan (HSP) workshops and reviews of draft HSPs.
- Evaluating good-faith-effort compliance with HSP requirements as part of the bid/proposal process.
- Conducting post-contract award follow-up with awarded vendors to discuss HSP requirements; monitoring contracts to ensure compliance.



Bids/Proposals Received and Contracts Awarded:

During FY 2013, the TLC received 88 competitive bids and proposals from HUB vendors, which represented nearly 62 percent of all responses. Overall, the agency awarded 174 total contracts to HUB vendors, 76 of which were awarded to minority-owned HUBs. These included contracts resulting from noncompetitive "spot purchases," informal and formal quotes, bids, offers, and proposals received from HUB vendors.

OUTREACH ACTIVITIES

Advertisements: During FY 2013, the TLC ran print advertisements to promote its HUB program and to publicize minority/HUB outreach events in minority-owned newspapers. Examples of the types of advertising placed are available in Appendix E (page 27).

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

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

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

The TLC conducted its Annual HUB Forum on June 25, 2013, in Austin. The forum drew minority- and woman-owned companies from throughout the state. Texas Lottery Commission presenters provided an overview of the agency's procurement opportunities and processes, as well as other information to assist HUBs. Roundtable networking sessions provided attendees with the opportunity to meet face-to-face with agency management/staff and representatives from some of the TLC's largest contractors. Vendors who attend the TLC forum consistently provide positive feedback regarding the meeting format and the opportunity to directly network with agency staff and contractors.

Subcontracting Opportunities: In FY 2013, the TLC continued to identify subcontracting opportunities for minority/HUB vendors and to monitor HUB Subcontracting Plan requirements.

MENTOR-PROTÉGÉ PROGRAM

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

Although the TLC did not have any active mentor-protégé relationships during FY 2013, the Mentor-Protégé Program is an ongoing initiative. The TLC will continue its efforts to form new mentor protégé relationships during FY 2014.

HUB DISCUSSION WORKGROUP

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

CONTRACTOR SUPPORT

Contractors are encouraged to include minority businesses and HUBs when purchasing goods and/ or services related to the fulfillment of their contracts with the TLC. When the TLC determines that subcontracting is probable for contracts with an expected value of \$100,000 or more, respondents must complete HUB subcontracting plan (HSP) forms and perform a good faith effort to use HUBs as subcontractors. The state's Centralized Master Bidders List and HUB Directory are key resources for identifying potential HUB subcontractors. Many of the TLC's largest contractors also participated in the TLC's FY 2013 HUB Forum, providing information and networking opportunities to HUBs. Through these efforts, the agency's key contractors who utilized minority and/or HUB subcontractors achieved the following results in FY 2013:

TABLE B

CONTRACTOR NAME	MINORITY/HUB SUBCONTRACTING EXPENDITURES*
LATINWORKS MARKETING, LLC	\$6,718,879
GTECH CORPORATION	\$6,251,594
TLP, INC. DBA TRACY LOCKE AND LATINWORKS	\$5,768,288
SCIENTIFIC GAMES INTERNATIONAL, INC.	\$2,118,001
POLLARD BANKNOTE, LTD.	\$1,101,493
DAVILA, BUSCHHORN, & ASSOCIATES, P.C.	\$176 <i>,</i> 738
GTECH CORPORATION (FKA GTECH PRINTING CORPORATION)	\$97,311

^{*}Amounts have been rounded to the nearest dollar.

RANK AMONG LARGEST-SPENDING AGENCIES

The Texas Lottery Commission ranked 18th in terms of overall expenditures captured by the CPA's Fiscal Year 2013 Annual Historically Underutilized Business (HUB) Report. Of the 18 largest-spending agencies, the TLC ranked 1st by overall HUB percentage (see Table C).

TABLE C

ANNUAL FISCAL YEAR 2013 HUB REPORT

EIGHTEEN LARGEST-SPENDING AGENCIES RANKED BY OVERALL HUB PERCENTAGE

RANK	AGENCY NAME	TOTAL EXPENDITURES	HUB EXPENDITURES	HUB PERCENTAGE
1	TEXAS LOTTERY COMMISSION	\$153,290,299	\$47,159,620	30.76%
2	UNIVERSITY OF TEXAS SYSTEM	\$499,296,255	\$141,135,301	28.27%
3	TEXAS TECH UNIVERSITY	\$159,716,481	\$41,557,249	26.02%
4	the texas a & m university system	\$251,515,450	\$61,376,906	24.40%
5	HEALTH & HUMAN SERVICES COMMISSION	\$750,633,686	\$174,604,252	23.26%
6	texas a & m university (main univ)	\$226,151,115	\$49,548,000	21.91%
7	university of houston	\$310,835,987	\$67,639,122	21.76%
8	texas state university - san marcos	\$169,503,937	\$34,870,144	20.57%
9	UNIVERSITY OF TEXAS AT AUSTIN	\$311,546,426	\$55,542,094	17.83%
10	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	\$283,345,114	\$45,018,856	15.89%
11	UT SOUTHWESTERN MEDICAL CENTER/DALLAS	\$693,128,262	\$96,457,986	13.92%
12	DEPARTMENT OF STATE HEALTH SERVICES	\$349,746,637	\$48,595,992	13.89%
13	TEXAS EDUCATION AGENCY	\$162,351,287	\$20,924,290	12.89%
14	DEPARTMENT OF PUBLIC SAFETY	\$180,843,259	\$21,216,289	11.73%
15	UNIVERSITY OF TEXAS MEDICAL BRANCH	\$336,711,147	\$26,745,692	7.94%
16	ut md anderson cancer center	\$1,295,468,249	\$99,932,628	7.71%
17	TEXAS DEPARTMENT OF TRANSPORTATION	\$5,206,374,314	\$385,347,063	7.40%
18	GENERAL LAND OFFICE	\$ 220,551,390	\$8,016,352	3.63%

Note: The largest-spending agencies are determined by total expenditures made for object codes which are reportable in the CPA's Fiscal Year 2013 Annual Historically Underutilized Business (HUB) Report. The state does not have an overall HUB goal, but utilizes six procurement category goals, in accordance with the State Disparity Study. These figures are unaudited and have been rounded to the nearest dollar.

MINORITY RETAILERS

The Texas Lottery Commission's minority retailer base consistently exceeds its statutory goal of 20 percent. In FY 2013, the agency's minority retailers numbered 7,857, which represented 45.94 percent of the Texas Lottery's total retailer base (see Figure 4 and Appendix B). This represents an increase from the previous fiscal year. In addition, the agency has maintained a minority retailer percentage of more than 40 percent for the past seven fiscal years.

FISCAL YEAR 2014 RECOMMENDED IMPROVEMENTS

- Implement new requirements to include disabled veterans in the agency's HUB program.
- Focus on the Commission's Mentor-Protégé Program and develop at least one new mentor-protégé relationship.
- Work with TLC technical staff to improve internal HUB reporting capabilities.
- Incorporate new ideas to enhance the agency's Annual HUB Forum.
- Increase the number of HUB outreach events attended by TLC Purchasing staff.
- Increase the number of bid opportunities and awards at the "Doing Business Texas Style" event.
- Maintain active participation in the HUB Discussion Workgroup.

• Continue ongoing efforts to assist vendors with HUB subcontracting plan



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DEFINITIONS

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

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

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

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

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

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

APPENDIX A

DEFINITIONS

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

HUB SUBCONTRACTING PLAN: As defined by Texas Administrative Code Title 34, Part 1, Chapter 20, Subchapter B, Rule §20.11, a HUB subcontracting plan is "written documentation regarding the use of subcontractors, which is required to be submitted with all responses to state agency contracts with an expected value of \$100,000 or more where subcontracting opportunities have been determined by the state agency to be probable. The HUB subcontracting plan subsequently becomes a provision of the awarded contract, and shall be monitored for compliance by the state agency during the term of the contract."

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

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

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

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

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

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
ANDERSON	102	43	42.16%
ANDREWS	6	0	0.00%
ANGELINA	64	16	25.00%
ARANSAS	22	7	31.82%
ARCHER	9	2	22.22%
ARMSTRONG	3	1	33.33%
ATASCOSA	35	17	48.57%
AUSTIN	33	22	66.67%
BAILEY	6	0	0.00%
BANDERA	13	5	38.46%
BASTROP	61	28	45.90%
BAYLOR	4	0	0.00%
BEE	21	7	33.33%
BELL	203	74	36.45%
BEXAR	937	490	52.29%
BLANCO	15	6	40.00%
BORDEN	0	0	0.00%
BOSQUE	28	12	42.86%
BOWIE	51	11	21.57%
BRAZORIA	182	115	63.19%
BRAZOS	125	87	69.60%
BREWSTER	10	3	30.00%
BRISCOE	2	0	0.00%
BROOKS	5	2	40.00%
BROWN	33	7	21.21%
BURLESON	24	15	62.50%
BURNET	35	15	42.86%
CALDWELL	24	6	25.00%
CALHOUN	18	9	50.00%
CALLAHAN	10	1	10.00%
CAMERON	194	54	27.84%
CARSON	13	5	38.46%
CASS	6	7	0.00%
CASS	26		26.92%
CASTRO CHAMBERS	7 43	0 21	0.00%
CHEROKEE	40	18	48.84% 45.00%
CHILDRESS	7	0	0.00%
CHILDRESS	5	0	0.00%
COCHRAN	6	2	33.33%
COCHRAIN	4	2	50.00%
COLEMAN	9	1	11.11%
COLLIN	320	136	42.50%
COLLIN	320	130	42.50%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
COLLINGSWORTH	2	0	0.00%
COLORADO	28	14	50.00%
COMAL	71	9	12.68%
COMANCHE	13	1	7.69%
CONCHO	5	0	0.00%
COOKE	37	16	43.24%
CORYELL	33	12	36.36%
COTTLE	2	0	0.00%
CRANE	5	1	20.00%
CROCKETT	6	1	16.67%
CROSBY	8	0	0.00%
CULBERSON	10	3	30.00%
DALLAM	10	0	0.00%
DALLAS	1635	918	56.15%
DAWSON	9	3	33.33%
DEAF SMITH	14	1	7.14%
DELTA	3	1	33.33%
DENTON	296	125	42.23%
DE WITT	15	4	26.67%
DICKENS	3	1	33.33%
DIMMIT	12	8	66.67%
DONLEY	5	0	0.00%
DUVAL	15	7	46.67%
EASTLAND	25	5	20.00%
ECTOR	98	1 <i>7</i>	17.35%
EDWARDS	3	1	33.33%
ELLIS	99	40	40.40%
EL PASO	364	122	33.52%
ERATH	24	11	45.83%
FALLS	15	6	40.00%
FANNIN	23	10	43.48%
FAYETTE	23	6	26.09%
FISHER	3	0	0.00%
FLOYD	5	0	0.00%
FOARD	1	0	0.00%
FORT BEND	287	183	63.76%
FRANKLIN	6	2	33.33%
FREESTONE	24	7	29.17%
FRIO	20	7	35.00%
GAINES	10	2	20.00%
GALVESTON	277	186	67.15%
GARZA	5	0	0.00%
GILLESPIE	12	2	16.67%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
GLASSCOCK	1	0	0.00%
GOLIAD	5	1	20.00%
GONZALES	17	8	47.06%
GRAY	20	3	15.00%
GRAYSON	106	40	37.74%
GREGG	136	35	25.74%
GRIMES	29	19	65.52%
GUADALUPE	74	25	33.78%
HALE	24	2	8.33%
HALL	6	0	0.00%
HAMILTON	9	1	11.11%
HANSFORD	4	0	0.00%
HARDEMAN	7	0	0.00%
HARDIN	49	4	8.16%
HARRIS	3187	2278	71.48%
HARRISON	51	16	31.37%
HARTLEY	0	0	0.00%
HASKELL	5	0	0.00%
HAYS	88	20	22.73%
HEMPHILL	5	0	0.00%
HENDERSON	60	29	48.33%
HIDALGO	356	165	46.35%
HILL	42	7	16.67%
HOCKLEY	14	2	14.29%
HOOD	44	7	15.91%
HOPKINS	26	8	30.77%
HOUSTON	38	20	52.63%
HOWARD	28	3	10.71%
HUDSPETH	5	3	60.00%
HUNT	68	32	47.06%
HUTCHINSON	18	1	5.56%
IRION	4	1	25.00%
JACK	9	2	22.22%
JACKSON	18	8	44.44%
JASPER	42	5	11.90%
JEFF DAVIS	2	0	0.00%
JEFFERSON	268	74	27.61%
JIM HOGG	5	2	40.00%
JIM WELLS	37	19	51.35%
JOHNSON	103	32	31.07%
JONES	11	1	9.09%
KARNES	15	3	20.00%
KAUFMAN	91	42	46.15%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
KENDALL	25	10	40.00%
KENEDY	0	0	0.00%
KENT	0	0	0.00%
KERR	35	0	0.00%
KIMBLE	11	2	18.18%
KING	0	0	0.00%
KINNEY	3	0	0.00%
KLEBERG	33	19	57.58%
KNOX	4	0	0.00%
LAMAR	38	13	34.21%
LAMB	14	0	0.00%
LAMPASAS	14	4	28.57%
LA SALLE	8	1	12.50%
LAVACA	21	4	19.05%
LEE	17	7	41.18%
LEON	29	12	41.38%
LIBERTY	75	46	61.33%
LIMESTONE	24	7	29.17%
LIPSCOMB	3	0	0.00%
LIVE OAK	16	0	0.00%
LLANO	20	3	15.00%
LOVING	0	0	0.00%
LUBBOCK	149	25	16.78%
LYNN	3	0	0.00%
MADISON	11	7	63.64%
MARION	15	6	40.00%
MARTIN	1	0	0.00%
MASON	5	1	20.00%
MATAGORDA	40	22	55.00%
MAVERICK	26	12	46.15%
MCCULLOCH	9	0	0.00%
MCLENNAN	182	78	42.86%
MCMULLEN	2	0	0.00%
MEDINA	31	6	19.35%
MENARD	4	1	25.00%
MIDLAND	76	3	3.95%
MILAM	22	3	13.64%
MILLS MITCHELL	4	0	0.00%
	5	0	0.00%
MONTAGUE MONTGOMERY	17	4	23.53%
MOORE	308	192	62.34%
MORRIS	20	4	20.00%
MOKKIS	11	3	27.27%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
MOTLEY	3	0	0.00%
NACOGDOCHES	57	21	36.84%
NAVARRO	49	21	42.86%
NEWTON	14	2	14.29%
NOLAN	21	2	9.52%
NUECES	236	74	31.36%
OCHILTREE	6	0	0.00%
OLDHAM	2	1	50.00%
ORANGE	84	10	11.90%
PALO PINTO	39	6	15.38%
PANOLA	16	5	31.25%
PARKER	57	15	26.32%
PARMER	8	0	0.00%
PECOS	20	6	30.00%
POLK	33	14	42.42%
POTTER	103	42	40.78%
PRESIDIO	6	1	16.67%
RAINS	11	6	54.55%
RANDALL	51	10	19.61%
REAGAN	3	0	0.00%
REAL	5	2	40.00%
RED RIVER	15	6	40.00%
REEVES	10	2	20.00%
REFUGIO	10	2	20.00%
ROBERTS	2	0	0.00%
ROBERTSON	26	11	42.31%
ROCKWALL	37	13	35.14%
runnels	14	0	0.00%
RUSK	27	8	29.63%
SABINE	13	1	7.69%
SAN AUGUSTINE	11	2	18.18%
SAN JACINTO	14	11	78.57%
SAN PATRICIO	70	23	32.86%
SAN SABA	7	0	0.00%
SCHLEICHER	3	0	0.00%
SCURRY	12	0	0.00%
SHACKELFORD	5	0	0.00%
SHELBY	21	6	28.57%
SHERMAN	2	0	0.00%
SMITH	136	69	50.74%
SOMERVELL	11	4	36.36%
STARR	42	24	57.14%
STEPHENS	8	3	37.50%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
STERLING	2	0	0.00%
STONEWALL	2	0	0.00%
SUTTON	9	0	0.00%
SWISHER	6	1	16.67%
TARRANT	1164	487	41.84%
TAYLOR	107	6	5.61%
TERRELL	1	0	0.00%
TERRY	9	0	0.00%
THROCKMORTON	2	0	0.00%
TITUS	30	11	36.67%
TOM GREEN	71	5	7.04%
TRAVIS	621	170	27.38%
TRINITY	20	9	45.00%
TYLER	18	0	0.00%
UPSHUR	20	8	40.00%
UPTON	4	0	0.00%
UVALDE	25	4	16.00%
VAL VERDE	24	6	25.00%
VAN ZANDT	36	13	36.11%
VICTORIA	64	20	31.25%
WALKER	50	30	60.00%
WALLER	32	21	65.63%
WARD	14	2	14.29%
WASHINGTON	33	12	36.36%
WEBB	122	41	33.61%
WHARTON	49	30	61.22%
WHEELER	7	0	0.00%
WICHITA	98	34	34.69%
WILBARGER	10	1	10.00%
WILLACY	13	6	46.15%
WILLIAMSON	189	67	35.45%
WILSON	28	9	32.14%
WINKLER	6	0	0.00%
WISE	43	18	41.86%
WOOD	24	9	37.50%
YOAKUM	8	1	12.50%
YOUNG	18	4	22.22%
ZAPATA	14	10	71.43%
ZAVALA	11	7	63.64%
TOTAL	17,104	7,857	45.94%



FISCAL YEAR 2013 HUB, MINORITY AND SMALL BUSINESS OUTREACH EVENTS

I. STATE ECONOMIC OPPORTUNITY FORUMS	LOCATION
HEALTH AND HUMAN SERVICES COMMISSION'S "PARTNER FOR A BETTER TEXAS"	AUSTIN
TEXAS DEPARTMENT OF INSURANCE "INSPIRING DIVERSITY" HUB FORUM	AUSTIN
TEACHER RETIREMENT SYSTEM AND TEXAS WORKFORCE COMMISSION'S 13^{TH} annual purchasing and hub connection	AUSTIN
TEXAS PROCUREMENT AND SUPPORT SERVICES 2013 PROCUREMENT CONNECTION SEMINAR AND EXPO	BEAUMONT
DEPARTMENT OF PUBLIC SAFETY/DEPARTMENT OF MOTOR VEHICLES/TEXAS HISTORICAL COMMISSION'S HUB FORUM	AUSTIN
UNIVERSITY OF TEXAS HUB VENDOR FAIR	AUSTIN
"DOING BUSINESS TEXAS STYLE" AT ACCESS 2013	IRVING
17 TH ANNUAL PROCUREMENT CONFERENCE - UNIVERSITY OF TEXAS ARLINGTON	ARLINGTON
TEXAS PROCUREMENT AND SUPPORT SERVICES 2013 PROCUREMENT CONNECTION SEMINAR AND EXPO	AUSTIN
II. TEXAS LOTTERY COMMISSION FORUMS	
TEXAS LOTTERY COMMISSION ANNUAL HUB FORUM	AUSTIN
III. VENDOR FAIRS, CONFERENCES & PROCUREMENT EVENTS	
HOUSTON MINORITY BUSINESS SUPPLIER DEVELOPMENT COUNCIL EXPO	HOUSTON
TEXAS ASSOCIATION OF AFRICAN AMERICAN CHAMBERS OF COMMERCE (TAAACC) ANNUAL CONFERENCE	AUSTIN
BEXAR COUNTY SMALL, MINORITY, WOMAN AND VETERAN BUSINESS OWNER'S CONFERENCE 2012	SAN ANTONIO
GOVERNMENT PROCUREMENT CONNECTIONS 2013	HOUSTON
TEXAS ASSOCIATION OF MEXICAN AMERICAN CHAMBERS OF COMMERCE (TAMACC) 37^{TH} ANNUAL BUSINESS CONFERENCE	SAN ANTONIO

FISCAL YEAR 2013 WORKFORCE DIVERSITY HUMAN RESOURCES STATEMENT

The Commission strives to ensure that its employee population reflects the ethnic and gender composition of the state of Texas. A workforce comprising **nearly 62 percent** women and **44 percent** minorities is the result of our aggressive approach to equal opportunity practices (see table below).

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

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

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

TEXAS LOTTERY COMMISSION WORKFORCE

TEXAS LOTTERY EMPLOYEES BY ETHNICITY FISCAL YEAR 2013

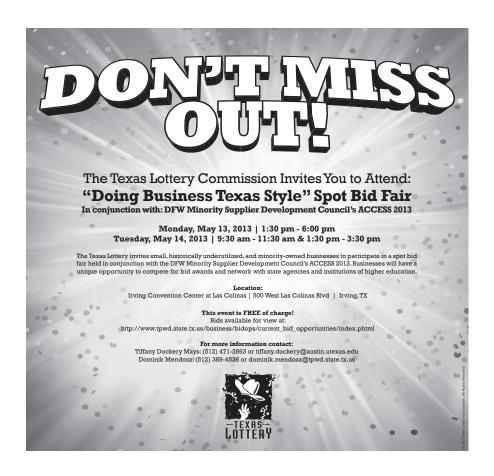
ETHNICITY	NUMBER OF EMPLOYEES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	34	10.30%
HISPANIC AMERICAN	98	29.70%
ASIAN AMERICAN	11	3.30%
NATIVE AMERICAN	1	.30%
TOTAL MINORITIES	144	43.60%
CAUCASIAN	186	56.40%
TOTAL EMPLOYEES	330	100%

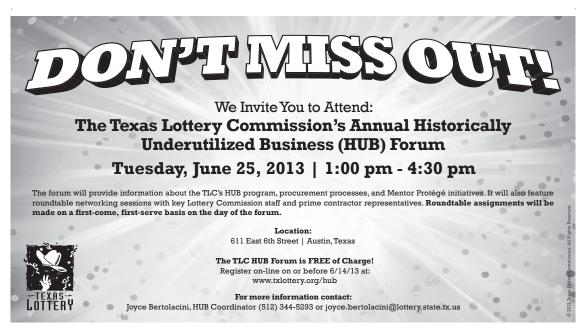
TEXAS LOTTERY EMPLOYEES BY GENDER FISCAL YEAR 2013

ETHNICITY	NUMBER OF MALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	10	3.03%
HISPANIC AMERICAN	30	9.10%
ASIAN AMERICAN	5	1.52%
NATIVE AMERICAN	1	0.30%
CAUCASIAN	81	24.55%
TOTAL MALES	127	38.50%
ETHNICITY	NUMBER OF FEMALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	24	7.27%
HISPANIC AMERICAN	68	20.61%
ASIAN AMERICAN	6	1.81%
NATIVE AMERICAN	0	0.0%
CAUCASIAN	105	31.81%
TOTAL FEMALES	203	61.50%
TOTAL AGENCY EMPLOYEES	330	100%

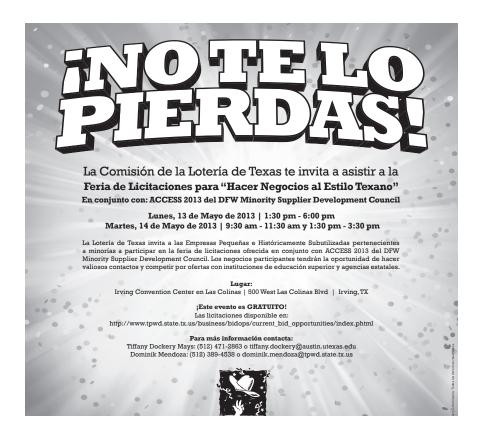
APPENDIX E





















TEXAS LOTTERY COMMISSION

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TXLOTTERY.ORG
TXBINGO.ORG



AN AGENCY OF THE STATE OF TEXAS