Commissioners:

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



TEXAS LOTTERY COMMISSION

Gary Grief, Executive Director

Alfonso D. Royal III, Charitable Bingo Operations Director

April 14, 2016

The Honorable Greg Abbott The Honorable Dan Patrick The Honorable Joe Straus Members of the 84th Legislature

Ladies and Gentlemen:

In accordance with Section 466.107 of the State Lottery Act, the Texas Lottery Commission (TLC) is submitting its annual Minority Business Participation Report for fiscal year (FY) 2015.

During FY 2015, the agency achieved an overall participation of 14.20 percent in its minority/ Historically Underutilized Business (HUB) contracting activity, which represented a decrease from FY 2014's performance of 29.02 percent. This was largely due to one of the agency's major contractors graduating from the HUB program just prior to FY 2015, which resulted in a reduction of approximately \$21.6 million in HUB credit during the reporting period. The agency continued to surpass its 20-percent goal for licensing minority retailers.

During FY 2016, the Texas Lottery will continue to implement initiatives designed to increase the minority/HUB participation in its business operations.

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

Sincerely,

J. Winston Krause Chairman

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TEXAS LOTTERY COMMISSION

MINORITY BUSINESS PARTICIPATION REPORT

FISCAL YEAR 2015

INTRODUCTION

The Texas Lottery Commission (TLC) has prepared its annual Minority Business Participation Report for FY 2015 in accordance with Section 466.107 of the State Lottery Act. This report documents the agency's level of minority business participation both in its lottery and bingo contracting activity, and in the licensing of lottery retailers. It also provides recommendations for the improvement of lottery-related minority business opportunities.

As defined by the State Lottery Act, a "minority business" is a "business entity at least 51 percent of which is owned by minority group members or, in the case of a corporation, at least 51 percent of the shares of which are owned by minority group members." Minority group members include African Americans, American Indians, Asian Americans, Mexican Americans and other Americans of Hispanic origin. Throughout this report, the terms "minority-owned business" and "minority business" are used interchangeably.

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



TEXAS LOTTERY COMMISSION VISION

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

TEXAS LOTTERY MISSION

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

CHARITABLE BINGO MISSION

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

CORE VALUES

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

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

MINORITY/HUB COMMITMENT

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

MINORITY/HUB PROGRAM

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

OUTREACH ACTIVITIES

Outreach activities make up one of the most important components of the TLC's Minority/HUB Program. The purpose of these activities is to inform minority/HUB vendors about opportunities to provide goods and services to the agency and its contractors. Outreach is performed primarily by participating in business opportunity forums and other events throughout the state. The TLC HUB Coordinator may also assist in planning and cosponsoring statewide events in cooperation with other state agencies. In addition, the agency conducts an annual HUB Forum to inform minority/HUB vendors about TLC procurement processes and to provide networking opportunities. A chart listing the outreach events in which the agency participated during FY 2015 is available in Appendix C (page 24).

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

CONTRACT COMPLIANCE

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

REPORTING

The TLC's minority/HUB expenditures are monitored throughout the year. Monthly internal minority/HUB participation reports are distributed to agency directors, and periodic updates are provided to TLC commissioners. In addition, HUB subcontracting expenditures and supplemental information are reported twice annually to the Comptroller of Public Accounts (CPA) for inclusion in the Statewide HUB Reports. During FY 2015, in accordance with CPA budget riders 17 and 18, the TLC also submitted Quarterly Assessments of HUB Related Activities. HUB participation information is included in the agency's Strategic Plan, Legislative Appropriations Request, and Annual Report of Non-Financial Data.



EXECUTIVE SUMMARY

During FY 2015, the TLC continued its efforts to provide opportunities for minority-owned businesses to participate in its procurement processes. Developing contacts with minorityowned businesses in Texas and licensing minority retailers are essential to the agency's initiatives.

The TLC's overall expenditures, as captured by the CPA's *Fiscal Year 2015 Annual Statewide HUB Report*, increased from FY 2014 to FY 2015. During this reporting period, the Commission ranked 17th by overall expenditures among the 50 largest-spending agencies, which was the same ranking as in FY 2014.

FIG. 2 MINORITY SPENDING

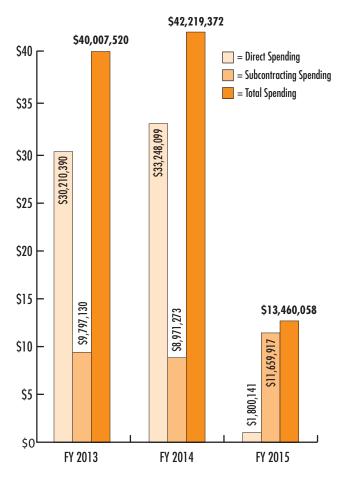
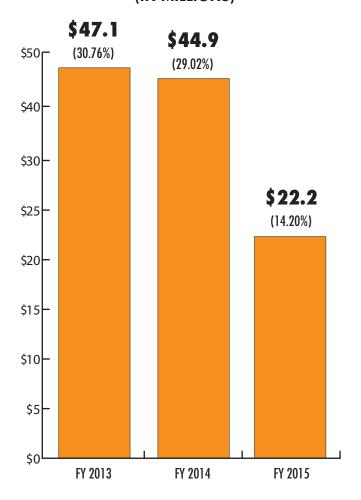
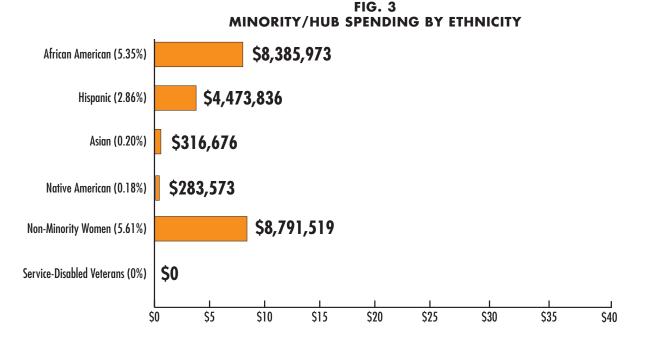


FIG. 1 MINORITY/HUB SPENDING (IN MILLIONS)

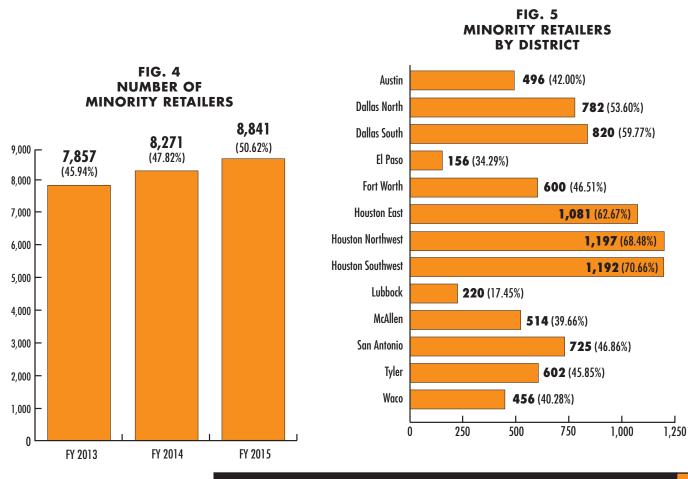


During FY 2015, the TLC achieved an overall participation rate in its minority/HUB contracting activity of 14.20 percent. As shown in Figure 1, total expenditures paid to all minority/HUB vendors decreased from the previous fiscal year. This was largely due to one of the agency's major contractors graduating from the HUB program just prior to FY 2015, which resulted in a reduction of approximately \$21.6 million in HUB credit during the reporting period. Figure 2 summarizes payments made to minority-owned businesses only, and does not include non-minority women or service-disabled veterans.* During this reporting period, total expenditures made to minority-owned businesses decreased, but subcontracting payments to minority-owned businesses increased. Figure 3 shows the breakdown of FY 2015 minority/HUB spending by ethnic group.

*Service-disabled veterans were added to the statewide HUB program, effective September 1, 2013 (see definition of "Economically disadvantaged person" in Appendix A).



During FY 2015, the TLC continued to exceed the 20-percent goal for its minority retailer base, which is set out in Texas Government Code Section 466.151. Minority retailers now number 8,841, representing 50.62 percent of the agency's total Texas Lottery retailer base (see Figures 4 and 5). In addition, the TLC has maintained a minority retailer percentage of more than 45 percent for three consecutive years. More detailed information on minority retailers by county is located in Appendix B (page 18).



MINORITY BUSINESS PARTICIPATION REPORT FY 2015

KEY CONTRACTORS

The Commission's key contractors during FY 2015 for contracts estimated to be \$100,000 or more* included the following:

AGENCIES OF CHANGE, LLC DBA TECHNOLOGY SPA – Website hosting services.

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

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

BEEHIVE SPECIALTY CO.** – Promotional products (primary).

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

CFJ MANUFACTURING** – Promotional Products (secondary).

DK PARTNERS, P.C. (FKA DAVILA, BUSCHHORN AND ASSOCIATES, P.C.)** – Lottery drawings CPA services.

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

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

EUBANK AND YOUNG STATISTICAL CONSULTING – Statistical consulting services.

GRANT THORNTON, LLP – Lottery security study services.

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

IGT GLOBAL SOLUTIONS CORPORATION DBA IGT SOLUTIONS (FKA GTECH CORPORATION®) – Lottery operations and services.

IGT GLOBAL SOLUTIONS CORPORATION DBA IGT SOLUTIONS (FKA GTECH PRINTING CORPORATION) – Instant ticket manufacturing and services.

IPSOS-REID CORPORATION – Market research services.

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

LATINWORKS MARKETING, LLC – Advertising services.

MCCONNELL AND JONES, **LLP**^{**} – Internal audit services.

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

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

RFD & ASSOCIATES, INC.** – DBITS application development for Charitable Bingo Operations Division system.

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

SHI GOVERNMENT SOLUTIONS^{**} – Microsoft enterprise agreement.

SHI GOVERNMENT SOLUTIONS^{**} – SAN equipment lease.

SIERRA GROUP, LLC – Promotional products.

SMARTPLAY INTERNATIONAL, INC. – Lotto Texas Drawing Machines.

SUNGARD VERICENTER, INC. – Website hosting services.

SUMMUS INDUSTRIES^{**} – Desktop Computer Lease.

VETS SECURING AMERICA – Security Officer Services.

TYCO INTEGRATED SECURITY – Security management system and monitoring services.

WEAVER AND TIDWELL, LLP – Audit services.

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

**HUB certified contractors

FISCAL YEAR 2015 HIGHLIGHTS

- The Texas Lottery Commission's minority/HUB expenditures totaled more than \$22.2 million.
- For FY 2015, the TLC ranked 17th in terms of overall expenditures as captured by the CPA's *Fiscal Year 2015 Annual Historically Underutilized Business (HUB) Report*. Of the 17 largest-spending state agencies, the TLC ranked 9th by overall HUB percentage (see Table C, page 12).
- Two of the TLC's key contractors increased subcontracting payments to minority/HUB businesses.
- Eight HUB companies provided key contract services to the agency during FY 2015 (see page 6).
- The TLC awarded \$16,508 worth of bid opportunities at the "Doing Business Texas Style Spot Bid Fair" held in conjunction with ACCESS 2015 in Irving, Texas. This was an increase of more than double the amount that was awarded at the previous year's event.
- The agency continued to sponsor two mentor-protégé relationships during FY 2015.
- The TLC continued to assist vendors with the HUB subcontracting plan (HSP) process by offering one-on-one HSP workshops and reviews of draft HSPs. This resulted in greater numbers of compliant HSPs and increased competition.
- The TLC participated in 11 economic opportunity forums and HUB-related outreach events statewide, including one event that was focused on the veteran population.
- The agency conducted a successful annual HUB forum on June 25, 2015, which attracted minority/HUB participants from across the state. Roundtable networking sessions at this event allowed maximum interaction between attendees, agency staff, and key TLC contractors.
- The TLC participated in HUB Discussion Workgroup meetings throughout the year.
- The TLC maintained a minority retailer percentage of more than 45 percent for the third consecutive year. This represents a lottery retailer participation of more than twice the established goal.



FISCAL YEAR 2015 MINORITY/HUB EXPENDITURE SUMMARY

TABLE A

I. DIRECT MINORITY/HUB EXPENDITURES

DIRECT EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
\$560,736	0.36%	
\$936,139	0.60%	
\$303,266	0.19%	
\$O	0.00%	
\$2,245,034	1.43%	
\$O	0.00%	
¢4 045 175	3 E 0 %	\$156,647,053
	\$560,736 \$936,139 \$303,266 \$0 \$2,245,034	\$560,736 0.36% \$936,139 0.60% \$303,266 0.19% \$0 0.00% \$2,245,034 1.43% \$0 0.00%

II. MINORITY/HUB SUBCONTRACTING EXPENDITURES

SUBCONTRACTING EXPENDITURES	% OF NON-MINORITY/ NON-HUB TOTAL	TOTAL NON-MINORITY/ NON-HUB EXPENDITURES
\$7,825,237	5.13%	
\$3,537,697	2.32%	
\$13,410	0.01%	
\$283,573	0.19%	
\$6,546,485	4.29%	
\$O	0.00%	
\$18 206 402	11 03%	\$152,601,878
	EXPENDITURES \$7,825,237 \$3,537,697 \$13,410 \$283,573 \$6,546,485	EXPENDITURES NON-HUB TOTAL \$7,825,237 5.13% \$3,537,697 2.32% \$13,410 0.01% \$283,573 0.19% \$6,546,485 4.29% \$0 0.00%

III. GRAND TOTAL OF MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	MINORITY/HUB EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$8,385,973	5.35%	
HISPANIC AMERICAN	\$4,473,836	2.86%	
ASIAN AMERICAN	\$316,676	0.20%	
NATIVE AMERICAN	\$283,573	0.18%	
AMERICAN WOMEN	\$8,791,519	5.61%	
SERVICE DISABLED VETERANS	\$0	0.00%	
GRAND TOTAL	\$22,251,577	14.20%	\$156,647,053

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

FISCAL YEAR 2015 ACCOMPLISHMENTS

The Texas Lottery Commission promotes fair and competitive opportunities for minority/HUB vendors interested in doing business with the agency and its key contractors. The TLC conducted an effective program during FY 2015 to inform and educate minority businesses/HUBs about opportunities to provide supplies, equipment, and services for the operation of the agency and to serve as licensed lottery retailers. The following sections detail some of the TLC's achievements in FY 2015.

INCLUSION IN PROCUREMENTS

The TLC's procurement-related initiatives included:

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

FISCAL YEAR 2015 ACCOMPLISHMENTS

Bids/Proposals Received and Contracts Awarded:

During FY 2015, the TLC received 120 competitive bids and proposals from HUB vendors, which represented nearly 72 percent of all responses. Overall, the agency awarded 201 total contracts to HUB vendors, 93 of which were awarded to minority-owned HUBs. These included contracts resulting from noncompetitive "spot purchases," informal and formal quotes, bids, offers, and proposals received from HUB vendors.

OUTREACH ACTIVITIES

Advertisements: During FY 2015, the TLC ran print advertisements to promote its HUB program and to publicize minority/HUB outreach events in minority-owned newspapers. Examples of the types of advertising placed are available in Appendix E (page 27).

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

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

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

The TLC conducted its Annual HUB Forum on June, 25, 2015, in Austin. The forum drew minority- and woman-owned companies from throughout the state. Texas Lottery Commission presenters provided an overview of the agency's procurement opportunities and processes, as well as other information to assist HUBs. Roundtable networking sessions gave attendees the opportunity to meet face-to-face with agency management/staff and representatives from some of the TLC's largest contractors. Vendors who attend the TLC forum consistently provide positive feedback regarding the meeting format and the opportunity to directly network with agency staff and contractors.

Subcontracting Opportunities: In FY 2015, the TLC continued to identify subcontracting opportunities for minority/HUB vendors and to monitor HUB Subcontracting Plan requirements.

MENTOR-PROTÉGÉ PROGRAM

In accordance with Texas Government Code, Section 2161.065, all state agencies with biennial budgets of more than \$10 million are required to have a Mentor-Protégé Program. The purpose of the Mentor-Protégé Program is to foster long-term relationships between prime contractors and HUBs. The ultimate goal of the program is to provide developmental assistance to HUBs that will potentially increase their ability to contract directly with the state and/or to obtain subcontract opportunities under a state contract. All relationships among mentors, protégés and the program sponsor are voluntary, and participation in the agency's Mentor-Protégé Program is neither a guarantee for a contract opportunity nor a promise of business.

The TLC continued to sponsor two mentor-protégé relationships during FY 2015. The Mentor-Protégé Program is an ongoing initiative, and the TLC will continue its efforts to form additional relationships during FY 2016.

HUB DISCUSSION WORKGROUP

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

CONTRACTOR SUPPORT

Contractors are encouraged to include minority businesses and HUBs when purchasing goods and/ or services related to the fulfillment of their contracts with the TLC. When the TLC determines that subcontracting is probable for contracts with an expected value of \$100,000 or more, respondents must complete HUB subcontracting plan (HSP) forms and perform a good faith effort to use HUBs when subcontracting. The state's Centralized Master Bidders List and HUB Directory are key resources for identifying potential HUB subcontractors. Many of the TLC's largest contractors also participated in the TLC's FY 2015 HUB Forum, providing information and networking opportunities to HUBs. Through these efforts, the agency's key contractors who utilized minority and/or HUB subcontractors achieved the following results in FY 2015:

CONTRACTOR NAME	MINORITY/HUB SUBCONTRACTING EXPENDITURES*
LATINWORKS MARKETING, LLC	\$9,154,910
IGT CORPORATION	\$4,835,560
SCIENTIFIC GAMES INTERNATIONAL, INC.	\$1,761,810
POLLARD BANKNOTE, LTD.	\$1,532,505
ELEPHANT PRODUCTIONS, INC.	\$595,095
DK PARTNERS. P.C. (FKA DAVILA, BUSCHHORN & ASSOCIATES, P.C.)	\$201,070
IGT CORPORATION (FKA GTECH PRINTING CORPORATION)	\$166,260
AGENCIES OF CHANGE DBA TECHNOLOGY SPA	\$79,461

TABLE B

*Amounts have been rounded to the nearest dollar.

RANK AMONG LARGEST-SPENDING AGENCIES

The Texas Lottery Commission ranked 17th in terms of overall expenditures captured by the CPA's *Fiscal Year 2015 Annual Historically Underutilized Business (HUB) Report*. Of the 17 largest-spending agencies, the TLC ranked 9th by overall HUB percentage (see Table C).

TABLE CANNUAL FISCAL YEAR 2015 HUB REPORT

SEVENTEEN LARGEST-SPENDING AGENCIES RANKED BY OVERALL HUB PERCENTAGE

RANK	AGENCY NAME	TOTAL EXPENDITURES	HUB EXPENDITURES	HUB PERCENTAGE
1	TEXAS TECH UNIVERSITY	\$192,621,473	\$45,893,806	23.83%
2	TEXAS A&M UNIVERSITY (MAIN UNIVERSITY)	\$296,570,250	\$61,285,254	20.66%
3	UNIVERSITY OF HOUSTON	\$229,207,807	\$43,094,780	18.80%
4	UNIVERSITY OF TEXAS SYSTEM	\$724,919,151	\$133,163,659	18.37%
5	HEALTH & HUMAN SERVICES COMMISSION	\$873,538,011	\$157,532,367	18.03%
6	UNIVERSITY OF TEXAS AT AUSTIN	\$371,538,604	\$61,517,036	16.56%
7	DEPARTMENT OF PUBLIC SAFETY	\$205,853,491	\$30,024,094	14.59%
8	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	\$237,123,738	\$34,519,232	14.56%
9	TEXAS LOTTERY COMMISSION	\$156,647,053	\$22,248,306	14.20%
10	DEPARTMENT OF STATE HEALTH SERVICES	\$381,973,296	\$52,639,453	13.78%
11	UT SOUTHWESTERN MEDICAL CENTER	\$661,259,526	\$78,750,229	11.91%
12	TEXAS A&M UNIVERSITY SYSTEM	\$431,971,784	\$48,755,923	11.29%
13	TEXAS EDUCATION AGENCY	\$158,556,344	\$17,505,674	11.04%
14	TEXAS DEPARTMENT OF TRANSPORTATION	\$6,296,364,716	\$534,234,214	8.48%
15	UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON	\$407,962,526	\$34,183,910	8.38%
16	GENERAL LAND OFFICE	\$321,911,803	\$14,450,044	4.49%
17	ut md anderson cancer center	\$1,323,393,954	\$59,291,345	4.48%

Note: The largest-spending agencies are determined by total expenditures made for object codes which are reportable in the CPA's *Fiscal Year* 2015 Annual Historically Underutilized Business (HUB) Report. The state does not have an overall HUB goal, but utilizes six procurement category goals, in accordance with the State Disparity Study. These figures are unaudited and have been rounded to the nearest dollar.

MINORITY RETAILERS

The Texas Lottery Commission's minority retailer base consistently exceeds its statutory goal of 20 percent. In FY 2015, the agency's minority retailers numbered 8,841, which represented 50.62 percent of the Texas Lottery's total retailer base (see Figure 4 and Appendix B). This represents an increase from the previous fiscal year. In addition, the agency has maintained a minority retailer percentage of more than 45 percent for the past three fiscal years.

FISCAL YEAR 2016 RECOMMENDED IMPROVEMENTS

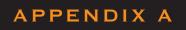
- Develop a Frequently Asked Question (FAQ) page regarding the HSP process.
- Work with TLC technical staff to improve internal HUB reporting capabilities.
- Track expenditures made to graduated HUBs.
- Attend at least one outreach event that includes the veteran population.
- Continue providing bid opportunities at the "Doing Business Texas Style" Spot Bid Fair.
- Include TLC Purchasing staff in additional HUB outreach events.
- Maintain active participation in the HUB Discussion Workgroup.





- B. Minority Retailers by County......18
- C. Fiscal Year 2015 HUB, Minority and Small Business Outreach Events 24

MIS



DEFINITIONS

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

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

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

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

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

"ECONOMICALLY DISADVANTAGED" PERSON means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, Native Americans, and veterans as defined by 38 U.S.C. Section 101(2) who have suffered at least a 20 percent service-connected disability as defined by 38 U.S.C. Section 101(16), and who has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.



DEFINITIONS

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

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

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

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

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

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

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



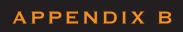
COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
ANDERSON	108	51	47.22%
ANDREWS	8	1	12.50%
ANGELINA	64	34	53.13%
ARANSAS	21	6	28.57%
ARCHER	11	4	36.36%
ARMSTRONG	3	1	33.33%
ATASCOSA	34	16	47.06%
AUSTIN	35	26	74.29%
BAILEY	7	0	0.00%
BANDERA	12	4	33.33%
BASTROP	63	36	57.14%
BAYLOR	4	0	0.00%
BEE	19	9	47.37%
BELL	213	91	42.72%
BEXAR	950	515	54.21%
BLANCO	13	6	46.15%
BORDEN	0	0	0.00%
BOSQUE	30	14	46.67%
BOWIE	54	19	35.19%
BRAZORIA	183	129	70.49%
BRAZOS	128	85	66.41%
BREWSTER	9	2	22.22%
BRISCOE	2	0	0.00%
BROOKS	6	2	33.33%
BROWN	34	8	23.53%
BURLESON	24	16	66.67%
BURNET	36	20	55.56%
CALDWELL	25	6	24.00%
CALHOUN	17	8	47.06%
CALLAHAN	12	3	25.00%
CAMERON	183	59	32.24%
CAMP	12	4	33.33%
CARSON	5	0	0.00%
CASS	24	8	33.33%
CASTRO	7	0	0.00%
CHAMBERS	47	28	59.57%
CHEROKEE	40	22	55.00%
CHILDRESS	7	0	0.00%
CLAY	5	1	20.00%
COCHRAN	7	2 2	28.57%
COKE	4		50.00%
COLEMAN		1	11.11%
COLLIN	332	159	47.89%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
COLLINGSWORTH	2	0	0.00%
COLORADO	33	21	55.56%
COMAL	67	14	18.46%
COMANCHE	13	2	7.69%
CONCHO	5	0	0.00%
COOKE	38	18	42.11%
CORYELL	34	11	35.29%
COTTLE	2	1	50.00%
CRANE	5	1	20.00%
CROCKETT	7	2	16.67%
CROSBY	9	1	0.00%
CULBERSON	7	2	30.00%
DALLAM	11	1	0.00%
DALLAS	1,638	1,016	57.84%
DAWSON	8	2	33.33%
DEAF SMITH	14	1	6.67%
DELTA	3	1	33.33%
DENTON	319	152	44.34%
DE WITT	16	3	20.00%
DICKENS	3	1	33.33%
DIMMIT	15	8	66.67%
DONLEY	5	1	0.00%
DUVAL	13	5	42.86%
EASTLAND	26	5	16.00%
ECTOR	102	22	19.00%
EDWARDS	3	1	33.33%
ELLIS	100	45	42.00%
EL PASO	371	133	35.03%
ERATH	28	13	50.00%
FALLS	16	7	37.50%
FANNIN	26	13	41.67%
FAYETTE	23	7	27.27%
FISHER	4	1	25.00%
FLOYD	5	0	0.00%
FOARD	1	0	0.00%
FORT BEND	295	189	62.94%
FRANKLIN	7	3	42.86%
FREESTONE	23	7	30.43%
FRIO	21	11	45.00%
GAINES	9	1	20.00%
GALVESTON	280	192	67.73%
GARZA	5	0	0.00%
GILLESPIE	11	1	15.38%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
GLASSCOCK	1	1	0.00%
GOLIAD	4	4	0.00%
GONZALES	18	18	44.44%
GRAY	19	19	26.32%
GRAYSON	108	108	39.81%
GREGG	133	133	36.09%
GRIMES	28	28	75.00%
GUADALUPE	77	77	36.36%
HALE	24	24	8.33%
HALL	5	5	20.00%
HAMILTON	11	11	18.18%
HANSFORD	4	4	0.00%
HARDEMAN	7	7	0.00%
HARDIN	50	50	10.00%
HARRIS	3,260	3,260	73.25%
HARRISON	46	46	41.30%
HARTLEY	0	0	0.00%
HASKELL	6	6	16.67%
HAYS	90	90	28.89%
HEMPHILL	6	6	33.33%
HENDERSON	63	63	58.73%
HIDALGO	360	360	42.78%
HILL	45	45	33.33%
HOCKLEY	15	15	6.67%
HOOD	48	48	20.83%
HOPKINS	28	28	35.71%
HOUSTON	35	35	68.57%
HOWARD	27	27	7.41%
HUDSPETH	4	4	50.00%
HUNT	71	71	56.34%
HUTCHINSON	17	17	17.65%
IRION	5	5	20.00%
JACK	10	10	30.00%
JACKSON	18	18	44.44%
JASPER	37	37	13.51%
JEFF DAVIS	2	2	0.00%
JEFFERSON	268	268	32.46%
JIM HOGG	5	5	40.00%
JIM WELLS	39	39	53.85%
JOHNSON	111	111	39.64%
JONES	12	12	16.67%
KARNES	16	16	18.75%
KAUFMAN	94	94	53.19%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
KENDALL	25	12	48.00%
KENEDY	0	0	0.00%
KENT	0	0	0.00%
KERR	35	1	2.86%
KIMBLE	12	3	25.00%
KING	0	0	0.00%
KINNEY	3	0	0.00%
KLEBERG	28	17	60.71%
KNOX	4	0	0.00%
LAMAR	40	14	35.00%
LAMB	14	1	7.14%
LAMPASAS	15	5	33.33%
LA SALLE	10	4	40.00%
LAVACA	22	8	36.36%
LEE	21	14	66.67%
LEON	28	13	46.43%
LIBERTY	79	49	62.03%
LIMESTONE	24	13	54.17%
LIPSCOMB	3	0	0.00%
LIVE OAK	19	3	15.79%
LLANO	21	5	23.81%
LOVING	0	0	0.00%
LUBBOCK	156	33	21.15%
LYNN	3	0	0.00%
MADISON	13	9	69.23%
MARION	15	8	53.33%
MARTIN	1	0	0.00%
MASON	5	1	20.00%
MATAGORDA	41	27	65.85%
MAVERICK	29	15	51.72%
MCCULLOCH	7	1	14.29%
MCLENNAN	189	84	44.44%
MCMULLEN	4	0	0.00%
MEDINA	30	10	33.33%
MENARD	4	1	25.00%
MIDLAND	82	8	9.76%
MILAM	24	5	20.83%
MILLS	4	0	0.00%
MITCHELL	6	0	0.00%
MONTAGUE	16	6	37.50%
MONTGOMERY	334	207	61.98%
MOORE	21	6	28.57%
MORRIS	11	6	54.55%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
MOTLEY	3	0	0.00%
NACOGDOCHES	56	31	55.36%
NAVARRO	49	21	42.86%
NEWTON	14	3	21.43%
NOLAN	21	3	14.29%
NUECES	229	78	34.06%
OCHILTREE	9	2	22.22%
OLDHAM	3	1	33.33%
ORANGE	88	23	26.14%
PALO PINTO	41	9	21.95%
PANOLA	17	7	41.18%
PARKER	59	28	47.46%
PARMER	8	0	0.00%
PECOS	19	7	36.84%
POLK	38	22	57.89%
POTTER	102	44	43.14%
PRESIDIO	5	1	20.00%
RAINS	11	6	54.55%
RANDALL	54	12	22.22%
REAGAN	4	0	0.00%
REAL	6	4	66.67%
RED RIVER	12	6	50.00%
REEVES	12	1	8.33%
REFUGIO	12	5	41.67%
ROBERTS	1	0	0.00%
ROBERTSON	23	10	43.48%
ROCKWALL	38	15	39.47%
RUNNELS	14	1	7.14%
RUSK	29	9	31.03%
SABINE	12	2	16.67%
SAN AUGUSTINE	13	6	46.15%
SAN JACINTO	19	16	84.21%
SAN PATRICIO	61	21	34.43%
SAN SABA	7 4	2	28.57%
SCHLEICHER	17	2	0.00%
SCURRY SHACKELFORD	5	0	0.00%
SHELBY	22	9	40.91%
SHERMAN	22	9	0.00%
SMITH	148	82	55.41%
SOMERVELL	11	4	36.36%
STARR	45	26	57.78%
STEPHENS	10	5	50.00%



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
STEDUNG	2	0	0.00%
STERLING STONEWALL	2	0	0.00%
SUTTON	8	0	0.00%
SWISHER	5	0	0.00%
TARRANT	1,181	606	51.31%
TAYLOR	107	9	8.41%
TERRELL	2	1	50.00%
TERRY	9	0	0.00%
THROCKMORTON	2	0	0.00%
TITUS	29	13	44.83%
TOM GREEN	73	11	15.07%
TRAVIS	627	221	35.25%
TRINITY	18	8	44.44%
TYLER	19	5	26.32%
UPSHUR	24	13	54.17%
UPTON	6	2	33.33%
UVALDE	29	9	31.03%
VAL VERDE	21	5	23.81%
VAN ZANDT	39	22	56.41%
VICTORIA	67	25	37.31%
WALKER	52	33	63.46%
WALLER	36	24	66.67%
WARD	14	6	42.86%
WASHINGTON	33	13	39.39%
WEBB	116	44	37.93%
WHARTON	51	30	58.82%
WHEELER	9	1	11.11%
WICHITA	105	46	43.81%
WILBARGER	10	1	10.00%
WILLACY	13	6	46.15%
WILLIAMSON	188	72	38.30%
WILSON	29	10	34.48%
WINKLER	7	1	14.29%
WISE	46	19	41.30%
WOOD	27	13	48.15%
YOAKUM	8	0	0.00%
YOUNG	18	4	22.22%
ZAPATA	14	10	71.43%
ZAVALA	13	9	69.23%
TOTAL	17,466	8,841	50.62%



FISCAL YEAR 2015 HUB, MINORITY AND SMALL BUSINESS OUTREACH EVENTS

I. STATE ECONOMIC OPPORTUNITY FORUMS	LOCATION
2015 SOUTH TEXAS INAUGURAL BUSINESS OPPORTUNITY FORUM	BROWNSVILLE
3RD ANNUAL HUB EVENT "TAKING CARE OF BUSINESS"	AUSTIN
TEXAS TECH UNIVERSITY SMALL BUSINESS EXPO	LUBBOCK
"DOING BUSINESS TEXAS STYLE" AT ACCESS 2015	IRVING
TRS 14TH ANNUAL PURCHASING AND HUB CONNECTION NETWORKING FORUM	AUSTIN
GOVERNOR'S SMALL BUSINESS FORUM	AUSTIN
TEXAS PROCUREMENT AND SUPPORT SERVICES 2015 PROCUREMENT CONNECTION SEMINAR AND EXPO	AUSTIN
II. TEXAS LOTTERY COMMISSION FORUMS	
TEXAS LOTTERY COMMISSION ANNUAL HUB FORUM	AUSTIN
III. VENDOR FAIRS, CONFERENCES & PROCUREMENT EVENTS	
HOUSTON MINORITY BUSINESS SUPPLIER DEVELOPMENT COUNCIL EXPO	HOUSTON
BEXAR COUNTY 14TH ANNUAL SMALL, MINORITY, WOMAN AND VETERAN BUSINESS OWNER'S CONTRACTING CONFERENCE	SAN ANTONIO
9TH ANNUAL FORT HOOD REGION PROCUREMENT CONFERENCE AND EXPOSITION	KILLEEN
11TH PROCUREMENT AND CONTRACTING SYMPOSIUM	EL PASO

APPENDIX D

FISCAL YEAR 2015 WORKFORCE DIVERSITY HUMAN RESOURCES STATEMENT

The Commission strives to ensure that its employee population reflects the ethnic and gender composition of the state of Texas. A workforce comprising **over 60 percent** women and **46 percent** minorities is the result of our positive approach to equal opportunity practices (see table below).

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

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

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

TEXAS LOTTERY COMMISSION WORKFORCE

TEXAS LOTTERY EMPLOYEES BY ETHNICITY FISCAL YEAR 2015

ETHNICITY	NUMBER OF EMPLOYEES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	40	12.01%
HISPANIC AMERICAN	101	30.33%
ASIAN AMERICAN	10	3.00%
NATIVE AMERICAN	3	0.90%
TOTAL MINORITIES	154	46.24%
CAUCASIAN	179	53.76%
TOTAL EMPLOYEES	333	100%

TEXAS LOTTERY EMPLOYEES BY GENDER FISCAL YEAR 2015

ETHNICITY	NUMBER OF MALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	10	3.00%
HISPANIC AMERICAN	32	9.61%
ASIAN AMERICAN	5	1.50%
NATIVE AMERICAN	3	0.90%
CAUCASIAN	81	24.33%
TOTAL MALES	131	39.34%
ETHNICITY	NUMBER OF FEMALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	30	9.01%
HISPANIC AMERICAN	69	20.72%
ASIAN AMERICAN	5	1.50%
NATIVE AMERICAN	0	0%
CAUCASIAN	98	29.43%
TOTAL FEMALES	202	60.66%
TOTAL AGENCY EMPLOYEES	333	100%



IT'S A WINNING IDEA!

The Texas Lottery Commission is committed to including Historically Underutilized Businesses (HUBs) in its procurement opportunities. Your minority or woman-owned company may qualify to be certified as a Historically Underutilized Business (HUB) with the State of Texas.

> For information about state certification and Texas Lottery opportunities, contact our HUB Coordinator, Joyce Bertolacini at (512) 344-5293 or joyce.bertolacini@lottery.state.tx.us

To learn more about the State of Texas HUB Program, visit the Texas Procurement and Support Services web page at: http://www.window.state.tx.us/procurement/prog/hub/





DACERHICACIÓN LULB

IES UNA IDEA GANADORA!

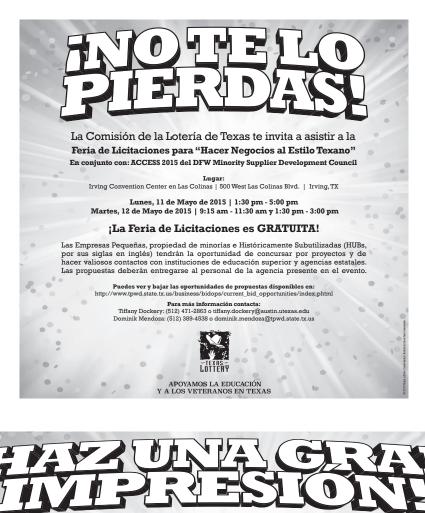
La Comisión de la Lotería de Texas está comprometida a incluir a las Empresas Históricamente Subutilizadas (HUB) en las oportunidades de adquisición. Las compañías de dueños minoritarios o mujeres podrán calificar para ser certificadas como las Empresas Históricamente Subutilizadas (HUB) por el Estado de Texas.

Para más información acerca de la certificación del estado y las oportunidades de la Lotería de Texas, contacte a Joyce Bertolacini al (512) 344-5293 o joyce.bertolacini@lottery.state.tx.us Para saber más acerca del programa HUB del Estado de Texas, visite la página web de información y soporte de los servicios de adquisiciones:

http://www.window.state.tx.us/procurement/prog/hub/



the state



Te invitamos a asistir a:

El Foro Anual de Empresas Históricamente Subutilizadas de La Comisión de la Lotería de Texas Lugar: Texas Lottery Commission | 611 East 6th Street | Austin, Texas

Jueves 25 de junio, 2015 | 1:00 pm – 4:30 pm

El foro ofrecerá un breve resumen del programa HUB de TLC, procesos de adquisición, e iniciativas de Mentor y Discípulo. El punto culminante de este evento será la oportunidad de hacer valiosos contactos con personal de la Comisión de Lotería y con varios de nuestros representantes

> Puedes ver y bajar las oportunidades de propuestas disponibles en: Registrate por internet a más tardar el 22/6/15 en: www.txlottery.org/hub

Para más información contacta:

contratistas. Asignaciones a la mesa redonda se basaran por orden en el que lleguen en el día del foro.

Joyce Bertolacini, Coordinadora de HUB: (512) 344-5293 o Joyce.bertolacini@lottery.state.tx.us



APOYAMOS LA EDUCACIÓN Y A LOS VETERANOS EN TEXAS



