



LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS 2010 AND 2011

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

by

Texas Lottery Commission

August 27, 2008

Legislative Appropriations Request

for Fiscal Years 2010 and 2011

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

by

Texas Lottery Commission

Commission Members

James A. Cox, Jr.
David J. Schenck

Dates of Term

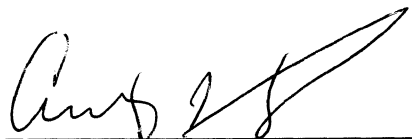
June 3, 2002 - February 1, 2009
October 17, 2007 - February 1, 2013

Hometown

Austin
Dallas

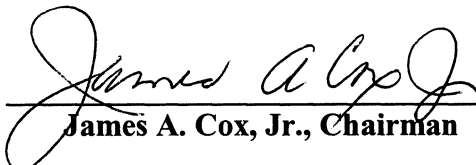
Submitted: August 27, 2008

Submitted by:



Anthony J. Sadberry, Executive Director

Approved by:



James A. Cox, Jr., Chairman

**Legislative Appropriations Request
for Fiscal Years 2010 and 2011
Texas Lottery Commission**

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ADMINISTRATOR'S STATEMENT
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/15/2008**
TIME: **10:11:49AM**
PAGE: **1** of **3**

Agency code: **362**

Agency name: **Texas Lottery Commission**

ADMINISTRATOR'S STATEMENT

Name	Term of Office	Hometown
James A. Cox, Jr.	June 3, 2002 – February 1, 2009	Austin
David J. Schenck	October 17, 2007 – February 1, 2013	Dallas

Texas Lottery Sales and Revenue

From its inception in May 1992 through FY 2007, the Texas Lottery has generated more than \$15.1 billion in revenue for the state of Texas. Prior to FY 1998, all lottery revenue was transferred to the General Revenue Fund. Effective with FY 1998, net lottery revenue has been dedicated to the Foundation School Fund. In January 2008, the agency passed another major milestone when cash transfers to the Foundation School Fund exceeded the \$10 billion mark.

In FY 2007, the Texas Lottery Commission transferred more than \$1 billion to the Foundation School Fund for the fourth year in a row. Including unclaimed prize money, total revenue transferred to the state was \$1.09 billion, with \$1.03 billion going to the Foundation School Fund. This represented the largest transfer to the Foundation School Fund since FY 1998.

In addition to transfers to the Foundation School Fund, the Texas Lottery Commission also contributed revenue from other sources such as unclaimed prizes and collection of debts owed to the state. During FY 2007, the Commission transferred \$58.9 million in unclaimed prizes to the state. This brings the total to \$426.6 million since the first statutory change addressing unclaimed prizes in 1999. The biggest beneficiary to date has been the General Revenue Fund, which has received \$135.5 million in unclaimed prizes. The Commission also assists in collecting debts owed to the state of Texas. Before the Commission pays a claimant his or her prize, agency staff checks to ensure that the winner does not have outstanding debts to the state. This effort has garnered more than \$2.9 million for the state over the past five years to satisfy debt that might have otherwise gone unpaid.

Charitable Bingo Revenue and Business Activities

Since the first licenses were issued in 1982, charitable bingo has had positive benefits for charities, players, and state, county and municipal governments in Texas. From its inception in 1982 through calendar year 2007, charitable bingo has generated more than \$374 million in revenue for the state of Texas. Gross receipts from the conduct of charitable bingo total more than \$13.5 billion, bingo prizes awarded have been in excess of \$9.9 billion, and allocations to local jurisdictions have totaled approximately \$214 million. By the end of calendar year 2007, the total amount of charitable distributions from the conduct of bingo exceeded \$868 million.

Lottery Administrative Expenses

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

A major part of the agency's budget is concentrated in the Lottery Operations Division budget, which accounts for the commission paid to the lottery operator. This commission is currently based on 2.6999 percent of gross sales as negotiated under a nine-year contract with the lottery operator, which went into effect on September 1, 2002. The contract expires August 31, 2011.

ADMINISTRATOR'S STATEMENT
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Agency code: 362

Agency name: Texas Lottery Commission

The Texas Lottery Commission has recently contracted for consultant services to provide expertise and assistance in analyzing and exploring options available for the delivery of core lottery business functions and developing the resulting procurement documentation. In addition, the consultant services will assist in identifying and developing the best operational services mix, outsourced vs. state operated, to maximize revenue to the state. Specifically, the consultant will assist in the development of the project work plan and implementation strategy, business operations review and assessment, business case development and procurement assistance.

The Commission has submitted 5 Exceptional Items amounting to \$28.7 million. The Exceptional Items have been prioritized in accordance with the agency's goal structure to allow for continued regulatory and revenue generating functions, provide essential services and allow for potential growth in Lottery revenue. A summary of each Exceptional Item follows:

Exceptional Items 1 and 2, Bingo Indirect and Administrative Expenses. Presently, Bingo indirect overhead and administrative expenses are expensed to lottery strategies and paid from the proceeds of lottery sales, or the GR Dedicated Lottery Account, as opposed to being expensed to Bingo strategies and paid from the General Revenue Fund. This practice dates back several years following a requirement from leadership to reduce general revenue funding requests.

To provide alternatives regarding the funding of certain bingo indirect overhead and administrative expenses in its FY 2010-11 LAR, the Commission has provided three funding options as follows:

Exceptional Item 1 requests an increase in GR appropriation supported by fees currently collected by the Bingo division. Current collection of bingo fees, rental taxes and prize fees exceed bingo expenditures by \$13.3 million on an annual basis leaving sufficient funds on deposit in the General Revenue unappropriated account to cover the Bingo Indirect and Administrative expenses currently being funded by the GR Dedicated Lottery Account. This item would also result in a decrease in the GR Dedicated Lottery Account expenditures by the same amount of Bingo indirect overhead and administrative expenses moved to General Revenue.

As an alternative to Exceptional Item 1 supported by fees, Exceptional Item 2 requests an increase in GR appropriation to fund Bingo indirect and administrative expenses. This item would also result in a decrease in the GR Dedicated Lottery Account expenditures by the same amount of Bingo indirect overhead and administrative expenses moved to General Revenue.

The third proposed option includes a revision to Rider 3, Operate Lottery to reflect the current practice of funding Bingo Indirect and Administrative expenses through the sale of lottery tickets. This Rider revision request will be contingent upon the passage of legislation, specifically an amendment to the State Lottery Act, Chapter 466, Texas Government Code, which would clarify the authority for money in the State Lottery Account to be used to pay for costs incurred in the administration of the Commission, including certain Bingo indirect overhead and administrative expenses.

Should one of the funding options not be considered and the Charitable Bingo Operations Division be required to fund Bingo indirect overhead and administrative expenses from current GR appropriation, the division would be required to eliminate 28 of the 46 FTE positions currently budgeted in the Division.

Exceptional Item 3, Mass Media Advertising Contract. This exceptional item would provide \$20 million in additional funding over the biennium for the Lottery's advertising expenditures which include radio, television, print and other forms of advertising. The advertising contract allows the Commission to enhance the marketing effectiveness of the Texas Lottery, effectively reaching and educating the public to increase sales and enhance the awareness of Texas Lottery games.

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The Lottery was appropriated \$40 million in FY 1993 to reach and educate adult Texans regarding its products. Advertising appropriation limitations tied to prize payout percentage have further reduced the FY 2009 advertising budget to \$30 million. Section 466.015(d) of the Government Code provides that if the total amount of lottery prizes awarded by the Texas Lottery Commission in any state fiscal year after the fiscal year ending August 31, 2000, exceeds an amount equal to 52 percent of the gross revenue from the sale of tickets in that fiscal year as determined by the Comptroller of Public Accounts, the advertising budget for the lottery in the next state fiscal year may not exceed an amount equal to \$40 million less \$1 million for each full percent by which the total amount of lottery prizes awarded by the Commission in the preceding fiscal year exceeds an amount equal to 52 percent of the gross revenue from the sale of tickets in that preceding fiscal year as determined by the Comptroller of Public Accounts. Given this restriction, the advertising budget may be subject to reduction in any given fiscal year, which may cause the agency to lose some flexibility in responding to marketing needs and market conditions. The agency closely monitors the effect of the prize-payout percentage and the corresponding link to the advertising budget.

This Advertising Exceptional Item request will be contingent upon the passage of legislation, specifically an amendment to the State Lottery Act, Chapter 466, Texas Government Code, which would repeal Section 466.015 (d) and eliminate the limitation that the Texas Lottery Commission has on advertising expenses which is based on the lottery prize payout percentage.

Exceptional Item 4, Acquisition of Information Resources Equipment. Funding for this item in the amount of \$286,362 would allow the agency to procure a studio surveillance system and replace the agency's telephone system hardware and software that has reached the end of its life cycle and maintenance support. The Commission's surveillance system is required to monitor and record the inspection of drawing equipment and the conduct of lottery drawings as specified in the State Lottery Act, Chapter 466.401 (c). The Commission has determined that it is more cost effective to purchase the surveillance equipment than to continue the current lease arrangement.

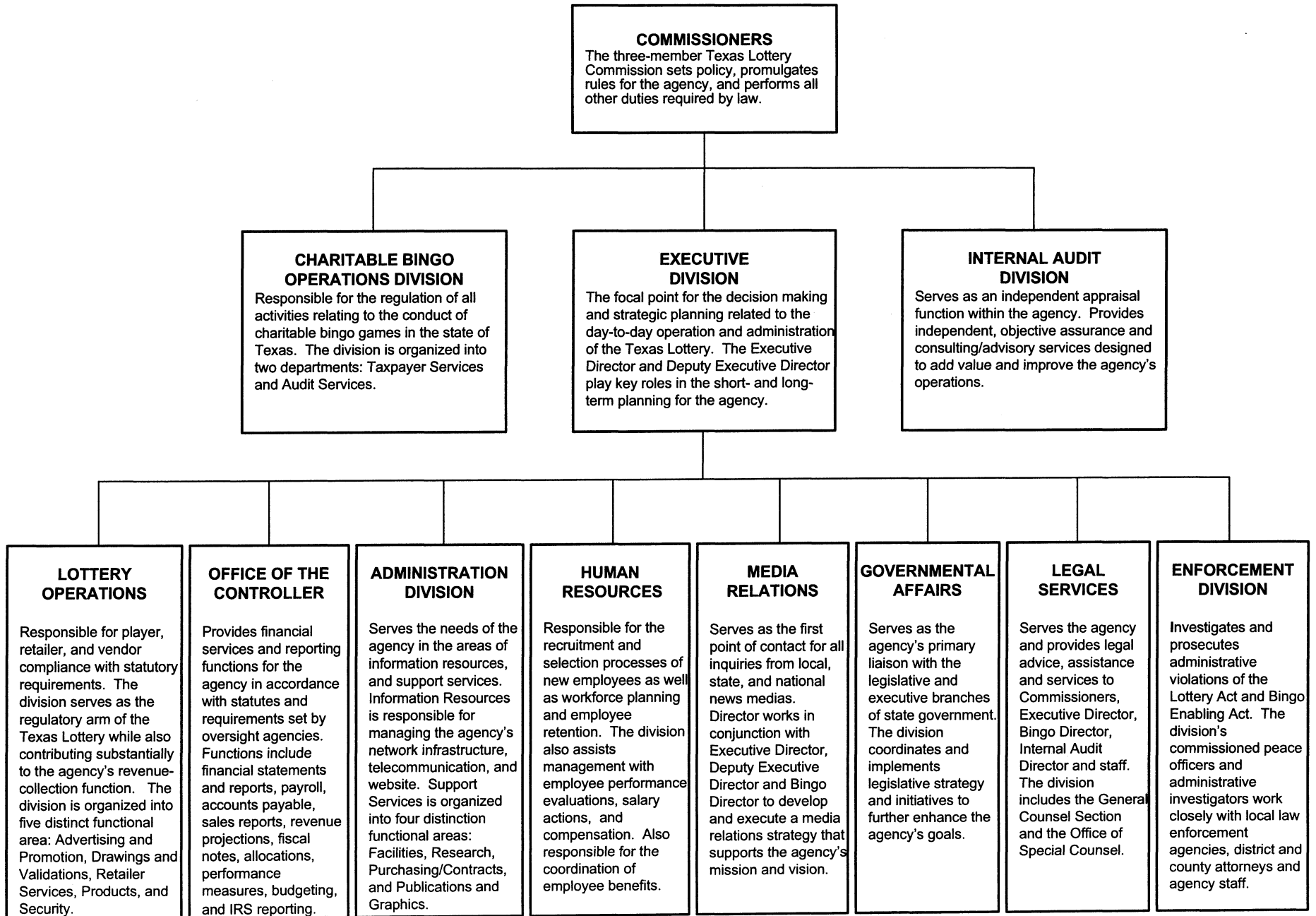
Exceptional Item 5, Automated Charitable Bingo System (ACBS) Redesign. This project in the amount of \$2.5 million will redesign the Automated Charitable Bingo System (ACBS). Since implementation, there have been numerous changes to business processes including system application changes. The current toolset used to support ACBS will be out of support in 2013. Because of the requirement to convert to another toolset, and in order to meet the ongoing needs of the Charitable Bingo Program, it is necessary to redesign and convert the existing system. The ACBS is used daily by agency staff for the administration and management of the Charitable Bingo program.

The Commission is also requesting a revision to Rider 11, Retailer Commissions. This rider revision is requested to reflect an additional ½% allocation of gross sales for incentivized sales performance allocations to retailers. The appropriation of additional funds is intended to be used to incentivize growth in retailer sales performance. In order to generate a higher level of incremental sales in a mature lottery market, retailer incentives can be structured to 1) compensate retailers for the requirements of handling an increasing array of lottery products with complex product features, 2) educating potential consumers regarding these products, and 3) managing the cash flow required to pay prizes. The additional incentive may be structured on a performance based criteria based on sales or other lottery service requirements such as payment of prizes.

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

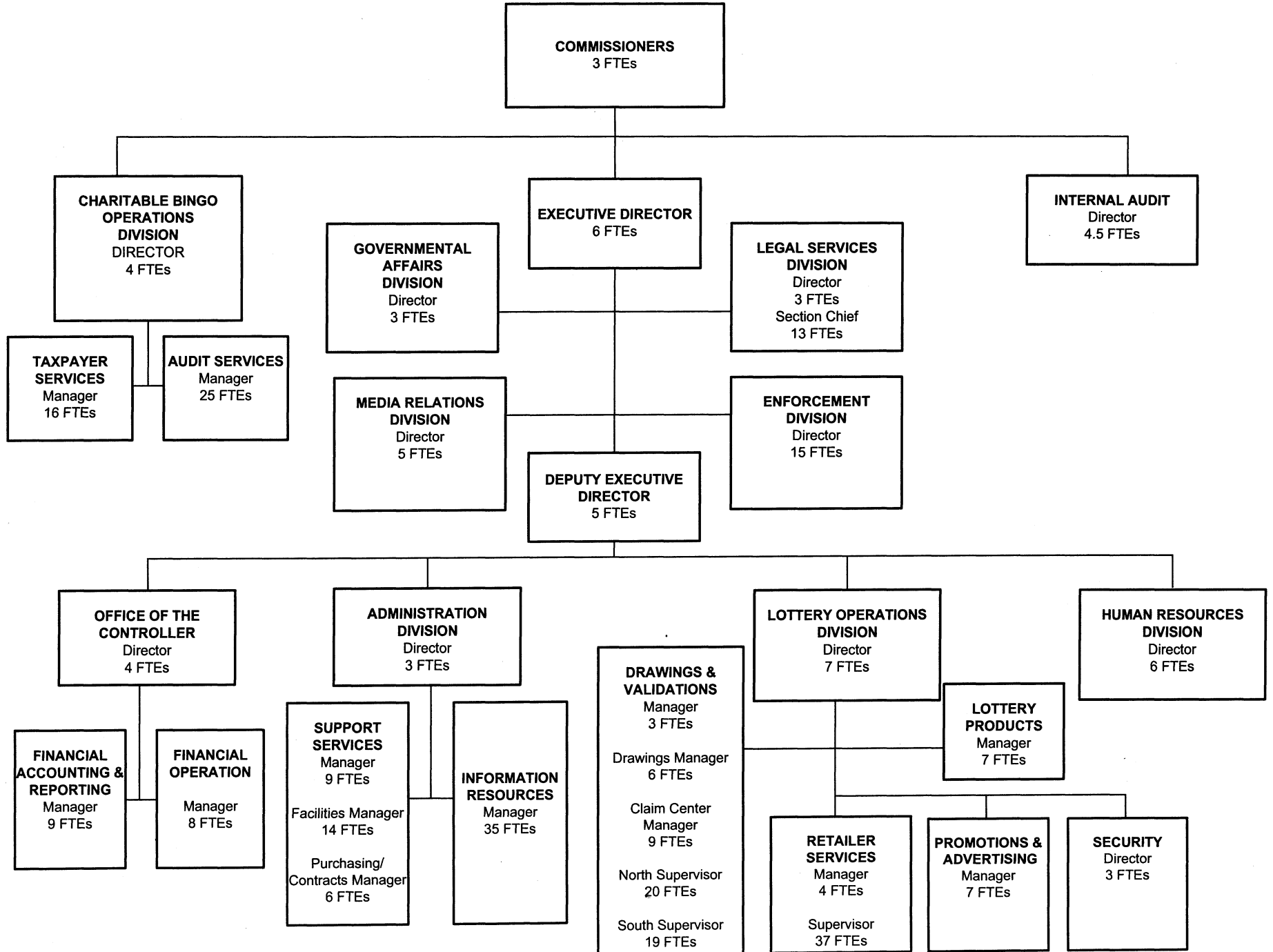
TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE

Descriptions



TEXAS LOTTERY COMMISSION ORGANIZATIONAL STRUCTURE

Agency FTEs 318.5





CERTIFICATE

Name: Texas Lottery Commission

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

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 7.01 (2008-09 GAA).

Handwritten signature of Anthony Sadberry in black ink.

Anthony Sadberry
Executive Director

08.20.08

Date

Handwritten signature of James A. Cox, Jr. in black ink.

James A. Cox, Jr.
Chairman

8-20-08

Date

Handwritten signature of Kathy Pyka in black ink.

Kathy Pyka
Controller

8.20.08

Date

2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:41:38AM

Agency code: 362

Agency name: Texas Lottery Commission

Goal / Objective / STRATEGY	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
1 Run Self-supporting, Revenue-producing, and Secure Lottery					
1 Generate Revenue through Ticket Sales					
1 LOTTERY OPERATIONS	6,525,920	6,984,619	7,213,533	7,344,313	7,431,665
2 LOTTERY FIELD OPERATIONS	2,065,052	2,242,016	2,418,727	2,455,896	2,456,528
3 MARKETING AND PROMOTION	4,320,058	5,427,492	5,072,104	4,867,823	4,853,392
4 SECURITY	3,156,756	4,523,294	4,459,809	4,820,470	4,592,725
5 CENTRAL ADMINISTRATION	10,222,854	11,983,287	11,843,999	12,415,416	11,407,343
6 LOTTERY OPERATOR CONTRACT(S)	100,890,959	106,232,562	108,111,611	91,758,531	88,581,019
7 INSTANT TICKET PRODUCT. CONTRACT(S)	15,328,217	18,381,539	18,400,000	18,000,000	18,000,000
8 MASS MEDIA ADVERTISING CONTRACT(S)	30,602,508	31,000,000	30,000,000	30,000,000	30,000,000
9 DRAWING & BROADCAST CONTRACT(S)	1,517,102	1,645,000	1,530,000	1,800,000	1,800,000
10 MARKET RESEARCH CONTRACT(S)	899,028	1,000,000	875,000	767,000	767,000
11 RETAILER BONUS	4,479,556	4,200,000	4,200,000	4,200,000	4,200,000
12 INST TKT VENDING MACHINE CONTRACT	3,537,500	342,500	0	0	0
TOTAL, GOAL 1	\$183,545,510	\$193,962,309	\$194,124,783	\$178,429,449	\$174,089,672

2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

1 Curtail Violations of Bingo Laws/Rules

1 BINGO LICENSING	766,847	787,231	780,949	780,949	780,949
2 BINGO EDUCATION AND DEVELOPMENT	151,322	167,646	160,604	160,604	160,604
3 BINGO LAW COMPLIANCE FIELD OPER	1,087,121	1,537,986	1,602,981	1,602,981	1,602,981
4 BINGO PRIZE FEE COLLECTION & ACCT	195,309	214,138	210,642	210,642	210,642
5 BINGO PRIZE FEE ALLOCATIONS	11,597,715	12,500,500	12,771,000	12,635,500	12,635,500

2.A. SUMMARY OF BASE REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:41:38AM

Agency code: 362 Agency name: Texas Lottery Commission

Goal / Objective / STRATEGY	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
TOTAL, GOAL 2	\$13,798,314	\$15,207,501	\$15,526,176	\$15,390,676	\$15,390,676
TOTAL, AGENCY STRATEGY REQUEST	\$197,343,824	\$209,169,810	\$209,650,959	\$193,820,125	\$189,480,348
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$197,343,824	\$209,169,810	\$209,650,959	\$193,820,125	\$189,480,348
METHOD OF FINANCING:					
General Revenue Funds:					
1 General Revenue Fund	13,798,314	15,207,501	15,526,176	15,390,676	15,390,676
SUBTOTAL	\$13,798,314	\$15,207,501	\$15,526,176	\$15,390,676	\$15,390,676
General Revenue Dedicated Funds:					
5025 Lottery Acct	183,545,510	193,962,309	194,124,783	178,429,449	174,089,672
SUBTOTAL	\$183,545,510	\$193,962,309	\$194,124,783	\$178,429,449	\$174,089,672
TOTAL, METHOD OF FINANCING	\$197,343,824	\$209,169,810	\$209,650,959	\$193,820,125	\$189,480,348

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

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:42:16AM

Agency code: 362

Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<u>GENERAL REVENUE</u>					
<u>1</u> General Revenue Fund					
<i>REGULAR APPROPRIATIONS</i>					
Original Appropriation	\$13,311,939	\$15,160,877	\$15,431,376	\$15,390,676	\$15,390,676
<i>RIDER APPROPRIATION</i>					
Rider 11, Local Bingo Prize Fees (2006-07 GAA)	\$796,215	\$0	\$0	\$0	\$0
<i>TRANSFERS</i>					
Art IX, Sec 13.17(a), Salary Increase (2006-07 GAA)	\$127,623	\$0	\$0	\$0	\$0
Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA)	\$0	\$46,624	\$94,800	\$0	\$0
Art IX, Sec 5.09, Reductions for Commercial Air Travel (2006-07 GAA)	\$(32,430)	\$0	\$0	\$0	\$0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriation	\$(405,033)	\$0	\$0	\$0	\$0
TOTAL, General Revenue Fund	\$13,798,314	\$15,207,501	\$15,526,176	\$15,390,676	\$15,390,676

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:42:25AM

Agency code: 362 Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
TOTAL, ALL GENERAL REVENUE	\$13,798,314	\$15,207,501	\$15,526,176	\$15,390,676	\$15,390,676

GENERAL REVENUE FUND - DEDICATED

5025 GR Dedicated - Lottery Account No. 5025

REGULAR APPROPRIATIONS

Original Appropriation

\$186,883,587	\$194,659,173	\$195,503,860	\$178,429,449	\$174,089,672
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RIDER APPROPRIATION

Rider 13, Lottery Operator Contract (2006-07 GAA)

\$8,756,563	\$0	\$0	\$0	\$0
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Rider 14, Contingent Appropriation (2006-07 GAA)

\$(3,124,493)	\$0	\$0	\$0	\$0
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Rider 15, Appropriation of Increased Appropriation (2006-07 GAA)

\$7,199,364	\$0	\$0	\$0	\$0
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TRANSFERS

Art IX, Sec 11.04, Net Lease Savings

\$(7,375)	\$0	\$0	\$0	\$0
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Art IX, Sec 13.17(a), Salary Increase (2006-07 GAA)

\$883,859	\$0	\$0	\$0	\$0
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Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA)

\$0	\$303,136	\$620,923	\$0	\$0
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2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE

81st Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:42:25AM

Agency code: 362

Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Government Code Section 466.015 (d) Advertising Budget Reduction					
	\$ (2,000,000)	\$ (1,000,000)	\$ (2,000,000)	\$ 0	\$ 0
<i>LAPSED APPROPRIATIONS</i>					
Lapsed Appropriation					
	\$ (15,208,995)	\$ 0	\$ 0	\$ 0	\$ 0
<i>UNEXPENDED BALANCES AUTHORITY</i>					
Art IX, Sec 14.03(j), Capital Budget UB (2006-07 GAA)					
	\$ 163,000	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL,	GR Dedicated - Lottery Account No. 5025				
	\$ 183,545,510	\$ 193,962,309	\$ 194,124,783	\$ 178,429,449	\$ 174,089,672
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	\$ 183,545,510	\$ 193,962,309	\$ 194,124,783	\$ 178,429,449	\$ 174,089,672
TOTAL,	GR & GR-DEDICATED FUNDS				
	\$ 197,343,824	\$ 209,169,810	\$ 209,650,959	\$ 193,820,125	\$ 189,480,348
GRAND TOTAL	\$ 197,343,824	\$ 209,169,810	\$ 209,650,959	\$ 193,820,125	\$ 189,480,348

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:42:25AM

Agency code: 362

Agency name: Texas Lottery Commission

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<u>FULL-TIME-EQUIVALENT POSITIONS</u>					
REGULAR APPROPRIATIONS					
Regular Appropriations from Bill Pattern	325.0	318.5	318.5	318.5	318.5
TRANSFERS					
Article IX, Section 6.14, 2% FTE Reduction (2006-07 GAA)	(6.5)	0.0	0.0	0.0	0.0
UNAUTHORIZED NUMBER OVER (BELOW) CAP					
Unauthorized Amount over cap/(Amount below cap)	(10.7)	0.0	0.0	0.0	0.0
TOTAL, ADJUSTED FTES	307.8	318.5	318.5	318.5	318.5
NUMBER OF 100% FEDERALLY FUNDED FTES					
	0.0	0.0	0.0	0.0	0.0

2.C. SUMMARY OF BASE REQUEST BY OBJECT OF EXPENSE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/15/2008**
 TIME: **10:42:56AM**

Agency code: **362**

Agency name: **Texas Lottery Commission**

OBJECT OF EXPENSE	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1001 SALARIES AND WAGES	\$16,151,094	\$17,784,519	\$19,122,030	\$19,122,030	\$19,122,030
1002 OTHER PERSONNEL COSTS	\$529,596	\$426,020	\$456,480	\$456,480	\$456,480
2001 PROFESSIONAL FEES AND SERVICES	\$4,226,259	\$5,831,323	\$5,480,377	\$6,108,057	\$5,138,809
2002 FUELS AND LUBRICANTS	\$3,683	\$5,000	\$5,000	\$5,000	\$5,000
2003 CONSUMABLE SUPPLIES	\$136,750	\$147,629	\$161,125	\$161,125	\$161,125
2004 UTILITIES	\$410,649	\$481,763	\$473,081	\$473,081	\$473,081
2005 TRAVEL	\$293,436	\$496,456	\$492,198	\$492,198	\$492,198
2006 RENT - BUILDING	\$3,104,344	\$3,202,282	\$3,251,306	\$3,335,343	\$3,421,901
2007 RENT - MACHINE AND OTHER	\$5,419,317	\$2,293,756	\$1,818,863	\$1,818,863	\$1,818,863
2009 OTHER OPERATING EXPENSE	\$155,262,073	\$165,327,520	\$165,619,499	\$148,912,448	\$145,755,361
4000 GRANTS	\$11,597,715	\$12,500,500	\$12,771,000	\$12,635,500	\$12,635,500
5000 CAPITAL EXPENDITURES	\$208,908	\$673,042	\$0	\$300,000	\$0
OOE Total (Excluding Riders)	\$197,343,824	\$209,169,810	\$209,650,959	\$193,820,125	\$189,480,348
OOE Total (Riders)					
Grand Total	\$197,343,824	\$209,169,810	\$209,650,959	\$193,820,125	\$189,480,348

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/15/2008
Time: 10:43:13AM

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1 Run Self-supporting, Revenue-producing, and Secure Lottery 1 Generate Revenue through Ticket Sales					
KEY 1 Percent of Retailers Satisfied with Lottery Commission					
	94.35%	93.00%	93.00%	93.00%	93.00%
2 Per Capita Net Lottery Sales					
	160.44	152.63	145.04	137.88	131.10
3 % of Net Lottery Sales Spent on Agency Administration					
	4.86%	5.32%	5.51%	5.71%	5.92%
4 Percentage of Bad Debt to Lottery Sales					
	0.01%	0.02%	0.02%	0.02%	0.02%
5 Ratio of Advertising Expense to Net Lottery Sales					
	0.81%	0.85%	0.85%	0.88%	0.91%
KEY 6 State Revenue Received Per Advertising Dollar Expended					
	35.72	33.93	33.72	32.71	31.53
7 Percent of Licensees with No Recent Violations					
	98.83%	98.00%	98.00%	98.00%	98.00%
8 Percentage of Retailer Surveys Completed					
	83.17%	85.00%	85.00%	85.00%	85.00%
9 Percentage of Eligible Players Served					
	33.37%	36.00%	36.00%	36.00%	36.00%

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

Date : 8/15/2008
Time: 10:43:18AM

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully					
1 Curtail Violations of Bingo Laws/Rules					
1 Percent of Licensees with No Recent Violations	97.90%	97.90%	95.90%	94.50%	92.50%
2 Percentage of Bingo Audits Referred for Disciplinary Action	20.80%	26.83%	60.00%	60.00%	60.00%
KEY 3 Percent of Complaints Referred for Disciplinary Action	16.82%	33.33%	33.33%	33.33%	33.33%
4 Percent of Documented Complaints Completed within Six Months	88.19%	91.60%	92.00%	92.00%	92.00%
KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)	31.79	31.20	31.20	31.20	31.20
KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req	98.80%	99.00%	99.00%	99.00%	99.00%
7 Percentage of Organizations Receiving an Audit	9.02%	4.86%	2.94%	4.08%	4.08%
8 Percentage of Organizations Receiving an Inspection	0.29	12.81	30.00	35.00	45.00

2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME : 10:43:31AM

Agency code: 362

Agency name: Texas Lottery Commission

Priority	Item	2010			2011			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Bingo Indirect - Fees	\$1,472,713	\$1,472,713		\$1,472,713	\$1,472,713		\$2,945,426	\$2,945,426
2	Bingo Indirect - GR	\$1,472,713	\$1,472,713		\$1,472,713	\$1,472,713		\$2,945,426	\$2,945,426
3	Mass Media Advertising	\$10,000,000	\$10,000,000		\$10,000,000	\$10,000,000		\$20,000,000	\$20,000,000
4	Acquisition of IR Equipment	\$271,098	\$271,098		\$15,264	\$15,264		\$286,362	\$286,362
5	ACBS Redesign	\$1,250,000	\$1,250,000		\$1,250,000	\$1,250,000		\$2,500,000	\$2,500,000
Total, Exceptional Items Request		\$14,466,524	\$14,466,524		\$14,210,690	\$14,210,690		\$28,677,214	\$28,677,214

Method of Financing

General Revenue	\$4,195,426	\$4,195,426		\$4,195,426	\$4,195,426		\$8,390,852	\$8,390,852
General Revenue - Dedicated	10,271,098	10,271,098		10,015,264	10,015,264		20,286,362	20,286,362
Federal Funds								
Other Funds								
	\$14,466,524	\$14,466,524		\$14,210,690	\$14,210,690		\$28,677,214	\$28,677,214

Full Time Equivalent Positions

Number of 100% Federally Funded FTEs 0.0 0.0

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/15/2008

TIME : 10:43:57AM

Agency code: 362 Agency name: Texas Lottery Commission

Goal/Objective/STRATEGY	Base 2010	Base 2011	Exceptional 2010	Exceptional 2011	Total Request 2010	Total Request 2011
1 Run Self-supporting, Revenue-producing, and Secure Lottery						
1 <i>Generate Revenue through Ticket Sales</i>						
1 LOTTERY OPERATIONS	\$7,344,313	\$7,431,665	\$776,988	\$776,988	\$8,121,301	\$8,208,653
2 LOTTERY FIELD OPERATIONS	2,455,896	2,456,528	0	0	2,455,896	2,456,528
3 MARKETING AND PROMOTION	4,867,823	4,853,392	135,350	135,350	5,003,173	4,988,742
4 SECURITY	4,820,470	4,592,725	463,700	347,866	5,284,170	4,940,591
5 CENTRAL ADMINISTRATION	12,415,416	11,407,343	1,840,486	1,700,486	14,255,902	13,107,829
6 LOTTERY OPERATOR CONTRACT(S)	91,758,531	88,581,019	0	0	91,758,531	88,581,019
7 INSTANT TICKET PRODUCT. CONTRACT(S)	18,000,000	18,000,000	0	0	18,000,000	18,000,000
8 MASS MEDIA ADVERTISING CONTRACT(S)	30,000,000	30,000,000	10,000,000	10,000,000	40,000,000	40,000,000
9 DRAWING & BROADCAST CONTRACT(S)	1,800,000	1,800,000	0	0	1,800,000	1,800,000
10 MARKET RESEARCH CONTRACT(S)	767,000	767,000	0	0	767,000	767,000
11 RETAILER BONUS	4,200,000	4,200,000	0	0	4,200,000	4,200,000
12 INST TKT VENDING MACHINE CONTRACT	0	0	0	0	0	0
TOTAL, GOAL 1	\$178,429,449	\$174,089,672	\$13,216,524	\$12,960,690	\$191,645,973	\$187,050,362

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/15/2008

TIME : 10:44:01AM

Agency code: 362 Agency name: Texas Lottery Commission

Goal/Objective/STRATEGY	Base 2010	Base 2011	Exceptional 2010	Exceptional 2011	Total Request 2010	Total Request 2011
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Law						
1 Curtail Violations of Bingo Laws/Rules						
1 BINGO LICENSING	\$780,949	\$780,949	\$1,250,000	\$1,250,000	\$2,030,949	\$2,030,949
2 BINGO EDUCATION AND DEVELOPMENT	160,604	160,604	0	0	160,604	160,604
3 BINGO LAW COMPLIANCE FIELD OPER	1,602,981	1,602,981	0	0	1,602,981	1,602,981
4 BINGO PRIZE FEE COLLECTION & ACCT	210,642	210,642	0	0	210,642	210,642
5 BINGO PRIZE FEE ALLOCATIONS	12,635,500	12,635,500	0	0	12,635,500	12,635,500
TOTAL, GOAL 2	\$15,390,676	\$15,390,676	\$1,250,000	\$1,250,000	\$16,640,676	\$16,640,676
TOTAL, AGENCY STRATEGY REQUEST	\$193,820,125	\$189,480,348	\$14,466,524	\$14,210,690	\$208,286,649	\$203,691,038
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$193,820,125	\$189,480,348	\$14,466,524	\$14,210,690	\$208,286,649	\$203,691,038

2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/15/2008
 TIME : 10:44:01AM

Agency code: 362 Agency name: Texas Lottery Commission

Goal/Objective/STRATEGY	Base 2010	Base 2011	Exceptional 2010	Exceptional 2011	Total Request 2010	Total Request 2011
General Revenue Funds:						
1 General Revenue Fund	\$15,390,676	\$15,390,676	\$4,195,426	\$4,195,426	\$19,586,102	\$19,586,102
	\$15,390,676	\$15,390,676	\$4,195,426	\$4,195,426	\$19,586,102	\$19,586,102
General Revenue Dedicated Funds:						
5025 Lottery Acct	178,429,449	174,089,672	10,271,098	10,015,264	\$188,700,547	\$184,104,936
	\$178,429,449	\$174,089,672	\$10,271,098	\$10,015,264	\$188,700,547	\$184,104,936
TOTAL, METHOD OF FINANCING	\$193,820,125	\$189,480,348	\$14,466,524	\$14,210,690	\$208,286,649	\$203,691,038
FULL TIME EQUIVALENT POSITIONS	318.5	318.5	0.0	0.0	318.5	318.5

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/15/2008
Time: 10:44:15AM

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

Goal/ Objective / Outcome

	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
1	Run Self-supporting, Revenue-producing, and Secure Lottery					
1	Generate Revenue through Ticket Sales					
KEY	1 Percent of Retailers Satisfied with Lottery Commission					
	93.00%	93.00%			93.00%	93.00%
	2 Per Capita Net Lottery Sales					
	137.88	131.10			137.88	131.10
	3 % of Net Lottery Sales Spent on Agency Administration					
	5.71%	5.92%			5.71%	5.92%
	4 Percentage of Bad Debt to Lottery Sales					
	0.02%	0.02%			0.02%	0.02%
	5 Ratio of Advertising Expense to Net Lottery Sales					
	0.88%	0.91%			0.88%	0.91%
KEY	6 State Revenue Received Per Advertising Dollar Expended					
	32.71	31.53			32.71	31.53
	7 Percent of Licensees with No Recent Violations					
	98.00%	98.00%			98.00%	98.00%
	8 Percentage of Retailer Surveys Completed					
	85.00%	85.00%			85.00%	85.00%

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/15/2008
Time: 10:44:19AM

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

Goal/ Objective / Outcome

	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
9 Percentage of Eligible Players Served	36.00%	36.00%			36.00%	36.00%
2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully						
1 <i>Curtail Violations of Bingo Laws/Rules</i>						
1 Percent of Licensees with No Recent Violations	94.50%	92.50%			94.50%	92.50%
2 Percentage of Bingo Audits Referred for Disciplinary Action	60.00%	60.00%			60.00%	60.00%
KEY 3 Percent of Complaints Referred for Disciplinary Action	33.33%	33.33%			33.33%	33.33%
4 Percent of Documented Complaints Completed within Six Months	92.00%	92.00%			92.00%	92.00%
KEY 5 Net Bingo Games Revenue Received by Charitable Orgs (in Millions)	31.20	31.20			31.20	31.20
KEY 6 % of Organizations Who Met the Statutory Charitable Distribution Req	99.00%	99.00%			99.00%	99.00%
7 Percentage of Organizations Receiving an Audit	4.08%	4.08%			4.08%	4.08%

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/15/2008
Time: 10:44:19AM

Agency code: 362

Agency name: Texas Lottery Commission

Goal/ Objective / Outcome

	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
8 Percentage of Organizations Receiving an Inspection	35.00	45.00			35.00	45.00

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:45:59AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 1 Lottery Operations

Statewide Goal/Benchmark: 4 0

Service Categories:

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Output Measures:

KEY 1	Number of Retailer Business Locations Licensed	16,211.00	16,350.00	16,500.00	16,500.00	16,500.00
2	Number of Denials or Revocations of Licenses	210.00	217.00	225.00	225.00	225.00
3	Dollars Collected via the Debt Set-off Program (Thousands)	697,141.00	999,340.00	689,828.00	669,133.00	649,059.00
4	# New Licenses Issued to Individual Retailers	2,275.00	2,961.00	2,270.00	2,270.00	2,270.00
5	# Licenses Renewed to Individual Retailers	5,983.00	6,021.00	6,000.00	6,000.00	6,000.00

Efficiency Measures:

KEY 1	Average Cost Per Retailer Location License Issued	136.23	105.00	143.00	147.00	152.00
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Objects of Expense:

1001	SALARIES AND WAGES	\$2,387,179	\$2,547,317	\$2,749,570	\$2,749,570	\$2,749,570
1002	OTHER PERSONNEL COSTS	\$66,280	\$63,580	\$70,340	\$70,340	\$70,340
2001	PROFESSIONAL FEES AND SERVICES	\$44,347	\$49,750	\$38,750	\$38,750	\$38,750
2002	FUELS AND LUBRICANTS	\$3,683	\$5,000	\$5,000	\$5,000	\$5,000
2003	CONSUMABLE SUPPLIES	\$116,769	\$101,800	\$116,800	\$116,800	\$116,800
2004	UTILITIES	\$144,524	\$168,763	\$160,962	\$160,962	\$160,962
2005	TRAVEL	\$26,006	\$29,200	\$30,950	\$30,950	\$30,950
2006	RENT - BUILDING	\$2,908,923	\$2,962,392	\$3,018,751	\$3,102,788	\$3,189,346
2007	RENT - MACHINE AND OTHER	\$450,842	\$476,028	\$471,404	\$471,404	\$471,404
2009	OTHER OPERATING EXPENSE	\$370,475	\$580,789	\$551,006	\$597,749	\$598,543
5000	CAPITAL EXPENDITURES	\$6,892	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$6,525,920	\$6,984,619	\$7,213,533	\$7,344,313	\$7,431,665

Method of Financing:

1	General Revenue Fund	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$0	\$0

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 1 Lottery Operations

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Method of Financing:						
5025	Lottery Acct	\$6,525,920	\$6,984,619	\$7,213,533	\$7,344,313	\$7,431,665
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$6,525,920	\$6,984,619	\$7,213,533	\$7,344,313	\$7,431,665
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$7,344,313	\$7,431,665
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$6,525,920	\$6,984,619	\$7,213,533	\$7,344,313	\$7,431,665
FULL TIME EQUIVALENT POSITIONS:		58.0	56.9	57.3	57.3	57.3

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

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

Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Generate Revenue through Ticket Sales

Service Categories:

STRATEGY: 1 Lottery Operations

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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External factors impacting this strategy include: 1) The number of lottery retailer locations licensed and/or applying for licenses; 2) The sales level of lottery tickets; 3) Potential change of the Lottery Operator and/or change in scope of Lottery Operator contract; 4) Changes to the agency's enabling statutes and/or administrative rules; 5) The number of licensed retailer and the desire of new retailers to obtain Lottery sales agent licenses; 6) The propensity of lottery retailers and players to adhere to the Lottery Act and/or the agency's applicable rules; 7) The impact of judicial decisions and legislative enactments as they relate to or impact the operation and administration of the agency; 8) Decisions made by local law enforcement authorities; 9) Natural disaster or other catastrophic event; and 10) The general state of the Texas economy.

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 2 Lottery Field Operations

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Prize Checks Processed from Claim Centers (Thousands)	57,613.00	63,812.00	58,462.00	56,708.00	55,007.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,850,916	\$2,000,586	\$2,186,409	\$2,186,409	\$2,186,409
1002	OTHER PERSONNEL COSTS	\$81,195	\$60,120	\$65,380	\$65,380	\$65,380
2001	PROFESSIONAL FEES AND SERVICES	\$8,710	\$14,000	\$14,000	\$14,000	\$14,000
2003	CONSUMABLE SUPPLIES	\$2,382	\$4,554	\$3,750	\$3,750	\$3,750
2005	TRAVEL	\$82,249	\$90,138	\$90,138	\$90,138	\$90,138
2006	RENT - BUILDING	\$700	\$4,000	\$3,200	\$3,200	\$3,200
2007	RENT - MACHINE AND OTHER	\$150	\$0	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$38,750	\$68,618	\$55,850	\$93,019	\$93,651
TOTAL, OBJECT OF EXPENSE		\$2,065,052	\$2,242,016	\$2,418,727	\$2,455,896	\$2,456,528
Method of Financing:						
5025	Lottery Acct	\$2,065,052	\$2,242,016	\$2,418,727	\$2,455,896	\$2,456,528
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$2,065,052	\$2,242,016	\$2,418,727	\$2,455,896	\$2,456,528
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$2,455,896	\$2,456,528
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$2,065,052	\$2,242,016	\$2,418,727	\$2,455,896	\$2,456,528
FULL TIME EQUIVALENT POSITIONS:		47.0	46.9	48.7	48.7	48.7
STRATEGY DESCRIPTION AND JUSTIFICATION:						

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

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

Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Generate Revenue through Ticket Sales

Service Categories:

STRATEGY: 2 Lottery Field Operations

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Activities relating to this strategy include player and retailer compliance with Texas Government Code Chapters 466 and 467 and applicable administrative rules. The strategy ensures the needs of the Commission and the public are met in the areas of customer service, payment of prizes and retailer support in communities throughout the State.

The strategy goals are met by providing customer service and educational information to our players and retailers via the field claim center locations. Field personnel also gather survey data from retailer licensees in support of the agency's Marketing and Customer Service efforts. Through such communication and education, the strategy encourages voluntary compliance from our players regarding prize payment policies. Lottery Field Operations coordinates with Headquarters Claim Center Operations, Lottery Operations Security Department and Enforcement Division staff when violations are detected.

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 3 Marketing and Promotion

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Newsletters Distributed to Retailers	100,017.00	100,664.00	101,832.00	101,832.00	101,832.00
2	Number of Retailer Visits	600,927.00	604,328.00	591,525.00	591,525.00	591,525.00
Efficiency Measures:						
KEY 1	Average Cost Per Survey Issued	1.86	1.64	1.67	1.67	1.67
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,718,162	\$1,825,074	\$1,969,771	\$1,969,771	\$1,969,771
1002	OTHER PERSONNEL COSTS	\$40,205	\$41,040	\$44,280	\$44,280	\$44,280
2001	PROFESSIONAL FEES AND SERVICES	\$133,580	\$153,518	\$175,500	\$175,500	\$160,500
2003	CONSUMABLE SUPPLIES	\$4,569	\$10,250	\$8,900	\$8,900	\$8,900
2005	TRAVEL	\$88,456	\$144,364	\$137,498	\$137,498	\$137,498
2006	RENT - BUILDING	\$183,873	\$223,250	\$216,955	\$216,955	\$216,955
2007	RENT - MACHINE AND OTHER	\$23,780	\$35,355	\$31,700	\$31,700	\$31,700
2009	OTHER OPERATING EXPENSE	\$2,127,433	\$2,994,641	\$2,487,500	\$2,283,219	\$2,283,788
TOTAL, OBJECT OF EXPENSE		\$4,320,058	\$5,427,492	\$5,072,104	\$4,867,823	\$4,853,392
Method of Financing:						
1	General Revenue Fund	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$0	\$0
Method of Financing:						
5025	Lottery Acct	\$4,320,058	\$5,427,492	\$5,072,104	\$4,867,823	\$4,853,392
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$4,320,058	\$5,427,492	\$5,072,104	\$4,867,823	\$4,853,392

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

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

Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Generate Revenue through Ticket Sales

Service Categories:

STRATEGY: 3 Marketing and Promotion

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$4,867,823	\$4,853,392
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$4,320,058	\$5,427,492	\$5,072,104	\$4,867,823	\$4,853,392
FULL TIME EQUIVALENT POSITIONS:		31.0	31.6	30.6	30.6	30.6

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 4 Security

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Lottery Investigations Initiated	1,077.00	865.00	865.00	865.00	865.00
2	Number of Lottery Investigations Completed	462.00	500.00	500.00	500.00	500.00
3	Number of Lottery Background Investigations Completed	637.00	320.00	320.00	320.00	320.00
Efficiency Measures:						
1	Average Time to Complete Investigations (Days)	80.40	75.20	60.00	60.00	60.00
2	Average Cost Per Complete Investigation	200.49	245.00	250.00	255.00	260.00
3	Average Time to Complete Lottery Background Investigations (Days)	27.80	62.30	40.00	40.00	40.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$1,473,384	\$1,946,478	\$2,100,621	\$2,100,621	\$2,100,621
1002	OTHER PERSONNEL COSTS	\$33,136	\$34,580	\$39,380	\$39,380	\$39,380
2001	PROFESSIONAL FEES AND SERVICES	\$724,345	\$1,296,202	\$1,289,276	\$1,313,026	\$1,369,052
2003	CONSUMABLE SUPPLIES	\$2,661	\$6,925	\$7,675	\$7,675	\$7,675
2005	TRAVEL	\$41,346	\$68,080	\$73,332	\$73,332	\$73,332
2007	RENT - MACHINE AND OTHER	\$174,358	\$264,721	\$267,617	\$267,617	\$267,617
2009	OTHER OPERATING EXPENSE	\$505,510	\$606,308	\$681,908	\$718,819	\$735,048
5000	CAPITAL EXPENDITURES	\$202,016	\$300,000	\$0	\$300,000	\$0
TOTAL, OBJECT OF EXPENSE		\$3,156,756	\$4,523,294	\$4,459,809	\$4,820,470	\$4,592,725
Method of Financing:						
1	General Revenue Fund	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$0	\$0
Method of Financing:						
5025	Lottery Acct	\$3,156,756	\$4,523,294	\$4,459,809	\$4,820,470	\$4,592,725

3.A. STRATEGY REQUEST
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DATE: 8/15/2008
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Agency code: **362** Agency name: **Texas Lottery Commission**

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 4 Security

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$3,156,756	\$4,523,294	\$4,459,809	\$4,820,470	\$4,592,725
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$4,820,470	\$4,592,725
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$3,156,756	\$4,523,294	\$4,459,809	\$4,820,470	\$4,592,725
FULL TIME EQUIVALENT POSITIONS:		28.6	34.4	34.4	34.4	34.4

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include protecting and maintaining the security and integrity of lottery games, systems and drawings, assures the physical security of all commission operating sites, and investigates possible regulatory and criminal violations related to both lottery and bingo. Investigate complaints, conduct background investigations on prospective employees, applicants of licenses under the State Lottery Act and Bingo Enabling Act and Texas Lottery vendors. Investigators also act as liaison with local law enforcement agencies.

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
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DATE: 8/15/2008
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Agency code: **362** Agency name: **Texas Lottery Commission**

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 5 Central Administration

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	\$6,733,460	\$7,048,622	\$7,616,890	\$7,616,890	\$7,616,890
1002	OTHER PERSONNEL COSTS	\$220,064	\$156,220	\$165,980	\$165,980	\$165,980
2001	PROFESSIONAL FEES AND SERVICES	\$851,750	\$1,626,853	\$1,513,351	\$1,955,281	\$945,007
2003	CONSUMABLE SUPPLIES	\$9,645	\$21,800	\$21,200	\$21,200	\$21,200
2004	UTILITIES	\$266,125	\$313,000	\$312,119	\$312,119	\$312,119
2005	TRAVEL	\$28,379	\$85,034	\$80,640	\$80,640	\$80,640
2006	RENT - BUILDING	\$10,848	\$12,640	\$12,000	\$12,000	\$12,000
2007	RENT - MACHINE AND OTHER	\$1,231,767	\$1,171,452	\$1,039,638	\$1,039,638	\$1,039,638
2009	OTHER OPERATING EXPENSE	\$870,816	\$1,174,624	\$1,082,181	\$1,211,668	\$1,213,869
5000	CAPITAL EXPENDITURES	\$0	\$373,042	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$10,222,854	\$11,983,287	\$11,843,999	\$12,415,416	\$11,407,343
Method of Financing:						
1	General Revenue Fund	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0	\$0	\$0
Method of Financing:						
5025	Lottery Acct	\$10,222,854	\$11,983,287	\$11,843,999	\$12,415,416	\$11,407,343
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$10,222,854	\$11,983,287	\$11,843,999	\$12,415,416	\$11,407,343
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$12,415,416	\$11,407,343
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$10,222,854	\$11,983,287	\$11,843,999	\$12,415,416	\$11,407,343
FULL TIME EQUIVALENT POSITIONS:		103.3	101.7	101.5	101.5	101.5

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DATE: 8/15/2008
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Agency code: **362** Agency name: **Texas Lottery Commission**

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
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DATE: 8/15/2008
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Agency code: **362** Agency name: **Texas Lottery Commission**

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 6 Lottery Operator Contract(s). Estimated and Nontransferable.

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$100,890,959	\$106,232,562	\$108,111,611	\$91,758,531	\$88,581,019
TOTAL, OBJECT OF EXPENSE		\$100,890,959	\$106,232,562	\$108,111,611	\$91,758,531	\$88,581,019
Method of Financing:						
5025	Lottery Acct	\$100,890,959	\$106,232,562	\$108,111,611	\$91,758,531	\$88,581,019
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$100,890,959	\$106,232,562	\$108,111,611	\$91,758,531	\$88,581,019
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$91,758,531	\$88,581,019
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$100,890,959	\$106,232,562	\$108,111,611	\$91,758,531	\$88,581,019
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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DATE: 8/15/2008
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Agency code: **362** Agency name: **Texas Lottery Commission**

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

Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Generate Revenue through Ticket Sales

Service Categories:

STRATEGY: 6 Lottery Operator Contract(s). Estimated and Nontransferable.

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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External factors impacting this strategy include: 1) The availability of qualified vendors; 2) Changes to the agency's enabling statutes and other applicable laws; 3) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the agency; 4) The sales level of lottery tickets; and 5) The general state of the Texas economy.

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

3.A. STRATEGY REQUEST
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DATE: 8/15/2008
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Agency code: **362** Agency name: **Texas Lottery Commission**

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 7 Instant Ticket Production Contract(s)

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$15,328,217	\$18,381,539	\$18,400,000	\$18,000,000	\$18,000,000
TOTAL, OBJECT OF EXPENSE		\$15,328,217	\$18,381,539	\$18,400,000	\$18,000,000	\$18,000,000
Method of Financing:						
5025	Lottery Acct	\$15,328,217	\$18,381,539	\$18,400,000	\$18,000,000	\$18,000,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$15,328,217	\$18,381,539	\$18,400,000	\$18,000,000	\$18,000,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$18,000,000	\$18,000,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$15,328,217	\$18,381,539	\$18,400,000	\$18,000,000	\$18,000,000
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

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DATE: 8/15/2008
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Agency code: **362** Agency name: **Texas Lottery Commission**

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 8 Mass Media Advertising Contract(s)

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
	1 \$ Amount of Advertising Budget Spent on Print Advertising (Millions)	1.09	0.81	0.91	0.91	0.91
	2 \$ Amount of Advertising Budget Spent on Radio Advertising Millions)	8.52	7.73	6.96	6.96	6.96
KEY	3 Dollar Amount of Advertising Budget Spent on TV Advertising (Millions)	13.41	12.07	11.45	11.45	11.45
	4 \$ Amt of Advertising Budget Spent on Other Advertising (Millions)	9.07	9.98	10.68	10.68	10.68
Efficiency Measures:						
KEY	1 Percentage of Adult Texans Aware of Lottery Advertising	61.66 %	64.00 %	64.00 %	64.00 %	64.00 %
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$30,602,508	\$31,000,000	\$30,000,000	\$30,000,000	\$30,000,000
TOTAL, OBJECT OF EXPENSE		\$30,602,508	\$31,000,000	\$30,000,000	\$30,000,000	\$30,000,000
Method of Financing:						
5025	Lottery Acct	\$30,602,508	\$31,000,000	\$30,000,000	\$30,000,000	\$30,000,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$30,602,508	\$31,000,000	\$30,000,000	\$30,000,000	\$30,000,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$30,000,000	\$30,000,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$30,602,508	\$31,000,000	\$30,000,000	\$30,000,000	\$30,000,000
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Activities relating to this strategy include contracting for the production of radio, television, internet and print advertising, as well as the planning, buying and placement of electronic and print media across the State of Texas. Additionally this strategy provides for the production and placement of outdoor signage and point-of-sale materials, as well as related advertising services. The advertising services vendor(s) support the Texas Lottery in achieving the following goals: Enhancing the marketing effectiveness of the Texas Lottery; effectively reaching and educating the public to increase sales and enhance the awareness of Texas Lottery games. The statutory and constitutional provisions authorizing this strategy are Texas Gov't Code 466 and 467, and Texas Constitution Article III, Section 47(e).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 9 Drawing and Broadcast Services Contract(s)

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	\$1,517,102	\$1,645,000	\$1,530,000	\$1,800,000	\$1,800,000
TOTAL, OBJECT OF EXPENSE		\$1,517,102	\$1,645,000	\$1,530,000	\$1,800,000	\$1,800,000
Method of Financing:						
5025	Lottery Acct	\$1,517,102	\$1,645,000	\$1,530,000	\$1,800,000	\$1,800,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,517,102	\$1,645,000	\$1,530,000	\$1,800,000	\$1,800,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,800,000	\$1,800,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,517,102	\$1,645,000	\$1,530,000	\$1,800,000	\$1,800,000
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. STRATEGY REQUEST
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Agency code: **362** Agency name: **Texas Lottery Commission**

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 9 Drawing and Broadcast Services Contract(s)

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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External factors impacting this strategy include: 1) The availability of qualified vendors; and 2) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery.

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 10 Market Research Services Contract(s)

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
2001	PROFESSIONAL FEES AND SERVICES	\$899,028	\$1,000,000	\$875,000	\$767,000	\$767,000
TOTAL, OBJECT OF EXPENSE		\$899,028	\$1,000,000	\$875,000	\$767,000	\$767,000
Method of Financing:						
5025	Lottery Acct	\$899,028	\$1,000,000	\$875,000	\$767,000	\$767,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$899,028	\$1,000,000	\$875,000	\$767,000	\$767,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$767,000	\$767,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$899,028	\$1,000,000	\$875,000	\$767,000	\$767,000
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 11 Retailer Bonus

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$4,479,556	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
TOTAL, OBJECT OF EXPENSE		\$4,479,556	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
Method of Financing:						
5025	Lottery Acct	\$4,479,556	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$4,479,556	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$4,200,000	\$4,200,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$4,479,556	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 12 Instant Ticket Vending Machines Contract

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
2007	RENT - MACHINE AND OTHER	\$3,537,500	\$342,500	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$3,537,500	\$342,500	\$0	\$0	\$0
Method of Financing:						
5025	Lottery Acct	\$3,537,500	\$342,500	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$3,537,500	\$342,500	\$0	\$0	\$0
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$0	\$0
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$3,537,500	\$342,500	\$0	\$0	\$0
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include contracting for the acquisition and service of instant ticket vending machines. Instant ticket vending machines provide an alternative method of providing instant tickets to Texas Lottery players without the direct assistance of retailer personnel. Use of instant ticket vending machines allows for the distribution of instant tickets in a greater variety of retail locations.

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

External factors impacting this strategy include: 1) The availability of qualified vendors; 2) The impact of judicial decisions and legislative enactment as they relate to or impact the operation and administration of the Lottery; 3) The willingness of the general public to learn about and participate in Lottery games; 4) The number of qualifying licensed retailers and the desire of new retailers to obtain Lottery sales agent licenses; 5) The general state of the Texas economy.

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
 STRATEGY: 1 Determine Eligibility and Process Applications

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Licenses Issued to Individuals and Organizations	7,217.00	7,200.00	7,200.00	7,000.00	7,000.00
2	Number of Applications Processed	7,479.00	7,500.00	7,500.00	7,250.00	7,250.00
3	Number of Worker Registry Applications Processed	9,898.00	5,400.00	5,500.00	8,500.00	5,500.00
Efficiency Measures:						
1	Average Bingo License (New) Processing Time (Days)	81.95	63.36	60.00	60.00	60.00
2	Average Bingo License (Renewal) Processing Time (Days)	57.43	26.97	25.00	25.00	25.00
3	Average Cost Per License Issued	27.53	32.00	31.00	27.00	27.00
Explanatory/Input Measures:						
1	Number of Annual License Holders	1,773.00	1,780.00	1,775.00	1,700.00	1,700.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$673,693	\$678,346	\$688,044	\$688,044	\$688,044
1002	OTHER PERSONNEL COSTS	\$47,391	\$27,120	\$28,420	\$28,420	\$28,420
2001	PROFESSIONAL FEES AND SERVICES	\$39,797	\$36,000	\$34,500	\$34,500	\$34,500
2003	CONSUMABLE SUPPLIES	\$448	\$1,000	\$1,000	\$1,000	\$1,000
2005	TRAVEL	\$20	\$0	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$920	\$3,700	\$8,304	\$8,304	\$8,304
2009	OTHER OPERATING EXPENSE	\$4,578	\$41,065	\$20,681	\$20,681	\$20,681
TOTAL, OBJECT OF EXPENSE		\$766,847	\$787,231	\$780,949	\$780,949	\$780,949
Method of Financing:						
1	General Revenue Fund	\$766,847	\$787,231	\$780,949	\$780,949	\$780,949
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$766,847	\$787,231	\$780,949	\$780,949	\$780,949

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
 STRATEGY: 1 Determine Eligibility and Process Applications

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$780,949	\$780,949
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$766,847	\$787,231	\$780,949	\$780,949	\$780,949
FULL TIME EQUIVALENT POSITIONS:		14.2	15.0	13.0	13.0	13.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
 STRATEGY: 2 Provide Education and Training for Bingo Regulatory Requirements

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
1	Number of Individuals Receiving Education	1,291.00	1,300.00	1,350.00	1,350.00	1,350.00
Efficiency Measures:						
KEY 1	Average Cost of Bingo Operator Training Class	996.52	970.00	1,025.00	1,075.00	1,125.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$142,986	\$157,346	\$152,104	\$152,104	\$152,104
1002	OTHER PERSONNEL COSTS	\$5,920	\$4,800	\$4,500	\$4,500	\$4,500
2005	TRAVEL	\$1,521	\$3,000	\$3,000	\$3,000	\$3,000
2009	OTHER OPERATING EXPENSE	\$895	\$2,500	\$1,000	\$1,000	\$1,000
TOTAL, OBJECT OF EXPENSE		\$151,322	\$167,646	\$160,604	\$160,604	\$160,604
Method of Financing:						
1	General Revenue Fund	\$151,322	\$167,646	\$160,604	\$160,604	\$160,604
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$151,322	\$167,646	\$160,604	\$160,604	\$160,604
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$160,604	\$160,604
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$151,322	\$167,646	\$160,604	\$160,604	\$160,604
FULL TIME EQUIVALENT POSITIONS:		3.0	3.0	3.0	3.0	3.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

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

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Activities relating to this strategy include the education and development of all licensed organizations that conduct Charitable Bingo activities in this state. Education and development is a key factor in the CBOD initiative to encourage voluntary compliance with bingo licensing requirements.

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

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
 STRATEGY: 3 Bingo Law Compliance Field Operations

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
	1 Number of Inspections Conducted	273.00	216.00	335.00	540.00	740.00
	2 Number of Bingo Audits and Reviews Completed	5.00	82.00	49.00	68.00	68.00
KEY 3	Number of Bingo Complaints Completed	120.00	95.00	110.00	110.00	110.00
	4 \$ Amt of Adjustments to Charitable Distributions by Audit & Inspection	0.00	60,000.00	100,000.00	100,000.00	100,000.00
	5 Number of Bingo Background Investigations Completed	406.00	370.00	370.00	370.00	370.00
Efficiency Measures:						
	1 Average Time for Bingo Complaint Completion (Days)	121.39	120.00	120.00	120.00	120.00
KEY 2	Average Cost Per Bingo Complaint Completed	274.65	300.00	262.00	275.00	290.00
	3 Average Time to Conduct Compliance Audit (Hours)	83.00	145.00	400.00	350.00	350.00
	4 Average Time to Complete Bingo Background Investigations (Days)	54.30	63.90	40.00	40.00	40.00
	5 Average Cost per Bingo Audit Completed	3,041.95	5,300.00	14,700.00	12,900.00	12,900.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$984,788	\$1,382,466	\$1,453,819	\$1,453,819	\$1,453,819
1002	OTHER PERSONNEL COSTS	\$30,305	\$33,080	\$35,560	\$35,560	\$35,560
2001	PROFESSIONAL FEES AND SERVICES	\$7,600	\$10,000	\$10,000	\$10,000	\$10,000
2003	CONSUMABLE SUPPLIES	\$0	\$1,000	\$1,000	\$1,000	\$1,000
2005	TRAVEL	\$25,459	\$76,640	\$76,640	\$76,640	\$76,640
2006	RENT - BUILDING	\$0	\$0	\$400	\$400	\$400
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$200	\$200	\$200
2009	OTHER OPERATING EXPENSE	\$38,969	\$34,800	\$25,362	\$25,362	\$25,362
TOTAL, OBJECT OF EXPENSE		\$1,087,121	\$1,537,986	\$1,602,981	\$1,602,981	\$1,602,981

Method of Financing:

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1	General Revenue Fund	\$1,087,121	\$1,537,986	\$1,602,981	\$1,602,981	\$1,602,981
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$1,087,121	\$1,537,986	\$1,602,981	\$1,602,981	\$1,602,981
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,602,981	\$1,602,981
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,087,121	\$1,537,986	\$1,602,981	\$1,602,981	\$1,602,981
FULL TIME EQUIVALENT POSITIONS:		18.7	25.0	26.0	26.0	26.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Activities relating to this strategy include regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). Utilizing a system of enforcement including conducting inspections, reviews, audits, and complaint investigations, the Charitable Bingo Operations Division (CBOD) supervises bingo conducted in this state so that the games are fairly conducted and the proceeds derived from bingo are used for charitable purposes.

The Audit Services Department is responsible for evaluating compliance with bingo laws and can recommend administrative disciplinary action as appropriate. Administrative actions will occur as violations are detected and appropriate Commission Orders are issued for acts of non-compliance.

The Audit Services Department is also responsible for performing testing on bingo products for use in the state of Texas.

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
 STRATEGY: 4 Bingo Prize Fee Collections and Accounting

Statewide Goal/Benchmark: 7 0

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Days to Allocate Payments to Local Jurisdictions	14.00	12.00	12.00	12.00	12.00
2	Percentage of Licensees Who Fail to Pay	3.63	3.50	3.50	3.50	3.50
3	Number of Bingo Reports Processed	8,921.00	8,800.00	8,700.00	8,700.00	8,600.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$186,526	\$198,284	\$204,802	\$204,802	\$204,802
1002	OTHER PERSONNEL COSTS	\$5,100	\$5,480	\$2,640	\$2,640	\$2,640
2003	CONSUMABLE SUPPLIES	\$276	\$300	\$800	\$800	\$800
2009	OTHER OPERATING EXPENSE	\$3,407	\$10,074	\$2,400	\$2,400	\$2,400
TOTAL, OBJECT OF EXPENSE		\$195,309	\$214,138	\$210,642	\$210,642	\$210,642
Method of Financing:						
1	General Revenue Fund	\$195,309	\$214,138	\$210,642	\$210,642	\$210,642
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$195,309	\$214,138	\$210,642	\$210,642	\$210,642
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$210,642	\$210,642
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)					\$210,642	\$210,642
FULL TIME EQUIVALENT POSITIONS:		4.0	4.0	4.0	4.0	4.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules

Service Categories:

STRATEGY: 4 Bingo Prize Fee Collections and Accounting

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
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Activities relating to this strategy include managing financial data reported by licensees and collected by the Charitable Bingo Operations Division (CBOD). Under this strategy, licensees conducting charitable bingo and leasing bingo premises remit prize fees and rental taxes quarterly to the State of Texas.

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

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:46:04AM

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

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully
 OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules
 STRATEGY: 5 Bingo Prize Fee Allocations. Estimated and Nontransferable.

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

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
4000	GRANTS	\$11,597,715	\$12,500,500	\$12,771,000	\$12,635,500	\$12,635,500
TOTAL, OBJECT OF EXPENSE		\$11,597,715	\$12,500,500	\$12,771,000	\$12,635,500	\$12,635,500
Method of Financing:						
1	General Revenue Fund	\$11,597,715	\$12,500,500	\$12,771,000	\$12,635,500	\$12,635,500
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$11,597,715	\$12,500,500	\$12,771,000	\$12,635,500	\$12,635,500
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$12,635,500	\$12,635,500
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$11,597,715	\$12,500,500	\$12,771,000	\$12,635,500	\$12,635,500
FULL TIME EQUIVALENT POSITIONS:		0.0	0.0	0.0	0.0	0.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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

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

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

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

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

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

3.A. STRATEGY REQUEST
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:46:04AM

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$197,343,824	\$209,169,810	\$209,650,959	\$193,820,125	\$189,480,348
METHODS OF FINANCE (INCLUDING RIDERS):				\$193,820,125	\$189,480,348
METHODS OF FINANCE (EXCLUDING RIDERS):	\$197,343,824	\$209,169,810	\$209,650,959	\$193,820,125	\$189,480,348
FULL TIME EQUIVALENT POSITIONS:	307.8	318.5	318.5	318.5	318.5

3.B. Rider Revisions and Additions Request

Agency Code: 362	Agency Name: Texas Lottery Commission	Prepared By: Kathy Pyka	Date: 8/27/08	Request Level: Base																																			
Current Rider Number	Page Number in 2008-09 GAA	Proposed Rider Language																																					
2.	VII-10	<p>Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for "Lease Payments to the Master Equipment Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas.</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center;"><u>2008</u></th> <th style="width: 10%; text-align: center;"><u>2010</u></th> <th style="width: 10%; text-align: center;"><u>2009</u></th> <th style="width: 10%; text-align: center;"><u>2011</u></th> </tr> </thead> <tbody> <tr> <td>a. Acquisition of Capital Equipment and Items</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) Capitalized Lottery Drawing Equipment</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">300,000</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 40px;">Total, Capital Budget</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>300,000</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td colspan="5" style="padding-top: 10px;">Method of Financing (Capital Budget):</td> </tr> <tr> <td style="padding-left: 20px;">GR Dedicated – Lottery Account No. 5025</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>300,000</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td style="padding-left: 40px;">Total, Method of Financing</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>300,000</u></td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><u>0</u></td> </tr> </tbody> </table> <p><i>This rider revision is requested to reflect the FY 2010-11 Capital Budget Request submitted as a baseline request. An explanation of the capital budget item requested is included in the Capital Budget Supporting Schedules.</i></p>				<u>2008</u>	<u>2010</u>	<u>2009</u>	<u>2011</u>	a. Acquisition of Capital Equipment and Items					(1) Capitalized Lottery Drawing Equipment	\$	300,000	\$	0	Total, Capital Budget	\$	<u>300,000</u>	\$	<u>0</u>	Method of Financing (Capital Budget):					GR Dedicated – Lottery Account No. 5025	\$	<u>300,000</u>	\$	<u>0</u>	Total, Method of Financing	\$	<u>300,000</u>	\$	<u>0</u>
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**3.B. Rider Revisions and Additions Request
(continued)**

3.	VII-10	<p>Operate Lottery. Pursuant to Government Code, Chapter 466, appropriations made to Goal A, Operate Lottery, shall not exceed twelve percent of the gross revenue from the sale of lottery tickets. This appropriation shall be used for the administration of the lottery, <u>certain Bingo indirect overhead and administrative expenses funded above in Goal A</u>, and for retailer commissions.</p> <p><i>This rider revision is requested to continue the practice of funding of certain Bingo indirect overhead and administrative expenses through the sale of lottery tickets as appropriated in Goal A. This rider request is contingent upon the passage of legislation, specifically an amendment to Chapter 466 of the Texas Government Code, which would clarify the authority for money in the State Lottery Account to be used for costs incurred in the administration of the Commission, including certain Bingo indirect overhead and administrative expenses.</i></p>
4.	VII-10	<p>Appropriation: Payment of Prizes. In addition to the amounts appropriated above for the administration of the lottery and retailer commissions, there is hereby appropriated pursuant to Government Code, Chapter 466, out of the State Lottery Account in the General Revenue Fund, sufficient funds for the payment of prizes to the holders of winning tickets.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
5.	VII-10	<p>Limitation on Transfer Authority. Funds appropriated above in Strategy A.1.8, Mass Media Advertising Contracts, may be transferred into other items in the Lottery Commission appropriations, but none of the funds appropriated in other items may be transferred into Strategy A.1.8, Mass Media Advertising Contracts.</p> <p><i>The Commission is requesting deletion of this Rider contingent upon the passage of legislation to remove the linkage between prize payout limitation and a limitation on advertising appropriation.</i></p>
6.	VII-10	<p>Limitation: Pooled Reserve Fund. Pursuant to Government Code, Chapter 466, the Executive Director of the Texas Lottery Commission shall maintain balances in a pooled reserve fund to cover the potential loss of state revenue as a result of lottery retailer defaults. The Executive Director of the Texas Lottery Commission shall transfer all pooled reserve fund revenues and balances that exceed \$5 million to the Foundation School Fund No. 193 monthly.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>

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

7.	VII-10	<p>Limitation: Out-of-Country and Out-of-State Travel. Notwithstanding any other provisions included in this Act, it is the intent of the Legislature that the Texas Lottery Commission shall not be allowed to travel out-of-country, with the exception of travel to Mexico or Canada which is reimbursable by a third party. In addition, the Texas Lottery Commission shall not exceed amounts expended on out-of-state travel, for each fiscal year of the biennium, by an amount equal to 80 percent of travel expenditure amounts for fiscal year 1998.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>
8.	VII-11	<p>Appropriations Limited to Revenue Collections. Fees, fines, <u>rental taxes</u> and other miscellaneous revenues as authorized and generated by the operation of charity bingo shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal B, Enforce Bingo Laws, as well as the “other direct and indirect costs” associated with this goal, appropriated elsewhere in this Act. “Other direct and indirect costs” for Goal B, Enforce Bingo Laws, are estimated to be \$610,355 <u>xxx</u> for fiscal year 2008 <u>2010</u> and \$614,205 <u>xxx</u> for fiscal year 2009 <u>2011</u>. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.</p> <p><i>This rider revision is requested to reflect updated estimates of other direct and indirect costs for the FY 2010-11 biennium. The amounts are to be provided by the Legislative Budget Board. The rider is further revised to clarify the use of rental taxes as a source of revenue to cover the cost of appropriations.</i></p>
9.	VII-11	<p>Petty Cash Fund Authorized. The Texas Lottery Commission is authorized to establish a petty cash fund to be used by Commission employees for the purchase of evidence and/or information and other expenses deemed necessary for agency security and enforcement activities, including audits and expenses, incurred by auditing. The petty cash fund, not to exceed \$1,500, may be maintained in cash or at a local bank and shall be subject to such rules and regulations as the executive director may recommend and the commission may adopt.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>

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

10.	VII-11	<p>Local Bingo Prize Fees. The amounts appropriated above in Strategy B.1.5, Bingo Prize Fee Allocations, include \$12,500,500 <u>12,635,500</u> in 2008 <u>2010</u> and \$12,771,000 <u>12,635,500</u> in 2009 <u>2011</u> from bingo prize fees collected pursuant to Texas Occupations Code, Section 2001.504 for allocation to counties and municipalities as required by the Texas Occupations Code, Section 2001.503. Bingo prize fees collected in excess of amounts appropriated above are hereby appropriated for the same purpose.</p> <p><i>This rider revision is requested to reflect current estimates of bingo prize fee allocations for the FY 2010-11 biennium.</i></p>
11.	VII-11	<p>Retailer Commissions. Pursuant to Government Code, Chapter 466, an amount equal to 5 percent of gross sales shall be made available for the purpose of paying retailer commissions. <u>In addition to the 5% retailer commission amount, an amount up to an additional ½ percent of gross sales may be made available for the purpose of paying sales performance retailer commissions.</u></p> <p><i>This rider revision is requested to reflect an additional ½% allocation of gross sales for incentivized sales performance allocations to retailers. The appropriation of additional funds is intended to be used to incentivize growth in retailer sales performance. In order to generate a higher level of incremental sales in a mature lottery market, retailer incentives can be structured to 1) compensate retailers for the requirements of handling an increasing array of lottery products with complex product features, 2) educating potential consumers regarding these products, and 3) managing the cash flow required to pay prizes. The additional incentive may be structured on a performance based criteria based on sales or other lottery service requirements such as payment of prizes.</i></p>
12.	VII-11	<p>Lottery Operator Contracts. The amounts included above in Strategy A.1.6, Lottery Operator Contracts, are estimated appropriations out of the State Lottery Account in the General Revenue Fund and may be used for payment of lottery operator contractual obligations. The estimated amount appropriated for fiscal year 2008 <u>2010</u> is an amount equal to 2.6999 percent of gross sales in fiscal year 2008 <u>2010</u>; and the estimated amount appropriated for fiscal year 2009 <u>2011</u> is an amount equal to 2.6999 percent of gross sales in fiscal year 2009 <u>2011</u>.</p> <p><i>This rider revision is requested to reflect updated fiscal years.</i></p>

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

13.	VII-11	<p>Appropriation of Increased Revenues. In addition to the amounts appropriated above, there is hereby appropriated out of the State Lottery Account in the General Revenue Fund, an amount equal to 1.49 percent of the amount by which gross sales exceed \$3,934,685,034 <u>\$3,398,590,000</u> in fiscal year 2008 <u>2010</u> and the amount by which gross sales exceed \$4,004,282,014 <u>\$3,280,900,000</u> in fiscal year 2009 <u>2011</u> for the purpose of fulfilling contractual obligations and other administrative costs in administration of the Lottery. <u>Unexpended balances appropriated in fiscal year 2010 are hereby re-appropriated in fiscal year 2011.</u></p> <p><i>This rider revision is requested to reflect estimated lottery sales for the FY 2010-11 biennium. The factor of 1.49% is comprised of amounts required for fulfilling contractual obligations and other administrative costs in response to lottery sales demand. The requested language regarding the appropriation of unexpended balances within the FY 2010-11 biennium reflects the fact that if sales exceed the threshold amount, this will not be realized until the last quarter in the first year of the biennium. The appropriation of unexpended balances is intended to be used to support future growth in Texas Lottery sales, potential changes to the number or type of lottery games authorized, potential changes to retailer commissions or vendor/contract obligations. In order to retain player interest in the Games of Texas, new games and features must be added to the on-line product and instant product mix. The Lottery Commission continues to research which on-line and instant game opportunities and enhancements hold the most promise to provide incremental revenue to the state.</i></p>
14.	VII-11	<p>Instant Ticket Game Closure. Out of the funds appropriated above in Strategy A.1.7, Instant Ticket Production Contract, \$3,000,000 in GR Dedicated Lottery Account No. 5025 funds each fiscal year are contingent upon the commission adopting rules governing instant ticket games that close games after the final top advertised prize in the game has been claimed and rules that provide procedures for ending the sale of an instant ticket game within 45 days of the game being closed. The commission shall provide a semi-annual report, beginning April 1, 2008 <u>on April 1 and October 1</u>, to the Legislative Budget Board detailing the number of instant ticket games closed and the amount of time to end the sale of each game following closure.</p> <p><i>Funding included in this rider was contingent upon the Commission adopting rules governing the closure of instant ticket games.</i></p>
15.	VII-11	<p>Sale of Lottery. None of the funds appropriated above may be spent for the purpose of exploring, investigating, negotiating, calculating, or otherwise taking any action that would result in selling the Texas Lottery.</p> <p><i>The Commission is not requesting any revisions to this Rider.</i></p>

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

701.	Article VII	<p><u>Adjustment to Appropriated Amounts.</u> <u>In the event the Texas Lottery Commission determines that activities, which have previously been outsourced via the Lottery Operator Contract, should be operated by the agency or multiple vendors in order to ensure greater accountability or improved services, the commission may, upon approval from the Governor and Legislative Budget Board, exceed 1) the nontransferability restriction on Strategy A.1.6, Lottery Operator Contract; 2) the transfer restrictions included under Article IX, Appropriation Transfers; 3) the number of full-time equivalent position restrictions under Article IX, Limitation on State Employment Levels; and 4) the capital budget restrictions included under Article IX, Limitation on Expenditures – Capital Budget. Prior to submitting a written request to the Governor and LBB to exceed the limitations listed above, the commission shall submit a request approved by the agency’s governing board that includes at minimum:</u></p> <ul style="list-style-type: none"><u>(1) the date on which the board approved the request;</u><u>(2) a statement justifying the need to exceed all appropriation transfer limitations;</u><u>(3) a statement justifying the need to exceed the full-time equivalent position limitation;</u><u>(4) a statement justifying the need to exceed the capital budget restriction;</u><u>(5) the source of funds of the appropriation adjustment;</u><u>(6) a justification for the commission or multiple vendors to perform the activities previously outsourced through the Lottery Operator Contract.</u> <p><i>This rider revision is requested as the Lottery Commission currently has a single contract for the provision of lottery operations and services that support the agency’s core business functions. The current contract expires August 31, 2011. During the FY 2010-2011 biennium, the agency will be exploring options available for the delivery of these core lottery business functions. This new rider is being requested in the event the Commission determines activities currently being provided by a single contract should be operated by the agency and/or multiple vendors.</i></p>
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**3.B. Rider Revisions and Additions Request
(continued)**

702	Article VII	<p><u>Appropriations Limited to Revenue Collections.</u> Fees, fines, rental taxes, prize fees and other miscellaneous revenues as authorized and generated by the operation of charity bingo shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal B, Enforce Bingo Laws, as well as the “other direct and indirect costs” associated with this goal, appropriated in Goal A and elsewhere in this Act. “Other direct and indirect costs” for Goal A, Operate Lottery and Goal B, Enforce Bingo Laws, are estimated to be \$ xxx for fiscal year 2010 and \$ xxx for fiscal year 2011. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.</p> <p><i>This rider revision is contingent upon approval of Exceptional Item 1 related to the funding of Bingo indirect overhead and administrative expenses for the FY 2010-11 biennium. The amounts are to be provided by the Legislative Budget Board.</i></p>
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**3.B. Rider Revisions and Additions Request
(continued)**

703	Article VII	<p>Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for “Lease Payments to the Master Equipment Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under “Acquisition of Information Resource Technologies” may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">2010</th> <th style="width: 20%; text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">2011</th> </tr> </thead> <tbody> <tr> <td colspan="3"><u>a. Acquisition of Capital Equipment and Items</u></td> </tr> <tr> <td style="padding-left: 20px;">(1) Studio Surveillance System</td> <td style="text-align: right;">\$ 131,098</td> <td style="text-align: right;">\$ 15,624</td> </tr> <tr> <td colspan="3"><u>b. Acquisition of IR Technology Items</u></td> </tr> <tr> <td style="padding-left: 20px;">(1) Telephone System Upgrade</td> <td style="text-align: right;">140,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">(1) ACBS Redesign</td> <td style="text-align: right; border-bottom: 1px solid black;">1,250,000</td> <td style="text-align: right; border-bottom: 1px solid black;">1,250,000</td> </tr> <tr> <td style="padding-left: 40px;"><u>Total, Capital Budget</u></td> <td style="text-align: right; border-bottom: 3px double black;">\$ 1,521,098</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 1,265,624</td> </tr> <tr> <td colspan="3"> <u>Method of Financing (Capital Budget):</u></td> </tr> <tr> <td style="padding-left: 20px;">General Revenue</td> <td style="text-align: right;">\$ 1,250,000</td> <td style="text-align: right;">\$ 1,250,000</td> </tr> <tr> <td style="padding-left: 20px;">GR Dedicated – Lottery Account No. 5025</td> <td style="text-align: right; border-bottom: 1px solid black;">271,098</td> <td style="text-align: right; border-bottom: 1px solid black;">15,624</td> </tr> <tr> <td style="padding-left: 40px;"><u>Total, Method of Financing</u></td> <td style="text-align: right; border-bottom: 3px double black;">\$ 1,521,098</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 1,265,624</td> </tr> </tbody> </table> <p><i>This rider revision is requested to reflect the FY 2010-11 Capital Budget Request submitted as an exceptional item request. An explanation of the capital budget item requested is included in the Capital</i></p>		2010	2011	<u>a. Acquisition of Capital Equipment and Items</u>			(1) Studio Surveillance System	\$ 131,098	\$ 15,624	<u>b. Acquisition of IR Technology Items</u>			(1) Telephone System Upgrade	140,000		(1) ACBS Redesign	1,250,000	1,250,000	<u>Total, Capital Budget</u>	\$ 1,521,098	\$ 1,265,624	 <u>Method of Financing (Capital Budget):</u>			General Revenue	\$ 1,250,000	\$ 1,250,000	GR Dedicated – Lottery Account No. 5025	271,098	15,624	<u>Total, Method of Financing</u>	\$ 1,521,098	\$ 1,265,624
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4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:48:09AM

Agency code: 362

Agency name:
Texas Lottery Commission

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2010</u>	<u>Excp 2011</u>
	Item Name: Bingo Indirect and Administrative Expenses - funded by Fees		
	Item Priority: 1		
	Includes Funding for the Following Strategy or Strategies:		
	01-01-01 Lottery Operations		
	01-01-03 Marketing and Promotion		
	01-01-04 Security		
	01-01-05 Central Administration		
 OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	768,583	768,583
2006	RENT - BUILDING	231,716	231,716
2009	OTHER OPERATING EXPENSE	472,414	472,414
	TOTAL, OBJECT OF EXPENSE	1,472,713	1,472,713
 METHOD OF FINANCING:			
1	General Revenue Fund	1,472,713	1,472,713
	TOTAL, METHOD OF FINANCING	1,472,713	1,472,713

DESCRIPTION / JUSTIFICATION:

Presently, Bingo indirect overhead and administrative expenses are expensed to lottery strategies and paid from the proceeds of lottery sales, or the GR Dedicated Lottery Account, as opposed to being expensed to Bingo strategies and paid from the General Revenue (GR) Fund. This practice dates back several years following a requirement from leadership to reduce general revenue funding requests.

The Charitable Bingo Operations Division (CBOD) is projected to collect \$29.3 million in Bingo Fees, Taxes and Prize Fees in each fiscal year of the biennium. Expenditures of \$16.0 million in each year of the biennium are planned including direct operational appropriation, prize fees, Rider 8 Statewide Costs and Benefit Replacement Pay. Projected revenue collections, including prize fees, are expected to exceed expenditures by \$13.3 million in each year of the biennium leaving sufficient funds deposited to the unappropriated account to cover the Bingo Indirect and Administrative expenses currently being funded by the GR Dedicated Lottery Account.

Should the CBOD be required to fund Bingo indirect overhead and administrative expenses from current GR appropriation and not be allowed to rely on fee recovery to support a GR increase, the division would be required to eliminate 28 of the 46 FTE positions currently budgeted in the Division.

To provide alternatives regarding the funding of certain bingo indirect overhead and administrative expenses in its FY 2010-11 LAR the Commission has provided three options. Exceptional Item 1 as presented above requests an increase in GR appropriation supported by fees currently collected by the division. This Item would also result in a decrease in the GR Dedicated Lottery Account by the same amount of Bingo indirect overhead and administrative moved to GR.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/15/2008**
TIME: **10:48:18AM**

Agency code: **362**

Agency name:

Texas Lottery Commission

CODE DESCRIPTION

Excp 2010

Excp 2011

EXTERNAL/INTERNAL FACTORS:

If Exceptional Item 1 is not considered, the Commission submits two additional funding alternatives for Bingo Indirect and Administrative Expenses as outlined in Exceptional Item 2 and Rider 3.

Exceptional Item 2 requests an increase in General Revenue supported by fees, excluding Bingo Prize Fees. Exceptional Item 2 that excludes Bingo Prize Fees as a revenue source will require the Commission to increase Bingo Operator/Lessors fees to generate an additional \$580 thousand in fees each year to fund the baseline budget.

A revision to Rider 3, Operate Lottery to provide for the funding of certain Bingo indirect overhead and administrative expenses through the sale of lottery tickets, is also submitted. This Rider revision request will be contingent upon the passage of legislation, specifically an amendment to the State Lottery Act, Chapter 466, Texas Government Code, which would clarify the authority for money in the State Lottery Account to be used to pay for costs incurred in the administration of the Commission, including certain Bingo indirect overhead and administrative expenses.

Should the Charitable Bingo Operations Division be required to fund Bingo indirect overhead and administrative expenses from current General Revenue appropriation and not be allowed to rely on fee recovery, the division would be required to eliminate 28 of the 46 Full Time Equivalent (FTE) positions currently budgeted in the Division.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:48:18AM

Agency code: 362

Agency name:
Texas Lottery Commission

CODE	DESCRIPTION	Excp 2010	Excp 2011
	Item Name: Bingo Indirect and Administrative Expenses - General Revenue		
	Item Priority: 2		
	Includes Funding for the Following Strategy or Strategies:		
	01-01-01 Lottery Operations		
	01-01-03 Marketing and Promotion		
	01-01-04 Security		
	01-01-05 Central Administration		
 OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	768,583	768,583
2006	RENT - BUILDING	231,716	231,716
2009	OTHER OPERATING EXPENSE	472,414	472,414
	TOTAL, OBJECT OF EXPENSE	\$1,472,713	\$1,472,713
 METHOD OF FINANCING:			
1	General Revenue Fund	1,472,713	1,472,713
	TOTAL, METHOD OF FINANCING	\$1,472,713	\$1,472,713

DESCRIPTION / JUSTIFICATION:

Presently, Bingo indirect overhead and administrative expenses are expensed to lottery strategies and paid from the proceeds of lottery sales, or the GR Dedicated Lottery Account, as opposed to being expensed to Bingo strategies and paid from the General Revenue (GR) Fund. This practice dates back several years following a requirement from leadership to reduce general revenue funding requests.

The Charitable Bingo Operations Division (CBOD) requests an increase in GR appropriation to fund Bingo indirect and administrative expenses. This item would also result in a decrease in the GR Dedicated Lottery Account expenditures by the same amount of Bingo indirect overhead and administrative expenses moved to General Revenue.

Should the CBOD be required to fund Bingo indirect overhead and administrative expenses from current GR appropriation, the division would be required to eliminate 28 of the 46 FTE positions currently budgeted in the Division.

To provide alternatives regarding the funding of certain bingo indirect overhead and administrative expenses in its FY 2010-11 LAR the Commission has provided three options. Exceptional Item 2 as presented above requests an increase in GR appropriation. This Item would also result in a decrease in the GR Dedicated Lottery Account by the same amount of Bingo indirect overhead and administrative moved to GR.

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/15/2008**
TIME: **10:48:18AM**

Agency code: **362**

Agency name:

Texas Lottery Commission

CODE DESCRIPTION

Excp 2010

Excp 2011

If Exceptional Item 2 is not considered, the Commission submits two additional funding alternatives for Bingo Indirect and Administrative Expenses as outlined in Exceptional Item 1 and Rider 3.

Exceptional Item 1 requests an increase in GR appropriation supported by fees, including Prize Fees, currently collected by the division.

A revision to Rider 3, Operate Lottery to provide for the funding of certain Bingo indirect overhead and administrative expenses through the sale of lottery tickets, is also submitted. This Rider revision request will be contingent upon the passage of legislation, specifically an amendment to the State Lottery Act, Chapter 466, Texas Government Code, which would clarify the authority for money in the State Lottery Account to be used to pay for costs incurred in the administration of the Commission, including certain Bingo indirect overhead and administrative expenses.

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:48:18AM

Agency code: 362

Agency name:
Texas Lottery Commission

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2010</u>	<u>Excp 2011</u>
	Item Name: Mass Media Advertising Increase		
	Item Priority: 3		
	Includes Funding for the Following Strategy or Strategies: 01-01-08 Mass Media Advertising Contract(s)		
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	10,000,000	10,000,000
	TOTAL, OBJECT OF EXPENSE	\$10,000,000	\$10,000,000
METHOD OF FINANCING:			
5025	Lottery Acct	10,000,000	10,000,000
	TOTAL, METHOD OF FINANCING	\$10,000,000	\$10,000,000

DESCRIPTION / JUSTIFICATION:

This exceptional item would provide additional funding for the Lottery's advertising expenditures which include radio, television, print and other forms of advertising. The advertising contract allows the Commission to enhance the marketing effectiveness of the lottery; effectively reaching and educating the public to increase sales and enhance the awareness of lottery games.

The Lottery was appropriated \$40 million in FY 1993 to reach and educate adult Texans regarding its products. Advertising appropriation limitations tied to prize payout percentage have reduced the FY 2009 budget to \$30 million.

The agency consulted with professionals in the field of advertising and business in an effort to measure advertising's contribution to lottery sales. Specifically, the Commission requested research to estimate the impact of changes in ad expenditures on future lottery sales in the State of Texas with an increase from \$32 million to \$42 million per year in advertising expenditures. The August 2006 study prepared by the McCombs School of Business at the UT-Austin concluded an increase of \$1 in advertising is accompanied by an additional \$12 in sales. The report estimated that increased advertising expenditures to \$42 million would result in an increase of \$50 to \$250 million in sales and \$15 to \$75 million in Transfers to the State. The report referenced similar results from a study performed for the State of Florida by the Battelle Institute.

It is expected that increased funding for advertising will provide an increase and/or limit further decline to lottery sales and transfers to the Foundation School Fund. This Advertising Exceptional Item request will be contingent upon the passage of legislation, specifically an amendment to the State Lottery Act, Chapter 466, TX Gov't Code, which would repeal Section 466.015(d) and eliminate the limitation that the TX Lottery Commission has on advertising expenses which is based on the lottery prize payout percentage.

EXTERNAL/INTERNAL FACTORS:

Agency code: 362

Agency name:

Texas Lottery Commission

CODE DESCRIPTION

Excp 2010

Excp 2011

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

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

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/15/2008**
 TIME: **10:48:18AM**

Agency code: **362**

Agency name:
Texas Lottery Commission

CODE	DESCRIPTION	Excp 2010	Excp 2011
	Item Name: Acquisition of Information Resources Equipment		
	Item Priority: 4		
	Includes Funding for the Following Strategy or Strategies: 01-01-04 Security		
	01-01-05 Central Administration		
OBJECTS OF EXPENSE:			
5000	CAPITAL EXPENDITURES	271,098	15,264
	TOTAL, OBJECT OF EXPENSE	\$271,098	\$15,264
METHOD OF FINANCING:			
5025	Lottery Acct	271,098	15,264
	TOTAL, METHOD OF FINANCING	\$271,098	\$15,264

DESCRIPTION / JUSTIFICATION:

Funding for this item would provide for the purchase of a studio surveillance system and upgrade of the agency's telephone system in the amount of \$146,362 and \$140,000, respectively.

Requirements for the lottery drawings process are specified in Texas Govt' Code §466.401(c) which states in part, "The drawing and inspections must be recorded on video and audio tape." In order to meet this requirement, a studio and drawing monitoring system is in place that provides closed circuit TV monitoring, recording, and archiving for the security and review of all drawings. The current security system is installed at our drawings studio consisting of video monitors, camera controls, archiving, and playback equipment. The studio is monitored at all times, and each draw is also monitored, recorded and archived. The purpose of the system is to observe and document all activity at the studio including the drawing activities. The system must document the functioning of each drawing machine, with enough detail to provide analysis of any incident or malfunction. In addition, the system must clearly document personnel activities within the studio areas, at a drawing machine, or a computer. Real-time event monitoring and secure archiving, which cannot be overwritten or altered in any way is required of the system.

The telephone system includes upgrading the telephone system hardware and software for Lottery headquarters and warehouse facilities. The operating system for the current telephone system was last updated in November 2003 and has reached the end of its life cycle and maintenance support. Additionally, the current telephone system has basic call center functions but does not include features such as call recording or management reporting. Upgrading the operating system will provide more current technology including call center management functions and features such as voice over IP.

EXTERNAL/INTERNAL FACTORS:

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/15/2008**
TIME: **10:48:18AM**

Agency code: **362**

Agency name:

Texas Lottery Commission

CODE DESCRIPTION

Excp 2010

Excp 2011

The agency must plan to upgrade telephone hardware and software and the studio surveillance system as it nears the end of its life cycle in order to minimize degraded performance and ensure adequate resources are available to users for daily business operations. An external factor also includes the TLC's ability to lease new studio surveillance equipment as the estimated cost does not justify a long term lease agreement. TLC has determined that it is more cost effective to purchase the equipment with an annual maintenance and service agreement than continue to lease this service.

Agency code: 362

Agency name:

Texas Lottery Commission

CODE	DESCRIPTION	Excp 2010	Excp 2011
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Item Name: Automated Charitable Bingo System Redesign

Item Priority: 5

Includes Funding for the Following Strategy or Strategies: 02-01-01 Determine Eligibility and Process Applications

OBJECTS OF EXPENSE:

2001 PROFESSIONAL FEES AND SERVICES

1,250,000	1,250,000
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TOTAL, OBJECT OF EXPENSE

\$1,250,000	\$1,250,000
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METHOD OF FINANCING:

1 General Revenue Fund

1,250,000	1,250,000
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TOTAL, METHOD OF FINANCING

\$1,250,000	\$1,250,000
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DESCRIPTION / JUSTIFICATION:

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

EXTERNAL/INTERNAL FACTORS:

External factors impacting this strategy include: 1) Support for the existing system ends in 2013.

Internal Factors Impacting Strategy: 1) The Texas Lottery Commission does not have existing staff necessary to redesign and convert the Automated Charitable Bingo System. If ACBS is not converted, it will become necessary to maintain multiple development and production infrastructures. Additionally, the Lottery will have no support from the vendor for upgrades necessary to support the system. This will result in additional costs and staff resources. 2) ACBS is a mission critical application. The agency is at risk of trying to support an application on a development platform that is no longer supported by the vendor. This would limit needed enhancements and impact the ability to restore system failure.

Agency code: 362

Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name: Bingo Indirect and Administrative Expenses - funded by Fees			
Allocation to Strategy: 1-1-1 Lottery Operations			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	156,778	156,778
2006	RENT - BUILDING	231,716	231,716
TOTAL, OBJECT OF EXPENSE		\$388,494	\$388,494
METHOD OF FINANCING:			
1	General Revenue Fund	388,494	388,494
TOTAL, METHOD OF FINANCING		\$388,494	\$388,494

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

TIME: 10:48:40AM

Agency code: 362

Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name: Bingo Indirect and Administrative Expenses - funded by Fees			
Allocation to Strategy: 1-1-3 Marketing and Promotion			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	67,675	67,675
TOTAL, OBJECT OF EXPENSE		\$67,675	\$67,675
METHOD OF FINANCING:			
1	General Revenue Fund	67,675	67,675
TOTAL, METHOD OF FINANCING		\$67,675	\$67,675

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:48:40AM

Agency code: 362 Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name: Bingo Indirect and Administrative Expenses - funded by Fees			
Allocation to Strategy: 1-1-4 Security			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	102,651	102,651
2009	OTHER OPERATING EXPENSE	63,650	63,650
TOTAL, OBJECT OF EXPENSE		\$166,301	\$166,301
METHOD OF FINANCING:			
1 General Revenue Fund		166,301	166,301
TOTAL, METHOD OF FINANCING		\$166,301	\$166,301

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

TIME: 10:48:40AM

Agency code: 362

Agency name: Texas Lottery Commission

Code Description	Excp 2010	Excp 2011
Item Name: Bingo Indirect and Administrative Expenses - funded by Fees		
Allocation to Strategy: 1-1-5 Central Administration		
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	441,479	441,479
2009 OTHER OPERATING EXPENSE	408,764	408,764
TOTAL, OBJECT OF EXPENSE	\$850,243	\$850,243
METHOD OF FINANCING:		
1 General Revenue Fund	850,243	850,243
TOTAL, METHOD OF FINANCING	\$850,243	\$850,243

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

TIME: 10:48:40AM

Agency code: 362

Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name:		Bingo Indirect and Administrative Expenses - General Revenue	
Allocation to Strategy:		1-1-1	Lottery Operations
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	156,778	156,778
2006	RENT - BUILDING	231,716	231,716
TOTAL, OBJECT OF EXPENSE		\$388,494	\$388,494
METHOD OF FINANCING:			
1	General Revenue Fund	388,494	388,494
TOTAL, METHOD OF FINANCING		\$388,494	\$388,494

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008

TIME: 10:48:40AM

Agency code: 362

Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name: Bingo Indirect and Administrative Expenses - General Revenue			
Allocation to Strategy: 1-1-3 Marketing and Promotion			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	67,675	67,675
TOTAL, OBJECT OF EXPENSE		\$67,675	\$67,675
METHOD OF FINANCING:			
1	General Revenue Fund	67,675	67,675
TOTAL, METHOD OF FINANCING		\$67,675	\$67,675

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:48:40AM

Agency code: 362 Agency name: Texas Lottery Commission

Code Description	Excp 2010	Excp 2011
Item Name: Bingo Indirect and Administrative Expenses - General Revenue		
Allocation to Strategy: 1-1-4 Security		
OBJECTS OF EXPENSE:		
1001 SALARIES AND WAGES	102,651	102,651
2009 OTHER OPERATING EXPENSE	63,650	63,650
TOTAL, OBJECT OF EXPENSE	\$166,301	\$166,301
METHOD OF FINANCING:		
1 General Revenue Fund	166,301	166,301
TOTAL, METHOD OF FINANCING	\$166,301	\$166,301

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:48:40AM

Agency code: 362 Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name: Bingo Indirect and Administrative Expenses - General Revenue			
Allocation to Strategy: 1-1-5 Central Administration			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	441,479	441,479
2009	OTHER OPERATING EXPENSE	408,764	408,764
TOTAL, OBJECT OF EXPENSE		\$850,243	\$850,243
METHOD OF FINANCING:			
1	General Revenue Fund	850,243	850,243
TOTAL, METHOD OF FINANCING		\$850,243	\$850,243

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

TIME: 10:48:40AM

Agency code: 362 Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name: Mass Media Advertising Increase			
Allocation to Strategy: 1-1-8 Mass Media Advertising Contract(s)			
OUTPUT MEASURES:			
<u>1</u>	\$ Amount of Advertising Budget Spent on Print Advertising (Millions)	0.12	0.12
<u>2</u>	\$ Amount of Advertising Budget Spent on Radio Advertising Millions)	1.07	1.07
<u>3</u>	Dollar Amount of Advertising Budget Spent on TV Advertising (Millions)	5.39	5.39
<u>4</u>	\$ Amt of Advertising Budget Spent on Other Advertising (Millions)	3.42	3.42
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	10,000,000	10,000,000
TOTAL, OBJECT OF EXPENSE		\$10,000,000	\$10,000,000
METHOD OF FINANCING:			
5025	Lottery Acct	10,000,000	10,000,000
TOTAL, METHOD OF FINANCING		\$10,000,000	\$10,000,000

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008

TIME: 10:48:40AM

Agency code: 362 Agency name: Texas Lottery Commission

Code Description	Excp 2010	Excp 2011
Item Name: Acquisition of Information Resources Equipment		
Allocation to Strategy: 1-1-4 Security		
OBJECTS OF EXPENSE:		
5000 CAPITAL EXPENDITURES	131,098	15,264
TOTAL, OBJECT OF EXPENSE	\$131,098	\$15,264
METHOD OF FINANCING:		
5025 Lottery Acct	131,098	15,264
TOTAL, METHOD OF FINANCING	\$131,098	\$15,264

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

TIME: 10:48:40AM

Agency code: 362 Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name:	Acquisition of Information Resources Equipment		
Allocation to Strategy:	1-1-5 Central Administration		
OBJECTS OF EXPENSE:			
5000	CAPITAL EXPENDITURES	140,000	0
TOTAL, OBJECT OF EXPENSE		\$140,000	\$0
METHOD OF FINANCING:			
5025	Lottery Acct	140,000	0
TOTAL, METHOD OF FINANCING		\$140,000	\$0

Agency code: 362

Agency name: Texas Lottery Commission

Code	Description	Excp 2010	Excp 2011
Item Name: Automated Charitable Bingo System Redesign			
Allocation to Strategy: 2-1-1 Determine Eligibility and Process Applications			
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	1,250,000	1,250,000
TOTAL, OBJECT OF EXPENSE		\$1,250,000	\$1,250,000
METHOD OF FINANCING:			
1	General Revenue Fund	1,250,000	1,250,000
TOTAL, METHOD OF FINANCING		\$1,250,000	\$1,250,000

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:49:56AM

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

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

CODE DESCRIPTION	Excp 2010	Excp 2011
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	313,556	313,556
2006 RENT - BUILDING	463,432	463,432
Total, Objects of Expense	\$776,988	\$776,988

METHOD OF FINANCING:

1 General Revenue Fund	776,988	776,988
Total, Method of Finance	\$776,988	\$776,988

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Bingo Indirect and Administrative Expenses - funded by Fees
 Bingo Indirect and Administrative Expenses - General Revenue

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:50:00AM

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

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

CODE DESCRIPTION	Excp 2010	Excp 2011
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	135,350	135,350
Total, Objects of Expense	\$135,350	\$135,350

METHOD OF FINANCING:

1 General Revenue Fund	135,350	135,350
Total, Method of Finance	\$135,350	\$135,350

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Bingo Indirect and Administrative Expenses - funded by Fees
 Bingo Indirect and Administrative Expenses - General Revenue

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:50:00AM

Agency Code: **362**

Agency name: **Texas Lottery Commission**

GOAL: 1 Run Self-supporting, Revenue-producing, and Secure Lottery
 OBJECTIVE: 1 Generate Revenue through Ticket Sales
 STRATEGY: 4 Security

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

CODE DESCRIPTION	Excp 2010	Excp 2011
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	205,302	205,302
2009 OTHER OPERATING EXPENSE	127,300	127,300
5000 CAPITAL EXPENDITURES	131,098	15,264
Total, Objects of Expense	\$463,700	\$347,866

METHOD OF FINANCING:

1 General Revenue Fund	332,602	332,602
5025 Lottery Acct	131,098	15,264
Total, Method of Finance	\$463,700	\$347,866

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Bingo Indirect and Administrative Expenses - funded by Fees
 Bingo Indirect and Administrative Expenses - General Revenue
 Acquisition of Information Resources Equipment

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:50:00AM

Agency Code: **362**

Agency name: **Texas Lottery Commission**

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

Statewide Goal/Benchmark: 4 - 0

OBJECTIVE: 1 Generate Revenue through Ticket Sales

Service Categories:

STRATEGY: 5 Central Administration

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

CODE DESCRIPTION	Excp 2010	Excp 2011
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	882,958	882,958
2009 OTHER OPERATING EXPENSE	817,528	817,528
5000 CAPITAL EXPENDITURES	140,000	0
Total, Objects of Expense	\$1,840,486	\$1,700,486

METHOD OF FINANCING:

1 General Revenue Fund	1,700,486	1,700,486
5025 Lottery Acct	140,000	0
Total, Method of Finance	\$1,840,486	\$1,700,486

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Bingo Indirect and Administrative Expenses - funded by Fees
 Bingo Indirect and Administrative Expenses - General Revenue
 Acquisition of Information Resources Equipment

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:50:00AM

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

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

CODE DESCRIPTION	Excp 2010	Excp 2011
-------------------------	------------------	------------------

OUTPUT MEASURES:

<u>1</u> \$ Amount of Advertising Budget Spent on Print Advertising (Millions)	0.12	0.12
<u>2</u> \$ Amount of Advertising Budget Spent on Radio Advertising Millions)	1.07	1.07
<u>3</u> Dollar Amount of Advertising Budget Spent on TV Advertising (Millions)	5.39	5.39
<u>4</u> \$ Amt of Advertising Budget Spent on Other Advertising (Millions)	3.42	3.42

OBJECTS OF EXPENSE:

2009 OTHER OPERATING EXPENSE	10,000,000	10,000,000
Total, Objects of Expense	\$10,000,000	\$10,000,000

METHOD OF FINANCING:

5025 Lottery Acct	10,000,000	10,000,000
Total, Method of Finance	\$10,000,000	\$10,000,000

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Mass Media Advertising Increase

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:50:00AM

Agency Code: **362**

Agency name: **Texas Lottery Commission**

GOAL: 2 Enforce Bingo Laws/Rules for Fairness to Ensure Proceeds Used Lawfully

Statewide Goal/Benchmark: 7 - 0

OBJECTIVE: 1 Curtail Violations of Bingo Laws/Rules

Service Categories:

STRATEGY: 1 Determine Eligibility and Process Applications

Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2010	Excp 2011
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OBJECTS OF EXPENSE:

2001 PROFESSIONAL FEES AND SERVICES

1,250,000

1,250,000

Total, Objects of Expense

\$1,250,000

\$1,250,000

METHOD OF FINANCING:

1 General Revenue Fund

1,250,000

1,250,000

Total, Method of Finance

\$1,250,000

\$1,250,000

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Automated Charitable Bingo System Redesign

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

5005 Acquisition of Information Resource Technologies

1/1 Hardware/Software Infrastructure Upgrade

OBJECTS OF EXPENSE

Capital

2009 OTHER OPERATING EXPENSE		\$108,958	\$0	\$0	\$0
5000 CAPITAL EXPENDITURES		\$373,042	\$0	\$0	\$0
Capital Subtotal OOE, Project	1	\$482,000	\$0	\$0	\$0
Subtotal OOE, Project	1	\$482,000	\$0	\$0	\$0

TYPE OF FINANCING

Capital

CA 5025 Lottery Acct		\$482,000	\$0	\$0	\$0
Capital Subtotal TOF, Project	1	\$482,000	\$0	\$0	\$0
Subtotal TOF, Project	1	\$482,000	\$0	\$0	\$0

*4/4 Acquisition of Information Resource Equipment-
 Telephone System Upgrade*

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES		\$0	\$0	\$0	\$0
Capital Subtotal OOE, Project	4	\$0	\$0	\$0	\$0
Subtotal OOE, Project	4	\$0	\$0	\$0	\$0

TYPE OF FINANCING

Capital

CA 5025 Lottery Acct		\$0	\$0	\$0	\$0
Capital Subtotal TOF, Project	4	\$0	\$0	\$0	\$0
Subtotal TOF, Project	4	\$0	\$0	\$0	\$0

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

5/5 Automated Charitable Bingo System (ACBS) Redesign

OBJECTS OF EXPENSE

Capital

2001 PROFESSIONAL FEES AND SERVICES		\$0	\$0	\$0	\$0
Capital Subtotal OOE, Project	5	\$0	\$0	\$0	\$0
Subtotal OOE, Project	5	\$0	\$0	\$0	\$0

TYPE OF FINANCING

Capital

CA 1 General Revenue Fund		\$0	\$0	\$0	\$0
Capital Subtotal TOF, Project	5	\$0	\$0	\$0	\$0
Subtotal TOF, Project	5	\$0	\$0	\$0	\$0

Capital Subtotal, Category	5005	\$482,000	\$0	\$0	\$0
Informational Subtotal, Category	5005				
Total, Category	5005	\$482,000	\$0	\$0	\$0

5007 Acquisition of Capital Equipment and Items

2/2 Capitalized Lottery Drawing Equipment

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES		\$300,000	\$0	\$300,000	\$0
Capital Subtotal OOE, Project	2	\$300,000	\$0	\$300,000	\$0
Subtotal OOE, Project	2	\$300,000	\$0	\$300,000	\$0

TYPE OF FINANCING

Capital

CA 5025 Lottery Acct		\$300,000	\$0	\$300,000	\$0
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Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

Capital Subtotal TOF, Project	2	\$300,000	\$0	\$300,000	\$0
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Subtotal TOF, Project	2	\$300,000	\$0	\$300,000	\$0
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*3/3 Acquisition of Capital Equipment Items - Studio
 Surveillance System*

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES		\$0	\$0	\$0	\$0
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Capital Subtotal OOE, Project	3	\$0	\$0	\$0	\$0
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Subtotal OOE, Project	3	\$0	\$0	\$0	\$0
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TYPE OF FINANCING

Capital

CA 5025 Lottery Acct		\$0	\$0	\$0	\$0
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Capital Subtotal TOF, Project	3	\$0	\$0	\$0	\$0
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Subtotal TOF, Project	3	\$0	\$0	\$0	\$0
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Capital Subtotal, Category	5007	\$300,000	\$0	\$300,000	\$0
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Informational Subtotal, Category	5007				
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Total, Category	5007	\$300,000	\$0	\$300,000	\$0
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AGENCY TOTAL -CAPITAL		\$782,000	\$0	\$300,000	\$0
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AGENCY TOTAL -INFORMATIONAL					
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AGENCY TOTAL		\$782,000	\$0	\$300,000	\$0
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5.A. CAPITAL BUDGET PROJECT SCHEDULE
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:50:42AM

Agency code: 362

Agency name: Texas Lottery Commission

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2008

Bud 2009

BL 2010

BL 2011

METHOD OF FINANCING:

Capital

1 General Revenue Fund	\$0	\$0	\$0	\$0
5025 Lottery Acct	\$782,000	\$0	\$300,000	\$0
Total, Method of Financing-Capital	\$782,000	\$0	\$300,000	\$0
Total, Method of Financing	\$782,000	\$0	\$300,000	\$0

TYPE OF FINANCING:

Capital

CA CURRENT APPROPRIATIONS	\$782,000	\$0	\$300,000	\$0
Total, Type of Financing-Capital	\$782,000	\$0	\$300,000	\$0
Total, Type of Financing	\$782,000	\$0	\$300,000	\$0

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5007	Category Name:	ACQUISITN CAP EQUIP ITEMS
Project number:	2	Project Name:	Capitalized Lottery Drawing Equip.

PROJECT DESCRIPTION

General Information

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

Number of Units / Average Unit Cost 0

Estimated Completion Date

Additional Capital Expenditure Amounts Required	2012	2013
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 3 - 7 Years

Estimated/Actual Project Cost \$ 300,000

Length of Financing/ Lease Period

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2010	2011	2012	2013	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: Lottery drawing-related equipment is used in the critical function of conducting and ensuring the security and integrity of lottery games.

Project Location: Texas Lottery Commission Headquarters, Austin, Texas

Beneficiaries: Agency staff and the general public.

Frequency of Use and External Factors Affecting Use:

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

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	1	Project Name:	Hardware/Software Upgrade

PROJECT DESCRIPTION

General Information

This project will allow the agency to upgrade the infrastructure software on the desktops. Currently, the desktops are running an older version of Microsoft Office which will be reaching the end of its life cycle. In order to support additional desktop software and ensure security, it is necessary to upgrade the desktops to a later more secure version. In addition, this project will allow the agency to upgrade and/or replace existing wide area network (WAN) and local area network (LAN) hardware and software. A large majority for the network infrastructure used to support critical business applications is reaching the end of its life cycle additionally; routers and switches will be upgraded and/or added to accommodate network growth and expansion. Lastly, this project will allow the agency to upgrade the network security device in which will enhance our information security environment by providing automated inspection of network traffic, providing threat detection using several methods (including signature matching, protocol anomaly and behavioral detection) and provide active blocking of the threats (such as "worms" like "Sasser" and "Zotob"). Intrusion Prevention Systems are more advanced than network attack detection systems since they provide automated blocking and prevention mechanisms in addition to detection capabilities. Intrusion Prevention Systems provide pre-patch shielding against network based.

Number of Units / Average Unit Cost	N/A		
Estimated Completion Date	08/31/09		
Additional Capital Expenditure Amounts Required		2012	2013
		0	0
Type of Financing	CA	CURRENT APPROPRIATIONS	
Projected Useful Life	4 Years		
Estimated/Actual Project Cost	\$ 482,000		
Length of Financing/ Lease Period	N/A		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2010	2011	2012	2013	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>
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Explanation: This request is to upgrade the Microsoft desktop software, the purchase of local and wide area network equipment needed to upgrade or replace existing equipment and upgrade of network security equipment to protect the agency's information resources infrastructure from intrusions and threats.

Project Location: Austin Headquarters, Claim Centers and Warehouses.

Beneficiaries: All agency staff will benefit from this project.

Frequency of Use and External Factors Affecting Use:

5.B. CAPITAL BUDGET PROJECT INFORMATION

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
TIME: 10:50:57AM

Desktop and laptop personal computers are used by all employees on a daily basis to conduct agency business. The local and wide area network equipment is used on a daily basis to conduct agency business. The agency's information resources infrastructure is used by all employees on a daily basis to conduct agency business. There are no external factors that would affect this project.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:50:57AM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5007	Category Name:	ACQUISITN CAP EQUIP ITEMS
Project number:	3	Project Name:	Studio Surveillance System

PROJECT DESCRIPTION

General Information

Requirements for the lottery drawings process are specified in Texas State Government Code §466.401(c) which states in part, "The drawing and inspections must be recorded on video and audio tape." In order to meet this requirement, a studio and drawing monitoring system is in place. The system provides closed circuit TV monitoring, recording, and archiving for the security and review of all drawings. The current security system is installed at our drawings studio. The system consists of video monitors, camera controls, archiving, and playback equipment. The studio is monitored at all times, and each draw is also monitored, recorded and archived. The purpose of the system is to observe and document all activity at the studio including the drawing activities. The system must document the functioning of each drawing machine, with enough detail to provide analysis of any incident or malfunction. In addition, the system must clearly document personnel activities within the studio areas, at a drawing machine, or a computer. The system must provide real-time event monitoring and secure archiving, which cannot be overwritten or altered in any way.

The TLC currently has a contract for the lease and maintenance of this equipment. TLC has determined that it is more cost effective to purchase the equipment and maintain an annual maintenance and service agreement than to continue to lease this service.

Number of Units / Average Unit Cost	n/a						
Estimated Completion Date	12/31/2009						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2012</td> <td align="center">2013</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2012	2013		0	0
	2012	2013					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	7 years						
Estimated/Actual Project Cost	\$ 146,362						
Length of Financing/ Lease Period	n/a						

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2010	2011	2012	2013		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: This project will procure a studio surveillance system which is required by Government Code §466.401(c). The purchase will include a surveillance system that provides closed circuit TV monitoring, recording, and archiving for the security and review of all drawings. The system consists of video monitors, camera controls, archiving, and playback equipment. The studio is monitored at all times, and each draw is also monitored, recorded and archived.

Project Location: Austin Headquarters.

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

Frequency of Use and External Factors Affecting Use:

Failure to record the drawings and inspections would be a direct violation of the Texas Government Code §466.401, as follows:

§466.401. Ticket Validations: Drawings

(b) If a lottery game involves a drawing, the drawing must be open to the public. An independent certified public accountant must witness the drawing.

(c) An employee of the division and the independent certified public accountant witnessing the drawing shall inspect any equipment used in the drawing. The equipment must be i

5.B. CAPITAL BUDGET PROJECT INFORMATION
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:50:57AM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	4	Project Name:	Telephone System Upgrade

PROJECT DESCRIPTION

General Information

This project will upgrade the telephone system hardware and software for the Texas Lottery headquarters and warehouse facilities. The operating system for the current telephone system was last updated in November 2003. The telephone system currently used by the Texas Lottery Commission has reached the end of its life cycle. Additionally, the current telephone system has basic call center functions but does not include features such as call recording or management reporting. Upgrading the operating system will provide more current technology including call center management functions and features such as voice over IP.

Number of Units / Average Unit Cost n/a

Estimated Completion Date 12/31/2009

Additional Capital Expenditure Amounts Required	2012	2013
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 7 years

Estimated/Actual Project Cost \$ 140,000

Length of Financing/ Lease Period n/a

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2010	2011	2012	2013	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: This project will upgrade outdated phone system hardware and software that has reached the end of its life cycle and maintenance support. The upgrades will also provide new call center functionality which will allow supervisors in the Retail Services, Customer Service, and Bingo to better manage staff and to monitor customer satisfaction. The phone system is mission critical and must be maintained and upgraded in order to support Lottery and Bingo operations.

Project Location: Austin Headquarters and Warehouse.

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

Frequency of Use and External Factors Affecting Use:

The telephone system is used by all employees on a daily basis to conduct business and provide telephone support to Lottery players and retailers and Charitable Bingo operators and players. There are no external factors that would affect this project.

5.B. CAPITAL BUDGET PROJECT INFORMATION
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:50:57AM

Agency Code:	362	Agency name:	Texas Lottery Commission
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	5	Project Name:	ACBS Redesign

PROJECT DESCRIPTION

General Information

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

Number of Units / Average Unit Cost 20,000 hours @ \$125/hour

Estimated Completion Date 12/31/2011

Additional Capital Expenditure Amounts Required	2012	2013
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 10+ years

Estimated/Actual Project Cost \$ 2,500,000

Length of Financing/ Lease Period

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2010	2011	2012	2013	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

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

Project Location: Austin Headquarters

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

Frequency of Use and External Factors Affecting Use:

The Automated Charitable Bingo System is used by agency employees on a daily basis to conduct mission critical business. This system tracks all information necessary for the successful licensing and operation of Charitable Bingo programs throughout the State. There are no external factors that would affect this project.

5.C. CAPITAL BUDGET ALLOCATION TO STRATEGIES (BASELINE)
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/15/2008**
 TIME: **10:51:25AM**

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

Category Code/Name			Est 2008	Bud 2009	BL 2010	BL 2011
<i>Project Sequence/Project Id/Name</i>						
Goal/Obj/Str	Strategy Name					
5005 Acquisition of Information Resource Technologies						
<i>1/1</i>	<i>Hardware/Software Upgrade</i>					
Capital	1-1-5	CENTRAL ADMINISTRATION	482,000	0	\$0	\$0
		TOTAL, PROJECT	<u>\$482,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<i>4/4</i>	<i>Telephone System Upgrade</i>					
Capital	1-1-5	CENTRAL ADMINISTRATION	0	0	0	0
		TOTAL, PROJECT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<i>5/5</i>	<i>ACBS Redesign</i>					
Capital	2-1-1	BINGO LICENSING	0	0	0	0
		TOTAL, PROJECT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
5007 Acquisition of Capital Equipment and Items						
<i>2/2</i>	<i>Capitalized Lottery Drawing Equip.</i>					
Capital	1-1-4	SECURITY	300,000	0	300,000	0
		TOTAL, PROJECT	<u>\$300,000</u>	<u>\$0</u>	<u>\$300,000</u>	<u>\$0</u>
<i>3/3</i>	<i>Studio Surveillance System</i>					
Capital	1-1-4	SECURITY	0	0	0	0

5.C. CAPITAL BUDGET ALLOCATION TO STRATEGIES (BASELINE)
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/15/2008**
 TIME: **10:51:33AM**

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

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
	TOTAL, PROJECT	\$0	\$0	\$0	\$0
	TOTAL CAPITAL, ALL PROJECTS	\$782,000	\$0	\$300,000	\$0
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	\$782,000	\$0	\$300,000	\$0

Agency code: 362 Agency name: Texas Lottery Commission

Category Code / Category Name

Project Number / Name

OOE / TOF / MOF CODE

Excp 2010

Excp 2011

5005 Acquisition of Information Resource Technologies

4 Telephone System Upgrade

Objects of Expense

5000 CAPITAL EXPENDITURES

Subtotal OOE, Project 4

140,000

0

140,000

0

Type of Financing

CA 5025 Lottery Acct

140,000

0

Subtotal TOF, Project 4

140,000

0

5 ACBS Redesign

Objects of Expense

2001 PROFESSIONAL FEES AND SERVICES

Subtotal OOE, Project 5

1,250,000

1,250,000

1,250,000

1,250,000

Type of Financing

CA 1 General Revenue Fund

1,250,000

1,250,000

Subtotal TOF, Project 5

1,250,000

1,250,000

Subtotal Category 5005

1,390,000

1,250,000

5007 Acquisition of Capital Equipment and Items

3 Studio Surveillance System

Objects of Expense

5000 CAPITAL EXPENDITURES

Subtotal OOE, Project 3

131,098

15,264

131,098

15,264

Type of Financing

CA 5025 Lottery Acct

131,098

15,264

Subtotal TOF, Project 3

131,098

15,264

Agency code: 362 Agency name: Texas Lottery Commission

Category Code / Category Name

Project Number / Name

OOE / TOF / MOF CODE

Excp 2010

Excp 2011

Subtotal Category	5007	131,098	15,264
AGENCY TOTAL		1,521,098	1,265,264
METHOD OF FINANCING:			
1 General Revenue Fund		1,250,000	1,250,000
5025 Lottery Acct		271,098	15,264
Total, Method of Financing		1,521,098	1,265,264
TYPE OF FINANCING:			
CA CURRENT APPROPRIATIONS		1,521,098	1,265,264
Total, Type of Financing		1,521,098	1,265,264

CAPITAL BUDGET ALLOCATION TO STRATEGIES BY PROJECT - EXCEPTIONAL
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME: 10:52:17AM
 PAGE: 1 of 1

Agency code: 362 Agency name: Texas Lottery Commission

Category Code/Name

Project Number/Name

Goal/Obj/Str	Strategy Name	Excp 2010	Excp 2011
5005 Acquisition of Information Resource Technologies			
4	Telephone System Upgrade		
1 1 5	CENTRAL ADMINISTRATION	140,000	0
	TOTAL, PROJECT	140,000	0
5 ACBS Redesign			
2 1 1	BINGO LICENSING	1,250,000	1,250,000
	TOTAL, PROJECT	1,250,000	1,250,000
5007 Acquisition of Capital Equipment and Items			
3	Studio Surveillance System		
1 1 4	SECURITY	131,098	15,264
	TOTAL, PROJECT	131,098	15,264
	TOTAL, ALL PROJECTS	1,521,098	1,265,264

6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/15/2008
Time: 10:52:42AM

Agency Code: 362 Agency: Texas Lottery Commission

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2006 - 2007 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	HUB Expenditures FY 2006			Total Expenditures FY 2006	HUB Expenditures FY 2007			Total Expenditures FY 2007
		% Goal	% Actual	Actual \$		% Goal	% Actual	Actual \$	
57.2%	Special Trade Construction	57.2 %	23.2%	\$33,642	\$144,902	57.2 %	27.9%	\$15,300	\$54,780
20.0%	Professional Services	20.0 %	94.9%	\$410,840	\$432,965	20.0 %	100.0%	\$417,307	\$417,307
33.0%	Other Services	33.0 %	23.6%	\$36,015,053	\$152,494,905	33.0 %	27.0%	\$40,443,061	\$149,968,402
12.6%	Commodities	12.6 %	12.2%	\$593,048	\$4,861,029	12.6 %	23.7%	\$1,666,242	\$7,022,774
	Total Expenditures		23.5%	\$37,052,583	\$157,933,801		27.0%	\$42,541,910	\$157,463,263

B. Assessment of Fiscal Year 2006 - 2007 Efforts to Meet HUB Procurement Goals

Attainment:

The agency attained or exceeded one of four, or 25% of the applicable statewide HUB procurement goals in fiscal year 2006.
The agency attained or exceeded two of four, or 50% of the applicable statewide HUB procurement goals in fiscal year 2007.

Applicability:

The "Heavy Construction" and "Building Construction" categories were not applicable to agency operations in either Fiscal Year 2006 or 2007, since the agency did not have any strategies or programs relating to heavy or building construction.

Factors Affecting Attainment:

From FY06-07, the TLC increased overall HUB expenditures by \$5,489,327 and improved HUB percentages in all applicable procurement categories.

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

Most of the TLC's spending falls within the "Other Services" category, including many of the agency's largest contracts. Over 70% of expenditures in this category are for specialized lottery-related services, for which there is limited availability of vendors. The agency's HUB credit in "Other Services" is attained mainly through subcontracting expenditures, which may fluctuate. From FY06-07, the TLC's HUB percentage improved in this area primarily due to increased HUB subcontracting and lower overall spending.

The TLC came very close to meeting the HUB goal for Commodities in FY06 and exceeded it in FY07. Commodities purchases over \$25,000 are subject to competitive bidding and posting on the Electronic State Business Daily, so bids won by non-HUBs can affect the agency's attainment in this category.

"Good-Faith" Efforts:

The TLC made the following good faith efforts during Fiscal Years 2006 and 2007:
Included the agency's HUB Coordinator in procurements over \$100,000 to assist in identifying subcontracting opportunities and evaluating subcontracting plans.
Provided potential proposers/bidders with lists of certified HUBs for subcontracting opportunities.

6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE

81st Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/15/2008

Time: 10:52:46AM

Hosted pre-bid and pre-proposal conferences to highlight the agency's HUB subcontracting requirements.

Participated in statewide HUB forums and other outreach events to provide information about agency procurement processes and contract opportunities.

Hosted an annual HUB Forum at agency headquarters which included networking sessions with key staff and TLC prime vendors.

Placed advertisements in minority publications throughout the state.

Made HUB information available via the TLC Web site.

Provided HUB participation updates to Texas Lottery commissioners.

Worked to establish new mentor protégé relationships.

Assisted eligible vendors to become certified or re-certified as HUBs.

Continued to maintain a minority lottery retailer percentage of more than 38%.

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1

TIME: 10:52:54AM

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: 362

Agency name: Texas Lottery Commission

FUND/ACCOUNT	Act 2007	Exp 2008	Exp 2009	Bud 2010	Est 2011
1 General Revenue Fund					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3152 Bingo Operators/Lessors	2,896,839	3,040,000	3,000,000	3,000,000	3,000,000
3153 Bingo Equipment	65,000	80,000	73,000	73,000	73,000
3166 Bingo Rental Tax	1,153,439	1,225,000	1,180,000	1,180,000	1,180,000
3170 Bingo Prize Fees	24,776,983	25,500,000	25,000,000	25,000,000	25,000,000
3714 Judgments	0	0	0	0	0
3719 Fees/Copies or Filing of Records	1,141	1,100	1,125	1,125	1,125
3754 Other Surplus/Salvage Property	0	0	0	0	0
3770 Administrative Penalties	30,200	56,060	43,500	43,500	43,500
3789 Default Fund-Return Checks	0	0	0	0	0
3802 Reimbursements-Third Party	43,109	23,000	33,100	33,100	33,100
Subtotal: Actual/Estimated Revenue	28,966,711	29,925,160	29,330,725	29,330,725	29,330,725
Total Available	\$28,966,711	\$29,925,160	\$29,330,725	\$29,330,725	\$29,330,725
DEDUCTIONS:					
Expended/Budgeted	(12,874,478)	(15,160,877)	(15,431,376)	(15,390,676)	(15,390,676)
Transfer-Employee Benefits	(487,241)	(672,345)	(695,368)	(695,368)	(695,368)
Benefit Replacement Pay	(25,072)	(25,467)	(25,300)	(25,300)	(25,300)
Art. IX, Sec. 13.17 Salary Increase (2006-07 GAA)	(127,623)	0	0	0	0
Art IX, Sec. 19.62 Salary Increase (2008-09 GAA)	0	(46,624)	(94,800)	0	0
Art. IX, Sec. 5.09 Commerical Air Travel Red (2006-07 GAA)	(32,430)	0	0	0	0
Rider 11, Local Bingo Prize Fees (2006-07 GAA)	(796,215)	0	0	0	0
Rider 10, Local Bingo Prize Fees (2008-09 GAA)	0	0	0	0	0
Total, Deductions	\$(14,343,059)	\$(15,905,313)	\$(16,246,844)	\$(16,111,344)	\$(16,111,344)
Ending Fund/Account Balance	\$14,623,652	\$14,019,847	\$13,083,881	\$13,219,381	\$13,219,381

REVENUE ASSUMPTIONS:

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)
Agency name: **Texas Lottery Commission**

TIME: 10:52:58AM

Agency Code: **362**

FUND/ACCOUNT

Act 2007

Exp 2008

Exp 2009

Bud 2010

Est 2011

CONTACT PERSON:

Kathy Pyka

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1

TIME: 10:52:58AM

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **362**

Agency name: **Texas Lottery Commission**

FUND/ACCOUNT	Act 2007	Exp 2008	Exp 2009	Bud 2010	Est 2011
5025 Lottery Acct					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3176 Lottery License Application Fees	303,735	325,000	315,000	315,000	315,000
3177 Lottery Ticket Sales	3,774,178,802	3,647,630,000	3,520,770,000	3,398,590,000	3,280,900,000
3178 Lottery Security Proceeds	72,288	83,000	78,000	78,000	78,000
3714 Judgments	0	4,500	2,250	2,250	2,250
3719 Fees/Copies or Filing of Records	23,693	25,000	25,000	25,000	25,000
3727 Fees - Administrative Services	369,506	375,000	372,500	372,500	372,500
3802 Reimbursements-Third Party	0	345	345	345	345
Subtotal: Actual/Estimated Revenue	<u>3,774,948,024</u>	<u>3,648,442,845</u>	<u>3,521,563,095</u>	<u>3,399,383,095</u>	<u>3,281,693,095</u>
Total Available	<u>\$3,774,948,024</u>	<u>\$3,648,442,845</u>	<u>\$3,521,563,095</u>	<u>\$3,399,383,095</u>	<u>\$3,281,693,095</u>
DEDUCTIONS:					
Expended/Budgeted	(173,905,088)	(193,659,173)	(195,503,860)	(178,429,449)	(174,089,672)
Transfer-Employee Benefits	(3,391,960)	(4,403,195)	(4,624,110)	(4,624,110)	(4,624,110)
Benefit Replacement Pay	(122,289)	(118,375)	(120,000)	(120,000)	(120,000)
Unemployment Benefits	(1,018)	0	0	0	0
Art. IX, Sec. 11.04, Net Lease Savings (2006-07 GAA)	(7,375)	0	0	0	0
Art. IX, Sec. 13.17, Salary Increase (2006-07 GAA)	(883,859)	0	0	0	0
Art. IX, Sec. 19.62, Salary Increase (2008-09 GAA)	0	(303,136)	(620,924)	0	0
Rider 13, Lottery Operator Contract (2006-07 GAA)	(8,756,563)	0	0	0	0
Rider 12, Lottery Operator Contract (2008-09 GAA)	0	0	0	0	0
Lottery Winnings/Install Payments	(2,315,304,967)	(2,272,400,000)	(2,193,400,000)	(2,117,300,000)	(2,044,000,000)
Retailer Commissions	(188,751,041)	(182,381,500)	(176,038,500)	(186,922,450)	(180,449,500)
Trfs to Foundation School Fund	(1,031,866,772)	(983,380,000)	(952,270,000)	(910,737,050)	(877,005,500)
Trfs to Dept. of State Health Svc	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Trfs (Unclaimed Prizes) to Gen Rev	(48,895,469)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)
Total, Deductions	<u>\$(3,781,886,401)</u>	<u>\$(3,689,645,379)</u>	<u>\$(3,575,577,394)</u>	<u>\$(3,451,133,059)</u>	<u>\$(3,333,288,782)</u>
Ending Fund/Account Balance	<u>\$(6,938,377)</u>	<u>\$(41,202,534)</u>	<u>\$(54,014,299)</u>	<u>\$(51,749,964)</u>	<u>\$(51,595,687)</u>

6.E. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

DATE: 8/15/2008

81st Regular Session, Agency Submission, Version 1

TIME: 10:52:58AM

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **362**

Agency name: **Texas Lottery Commission**

FUND/ACCOUNT

Act 2007

Exp 2008

Exp 2009

Bud 2010

Est 2011

REVENUE ASSUMPTIONS:

For FY 2009-11 - Projected a 5% decline in Online sales and 3% in Instant sales.

CONTACT PERSON:

Kathy Pyka

6.F.a. ADVISORY COMMITTEE SUPPORTING SCHEDULE ~ PART A

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/15/2008
Time: 10:53:19AM

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

BINGO ADVISORY COMMITTEE

Statutory Authorization: Texas Occupations Code, Section 2001.057
 Number of Members: 9
 Committee Status: Ongoing
 Date Created: 03/06/1995
 Date to Be Abolished: 08/31/2008
 Strategy (Strategies): 1-1-5 CENTRAL ADMINISTRATION
 2-1-1 BINGO LICENSING

Advisory Committee Costs	Expended 2007	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
Other Expenditures in Support of Committee Activities					
Personnel	\$7,258	\$10,340	\$10,562	\$10,562	\$10,562
Other Operating	4,082	4,052	4,052	4,052	4,052
Total, Committee Expenditures	\$11,340	\$14,392	\$14,614	\$14,614	\$14,614
Method of Financing					
General Revenue Fund	\$6,095	\$9,103	\$9,285	\$9,285	\$9,285
Lottery Acct	5,245	5,289	5,329	5,329	5,329
Total, Method of Financing	\$11,340	\$14,392	\$14,614	\$14,614	\$14,614
Meetings Per Fiscal Year	4	4	4	4	4

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

Description and Justification for Continuation/Consequences of Abolishing

The Bingo Advisory Committee (B.A.C.) was established by state statute to: 1) advise the Commission on the needs and problems of the state's bingo industry; 2) comment on rules involving bingo during their development and before their final adoption unless an emergency requires immediate action by the Commission; 3) report annually to the Commission on the committee's activities; and 4) perform other duties as determined by the Commission. The B.A.C. meets quarterly or as requested by the Commission.

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

The Texas Lottery Commission will evaluate the B.A.C. on August 20, 2008 and determine if it should remain in effect until August 31, 2009 at which time it will be evaluate again. Pursuant Bingo Administrative Rule 401.102, the Bingo Advisory Committee will automatically abolish and cease to exist on August 31, 2008. The Bingo Advisory Committee shall only remain in existence beyond August 31, 2008, if the Commission affirmatively votes to continue the Bingo Advisory Committee in existence.

6.I. 10 Percent Biennial Base Reduction Options Schedule

Approved Reduction Amount

\$41,775,529

"Approved Base" here refers to approved 2008-09 base AFTER policy letter exceptions have been excluded.

Agency Code:		Agency Name:									
Rank	Reduction Item		Biennial Application of 10% Percent Reduction				FTE Reductions (FY 2010-11 Base Request Compared to Budgeted 2009)		Revenue Impact? Y/N	Cumulative GR-related reduction as a % of Approved Base	
	Strat	Name	GR	GR-Dedicated	Federal	Other	All Funds	FY 08	FY 09		
1	A.1.6	Lottery Operator Contract		25,421,125			\$ 25,421,125			Y	6.1%
2	A.1.7	Instant Ticket Production		4,986,660			\$ 4,986,660			Y	7.3%
3	A.1.8	Mass Media Advertising Contracts		8,308,519			\$ 8,308,519			Y	9.3%
4	B.1.5	Bingo Prize Fee Allocations	2,554,147				\$ 2,554,147			N	9.9%
5	B.1.1	Bingo Licensing	162,249				\$ 162,249	3.0	3.0	N	9.9%
6	B.1.3	Bingo Law Compliance Field Operations	342,829				\$ 342,829	6.0	6.0	N	10.0%
7							\$ -				
8							\$ -				
9							\$ -				
10							\$ -				
11							\$ -				
12							\$ -				
Agency Biennial Total			\$ 3,059,225	\$ 38,716,304	\$ -	\$ -	\$ 41,775,529	9.0	9.0		10.0%
Agency Biennial Total (GR + GR-D)				\$ 41,775,529							

Rank / Name

Explanation of Impact to Programs and Revenue Collections

1 Lottery Operator Contract

The lottery operator contract provides goods and services critical to the administration and operation of the state lottery based on a commission of 2.6999 percent of gross sales. The Commission is under a nine year contract with the lottery operator, which went into effect on September 1, 2002. This contract represents 55% of the Commission's FY 2008-2009 Lottery Account operating budget. It is estimated that a \$25.4 million reduction to this contract will impact sales by \$942 million with a reduced revenue transfers to the Foundation School Fund of \$254 million. If this reduction is realized, the Commission will be required to take one of the following actions:

- a) Suspend lottery sales at an interim period in each fiscal year when sales reach the level that can be supported by payment to the lottery operator vendor.
- b) Negotiate with the lottery operator vendor for a reduced rate from 2.6999 percent of gross sales to 2.3797 percent of gross sales.

2 Instant Ticket Production

Instant Ticket vendors provide instant ticket development and manufacturing services. Although instant game sales declined for the first time since the inception of the Lottery, the agency continues to use the marketing strategy of producing more games at higher price points and introduce licensed property games. Instant ticket sales in FY 2007 were \$2.8 billion, a decrease of 0.1 percent from FY 2006. Despite the slight decrease in sales, the Commission attributes the consistent sales level to an aggressive game-launch strategy, in which more than 100 instant tickets games were introduced in FY 2007. This concept allows the Commission to introduce multiple instant games on a weekly basis to allow for a more diverse product offering. Reducing this strategy by nearly \$5 million would not allow the Commission to continue an aggressive game-launch strategy with a goal of increasing lottery sales and transfers to the Foundation School Fund.

3 Mass Media Advertising Contracts

The advertising contract allows the Commission to enhance the marketing effectiveness of the Texas Lottery; effectively reaching and educating the public to increase sales and enhance the awareness of Texas Lottery games. The agency has consulted with professionals in the field of advertising and business in an effort to measure advertising's contribution to lottery sales. A recent study prepared by the McCombs School of Business at the University of Texas at Austin concluded that an increase of \$1 in advertising spending would generate an additional \$12 in sales. The report referenced similar results from a study performed for the State of Florida by the Battelle Institute. If this reduction is realized, the Commission's reduced advertising expenditure will have a negative effect on Texas lottery sales and transfers to the Foundation School Fund.

Rank / Name

4 Bingo Prize Fee Allocations

The allocation of bingo prize fees to local jurisdictions is based on prize fees collected at games conducted in counties and municipalities. A county or municipality that imposed a gross receipts tax on the conduct of bingo as of January 1, 1993, is entitled to 50 percent of the prize fee collected under Section 2001.502 of the Texas Occupations Code on a prize awarded at a game conducted in the county or municipality. In the event that a county and municipality are both entitled to a share of the fee, the county is entitled to 25 percent of the fee on a prize awarded at a game conducted in the county, and the municipality is entitled to 25 percent of the fee on a prize awarded at a game conducted in the municipality. Each quarter the Commission makes quarterly allocations to local jurisdictions for their share of the prize fees collected under the provisions of the Bingo Enabling Act. If reduction is realized, local jurisdictions would be negatively impacted by not receiving their share of prize fees remitted to the state. In calendar year 2007 \$24.8 million in prize fees were deposited to the General Revenue Fund, of which \$12.4 million was allocated to local jurisdictions for their share of bingo prize fees.

5 Bingo Licensing

The functions of the Licensing Services Program are to review and process all applications to conduct charitable bingo activity in the State of Texas. Both new and renewal licensees are reviewed to ensure compliance with the Bingo Enabling Act and the Charitable Bingo Administrative Rules. Lack of funding for this program would impact the number of licenses issued; thus reducing the number of occasions to conduct Charitable Bingo in Texas and increasing the number of bingo activities being conducted that are not in compliance with the Bingo Enabling Act and/or Charitable Bingo Administrative Rules. Other areas impacted would be the amount of prize fees and rental taxes collected and remitted to the State, as well as ensuring proceeds are used for an authorized expense.

6 Bingo Law Compliance Field Operations

The functions of the Bingo Law Compliance Field Operations Program include regulating licensees' compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). Utilizing a system of enforcement that includes conducting inspections, reviews, audits and complaint investigations, the Charitable Bingo Operations Division (CBOD) may take appropriate disciplinary action when necessary. The CBOD also conducts testing on bingo products for use in the State of Texas. Based on current performance measure estimations, if this reduction is realized, there would be 25% fewer audits, inspections, and investigations of license holders. This could result in bingo activities being conducted that are not in compliance with the Bingo Enabling Act and/or Charitable Bingo Administrative Rules. Other areas impacted by the reduction would be the amount of prize fees and rental taxes remitted to the State, as well as ensuring proceeds are used for an authorized expense.

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME : 10:56:09AM

Agency code: 362

Agency name: Texas Lottery Commission

Strategy	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-1 Lottery Operations					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$ 1,909,609	\$ 1,849,558	\$ 2,012,383	\$ 2,012,383	\$ 2,012,383
1002 OTHER PERSONNEL COSTS	62,410	40,993	43,852	43,852	43,852
2001 PROFESSIONAL FEES AND SERVICES	241,557	426,886	399,828	516,585	249,670
2003 CONSUMABLE SUPPLIES	2,736	5,720	5,601	5,601	5,601
2004 UTILITIES	75,472	82,131	82,461	82,461	82,461
2005 TRAVEL	8,049	22,314	21,305	21,305	21,305
2006 RENT - BUILDING	3,075	3,317	3,169	3,169	3,169
2007 RENT - MACHINE AND OTHER	349,328	307,390	274,672	274,672	274,672
2009 OTHER OPERATING EXPENSE	246,962	308,221	285,912	320,123	320,704
5000 CAPITAL EXPENDITURES	0	97,885	0	0	0
Total, Objects of Expense	\$ 2,899,198	\$ 3,144,415	\$ 3,129,183	\$ 3,280,151	\$ 3,013,817
METHOD OF FINANCING:					
5025 Lottery Acct	2,899,198	3,144,415	3,129,183	3,280,151	3,013,817
Total, Method of Financing	\$ 2,899,198	\$ 3,144,415	\$ 3,129,183	\$ 3,280,151	\$ 3,013,817
FULL TIME EQUIVALENT POSITIONS	29.3	26.8	26.7	26.7	26.7
Method of Allocation					

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

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME : 10:56:13AM

Agency code: 362

Agency name: Texas Lottery Commission

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-2	Lottery Field Operations					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	\$ 1,547,349	\$ 1,524,617	\$ 1,709,230	\$ 1,709,230	\$ 1,709,230
1002	OTHER PERSONNEL COSTS	50,571	33,790	37,246	37,246	37,246
2001	PROFESSIONAL FEES AND SERVICES	195,732	351,888	339,596	438,765	212,060
2003	CONSUMABLE SUPPLIES	2,216	4,715	4,757	4,757	4,757
2004	UTILITIES	61,156	67,702	70,040	70,040	70,040
2005	TRAVEL	6,521	18,393	18,096	18,096	18,096
2006	RENT - BUILDING	2,493	2,734	2,693	2,693	2,693
2007	RENT - MACHINE AND OTHER	283,060	253,385	233,295	233,295	233,295
2009	OTHER OPERATING EXPENSE	200,114	254,071	242,841	271,898	272,392
5000	CAPITAL EXPENDITURES	0	80,689	0	0	0
	Total, Objects of Expense	\$ 2,349,212	\$ 2,591,984	\$ 2,657,794	\$ 2,786,020	\$ 2,559,809
METHOD OF FINANCING:						
5025	Lottery Acct	2,349,212	2,591,984	2,657,794	2,786,020	2,559,809
	Total, Method of Financing	\$ 2,349,212	\$ 2,591,984	\$ 2,657,794	\$ 2,786,020	\$ 2,559,809
FULL TIME EQUIVALENT POSITIONS		23.7	22.0	22.8	22.8	22.8
Method of Allocation						

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

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

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Agency code: 362

Agency name: Texas Lottery Commission

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-3	Marketing and Promotion					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	\$ 1,020,793	\$ 1,027,689	\$ 1,073,981	\$ 1,073,981	\$ 1,073,981
1002	OTHER PERSONNEL COSTS	33,362	22,777	23,403	23,403	23,403
2001	PROFESSIONAL FEES AND SERVICES	129,125	237,195	213,382	275,695	133,246
2003	CONSUMABLE SUPPLIES	1,462	3,178	2,989	2,989	2,989
2004	UTILITIES	40,345	45,635	44,009	44,009	44,009
2005	TRAVEL	4,302	12,398	11,370	11,370	11,370
2006	RENT - BUILDING	1,645	1,843	1,692	1,692	1,692
2007	RENT - MACHINE AND OTHER	186,736	170,798	146,589	146,589	146,589
2009	OTHER OPERATING EXPENSE	132,016	171,260	152,588	170,845	171,156
5000	CAPITAL EXPENDITURES	0	54,390	0	0	0
	Total, Objects of Expense	\$ 1,549,786	\$ 1,747,163	\$ 1,670,003	\$ 1,750,573	\$ 1,608,435
METHOD OF FINANCING:						
5025	Lottery Acct	1,549,786	1,747,163	1,670,003	1,750,573	1,608,435
	Total, Method of Financing	\$ 1,549,786	\$ 1,747,163	\$ 1,670,003	\$ 1,750,573	\$ 1,608,435
FULL TIME EQUIVALENT POSITIONS		15.7	14.8	14.3	14.3	14.3
Method of Allocation						

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

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
 81st Regular Session, Agency Submission, Version 1
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Agency name: Texas Lottery Commission

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-4	Security					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	\$ 942,011	\$ 1,118,616	\$ 1,207,277	\$ 1,207,277	\$ 1,207,277
1002	OTHER PERSONNEL COSTS	30,787	24,792	26,308	26,308	26,308
2001	PROFESSIONAL FEES AND SERVICES	119,160	258,182	239,866	309,912	149,784
2003	CONSUMABLE SUPPLIES	1,349	3,460	3,360	3,360	3,360
2004	UTILITIES	37,231	49,673	49,471	49,471	49,471
2005	TRAVEL	3,970	13,495	12,781	12,781	12,781
2006	RENT - BUILDING	1,518	2,006	1,902	1,902	1,902
2007	RENT - MACHINE AND OTHER	172,324	185,909	164,783	164,783	164,783
2009	OTHER OPERATING EXPENSE	121,827	186,413	171,526	192,049	192,398
5000	CAPITAL EXPENDITURES	0	59,202	0	0	0
Total, Objects of Expense		\$ 1,430,177	\$ 1,901,748	\$ 1,877,274	\$ 1,967,843	\$ 1,808,064
METHOD OF FINANCING:						
5025	Lottery Acct	1,430,177	1,901,748	1,877,274	1,967,843	1,808,064
Total, Method of Financing		\$ 1,430,177	\$ 1,901,748	\$ 1,877,274	\$ 1,967,843	\$ 1,808,064
FULL TIME EQUIVALENT POSITIONS		14.5	16.1	16.1	16.1	16.1
Method of Allocation						

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

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

Strategy	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2-1-1 Determine Eligibility and Process Applications					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$ 467,302	\$ 487,765	\$ 456,252	\$ 456,252	\$ 456,252
1002 OTHER PERSONNEL COSTS	15,272	10,810	9,942	9,942	9,942
2001 PROFESSIONAL FEES AND SERVICES	59,111	112,578	90,650	117,121	56,606
2003 CONSUMABLE SUPPLIES	669	1,509	1,270	1,270	1,270
2004 UTILITIES	18,469	21,660	18,696	18,696	18,696
2005 TRAVEL	1,970	5,884	4,830	4,830	4,830
2006 RENT - BUILDING	753	875	719	719	719
2007 RENT - MACHINE AND OTHER	85,485	81,064	62,274	62,274	62,274
2009 OTHER OPERATING EXPENSE	60,435	81,284	64,823	72,579	72,711
5000 CAPITAL EXPENDITURES	0	25,815	0	0	0
Total, Objects of Expense	\$ 709,466	\$ 829,244	\$ 709,456	\$ 743,683	\$ 683,300
METHOD OF FINANCING:					
1 General Revenue Fund	709,466	829,244	709,456	743,683	683,300
Total, Method of Financing	\$ 709,466	\$ 829,244	\$ 709,456	\$ 743,683	\$ 683,300
FULL TIME EQUIVALENT POSITIONS	7.2	7.0	6.1	6.1	6.1
Method of Allocation					

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

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
 81st Regular Session, Agency Submission, Version 1
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Agency code: 362

Agency name: Texas Lottery Commission

Strategy	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2-1-2	Provide Education and Training for Bingo Regulatory Requirements				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$ 98,982	\$ 97,271	\$ 105,113	\$ 105,113	\$ 105,113
1002 OTHER PERSONNEL COSTS	3,235	2,156	2,291	2,291	2,291
2001 PROFESSIONAL FEES AND SERVICES	12,521	22,451	20,884	26,983	13,041
2003 CONSUMABLE SUPPLIES	142	301	293	293	293
2004 UTILITIES	3,912	4,319	4,307	4,307	4,307
2005 TRAVEL	417	1,173	1,113	1,113	1,113
2006 RENT - BUILDING	159	174	166	166	166
2007 RENT - MACHINE AND OTHER	18,107	16,166	14,347	14,347	14,347
2009 OTHER OPERATING EXPENSE	12,801	16,210	14,934	16,721	16,751
5000 CAPITAL EXPENDITURES	0	5,148	0	0	0
Total, Objects of Expense	\$ 150,276	\$ 165,369	\$ 163,448	\$ 171,334	\$ 157,422

METHOD OF FINANCING:

1 General Revenue Fund	150,276	165,369	163,448	171,334	157,422
Total, Method of Financing	\$ 150,276	\$ 165,369	\$ 163,448	\$ 171,334	\$ 157,422

FULL TIME EQUIVALENT POSITIONS

1.5	1.4	1.4	1.4	1.4
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Method of Allocation

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

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
 TIME : 10:56:13AM

Agency code: 362

Agency name: Texas Lottery Commission

Strategy	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2-1-3 Bingo Law Compliance Field Operations					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$ 615,438	\$ 812,706	\$ 912,503	\$ 912,503	\$ 912,503
1002 OTHER PERSONNEL COSTS	20,114	18,012	19,884	19,884	19,884
2001 PROFESSIONAL FEES AND SERVICES	77,850	187,576	181,299	234,243	113,212
2003 CONSUMABLE SUPPLIES	882	2,514	2,540	2,540	2,540
2004 UTILITIES	24,324	36,089	37,392	37,392	37,392
2005 TRAVEL	2,594	9,804	9,661	9,661	9,661
2006 RENT - BUILDING	992	1,457	1,438	1,438	1,438
2007 RENT - MACHINE AND OTHER	112,584	135,068	124,549	124,549	124,549
2009 OTHER OPERATING EXPENSE	79,593	135,434	129,645	145,158	145,422
5000 CAPITAL EXPENDITURES	0	43,012	0	0	0
Total, Objects of Expense	\$ 934,371	\$ 1,381,672	\$ 1,418,911	\$ 1,487,368	\$ 1,366,601
METHOD OF FINANCING:					
1 General Revenue Fund	934,371	1,381,672	1,418,911	1,487,368	1,366,601
Total, Method of Financing	\$ 934,371	\$ 1,381,672	\$ 1,418,911	\$ 1,487,368	\$ 1,366,601
FULL TIME EQUIVALENT POSITIONS	9.4	11.7	12.2	12.2	12.2

Method of Allocation

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

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
 81st Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2008
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Agency code: 362

Agency name: Texas Lottery Commission

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2-1-4	Bingo Prize Fee Collections and Accounting					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	\$ 131,976	\$ 130,400	\$ 140,151	\$ 140,151	\$ 140,151
1002	OTHER PERSONNEL COSTS	4,313	2,890	3,054	3,054	3,054
2001	PROFESSIONAL FEES AND SERVICES	16,694	30,097	27,846	35,977	17,388
2003	CONSUMABLE SUPPLIES	189	403	390	390	390
2004	UTILITIES	5,216	5,791	5,743	5,743	5,743
2005	TRAVEL	556	1,573	1,484	1,484	1,484
2006	RENT - BUILDING	213	234	221	221	221
2007	RENT - MACHINE AND OTHER	24,143	21,672	19,129	19,129	19,129
2009	OTHER OPERATING EXPENSE	17,068	21,731	19,912	22,295	22,335
5000	CAPITAL EXPENDITURES	0	6,901	0	0	0
	Total, Objects of Expense	\$ 200,368	\$ 221,692	\$ 217,930	\$ 228,444	\$ 209,895

METHOD OF FINANCING:

1	General Revenue Fund	200,368	221,692	217,930	228,444	209,895
	Total, Method of Financing	\$ 200,368	\$ 221,692	\$ 217,930	\$ 228,444	\$ 209,895

FULL TIME EQUIVALENT POSITIONS

2.0 1.9 1.9 1.9 1.9

Method of Allocation

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

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS
 81st Regular Session, Agency Submission, Version 1
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DATE: 8/15/2008
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Agency name: Texas Lottery Commission

	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	\$6,733,460	\$7,048,622	\$7,616,890	\$7,616,890	\$7,616,890
1002 OTHER PERSONNEL COSTS	\$220,064	\$156,220	\$165,980	\$165,980	\$165,980
2001 PROFESSIONAL FEES AND SERVICES	\$851,750	\$1,626,853	\$1,513,351	\$1,955,281	\$945,007
2003 CONSUMABLE SUPPLIES	\$9,645	\$21,800	\$21,200	\$21,200	\$21,200
2004 UTILITIES	\$266,125	\$313,000	\$312,119	\$312,119	\$312,119
2005 TRAVEL	\$28,379	\$85,034	\$80,640	\$80,640	\$80,640
2006 RENT - BUILDING	\$10,848	\$12,640	\$12,000	\$12,000	\$12,000
2007 RENT - MACHINE AND OTHER	\$1,231,767	\$1,171,452	\$1,039,638	\$1,039,638	\$1,039,638
2009 OTHER OPERATING EXPENSE	\$870,816	\$1,174,624	\$1,082,181	\$1,211,668	\$1,213,869
5000 CAPITAL EXPENDITURES	\$0	\$373,042	\$0	\$0	\$0
Total, Objects of Expense	\$10,222,854	\$11,983,287	\$11,843,999	\$12,415,416	\$11,407,343
Method of Financing					
1 General Revenue Fund	\$1,994,481	\$2,597,977	\$2,509,745	\$2,630,829	\$2,417,218
5025 Lottery Acct	\$8,228,373	\$9,385,310	\$9,334,254	\$9,784,587	\$8,990,125
Total, Method of Financing	\$10,222,854	\$11,983,287	\$11,843,999	\$12,415,416	\$11,407,343
Full-Time-Equivalent Positions (FTE)	103.3	101.7	101.5	101.5	101.5