

**Texas Lottery Commission
Summary of Recommendations - House**

Page VII-8

Gary Grief, Executive Director

Melitta Berger, LBB Analyst

Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$535,268,317	\$536,254,380	\$986,063	0.2%
<i>Total GR-Related Funds</i>	<i>\$535,268,317</i>	<i>\$536,254,380</i>	<i>\$986,063</i>	<i>0.2%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$535,268,317	\$536,254,380	\$986,063	0.2%

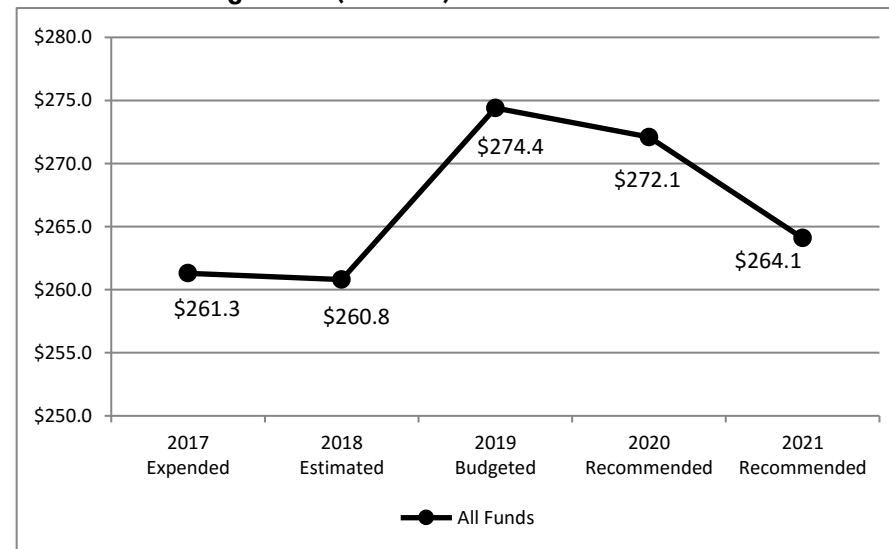
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	323.5	323.5	0.0	0.0%

Agency Highlights

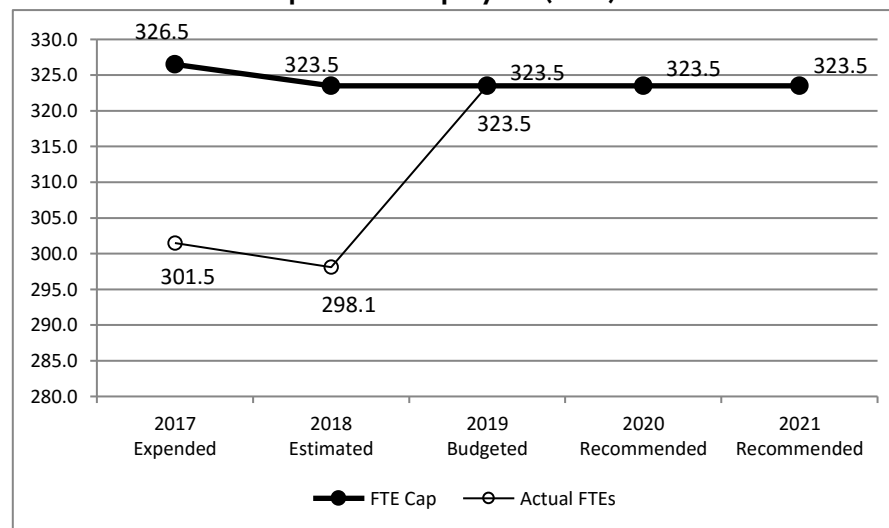
The Lottery Commission operates the state's lottery system to ensure it is self-supporting, produces revenue, and operates within the law. The agency licenses approximately 18,000 retailers each fiscal year. It also licenses and regulates charitable bingo and provides education and training to bingo licensees.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Texas Lottery Commission
Summary of Funding Changes and Recommendations - House

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
--	-----------------	--------------	---------------	-------------	-----------	------------------------

<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>

A)	Recommendations decrease Strategy A.1.6, Lottery Operator Contract due to the decline in the percentage of gross state lottery sales that dictates the contract amount from 2.2099 percent in fiscal year 2020 to 2.0773 percent in fiscal year 2021.	\$0.0	(\$7.2)	\$0.0	\$0.0	(\$7.2)	Strategy A.1.6.
B)	Recommendations increase Strategy A.1.10, Retailer Bonus to restore funding to the level appropriated in the 85th Legislative Session.	\$0.0	\$5.0	\$0.0	\$0.0	\$5.0	Strategy A.1.10.
C)	Recommendations increase Strategy A.1.11, Retailer Commissions to provide 0.5% of projected gross lottery sales for this purpose as authorized through Rider 9, Retailer Commissions.	\$0.0	\$2.8	\$0.0	\$0.0	\$2.8	Strategy A.1.11.
D)	Recommendations increase funding for the transition to CAPPS Financials (\$45,000) and for a PC lease and computer software (\$255,121).	\$0.0	\$0.3	\$0.0	\$0.0	\$0.3	Strategy A.1.5.

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.9	\$0.0	\$0.0	\$0.9	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

**Texas Lottery Commission
Selected Fiscal and Policy Issues - House**

1. **Lottery Sales.** Recommendations assume the following amounts for lottery sales as projected in the Legislative Appropriations Request (LAR):

- FY 2018 – \$5,505.1 million
- FY 2019 – \$5,510.8 million
- FY 2020 and FY 2021 - \$5,510.8 million each year

The most current agency report (Rider 11, Appropriation of Increased Revenues) indicates that fiscal year 2018 finished with \$5,626.8 million in sales. This is \$681.6 million above the appropriated level. The fiscal year 2020-21 recommendations can be adjusted to align with the Comptroller's Biennial Revenue Estimate (BRE), which assumes \$5,893.7 million in sales for fiscal year 2020 and \$5,986.4 million in sales for fiscal year 2021.

The Lottery Commission reports the agency transferred \$1.3 billion to the Foundation School Fund and \$16.2 million to the Fund for Veterans Assistance in fiscal year 2017. Please see page 7 for information on the allocation of net lottery proceeds.

2. **Lottery Operator Contract.** Recommendations provide \$236.3 million for the lottery operator contract. This is a reduction of \$7.2 million from the 2018-19 biennium. The reduction occurs because the contract was designed to decrease over time. The percentage is declining from 2.2099 to 2.0773 in fiscal year 2021, so the cost of the contract is reduced.

The affected strategy, A.1.6, Lottery Operator Contract, can be adjusted to align with the BRE as noted above.

3. **Retailer Bonus Funding.** Recommendations provide \$8.4 million for this program, an increase of \$5.0 million from the 2018-19 biennium. The Eighty-fifth Legislature appropriated \$8.4 million for the biennium which was reduced by \$4.2 million due to the Governor's Veto Proclamation, removing this amount in fiscal year 2019. The agency spent \$3.4 million of the \$4.2 million fiscal year 2018 appropriation. This program provides lottery retailers with additional funds (bonuses) when they sell certain high-tier prize-winning tickets.

4. **Retailer Commissions.** Recommendations provide \$55.1 million, an increase of \$2.8 million above the 2018-19 biennium to fully fund this program per the requirements of Rider 9, Retailer Commissions. These payments are for retailers whose sales performance exceeds certain benchmarks. They are in addition to the commissions that are provided outside the General Appropriations Act from lottery sales to recruit and retain the licensed retailers that sell lottery products.

The affected strategy, A.1.11, Retailer Commissions, can be adjusted to align with the BRE as noted above.

5. **Scratch Tickets.** Recommendations include \$76.2 million in Strategy A.1.7, Scratch Ticket Production and Contract, which is equal to the 2018-19 biennium. In recent years, the Lottery Commission has requested increased budget authority to enable production of scratch tickets to keep pace with sales growth. In the current LAR, the agency has requested unexpended balance (UB) authority between biennia, to allow access to funds from the second year of the biennium that have accrued from increased lottery sales. While these funds are appropriated to the agency by Rider 11, Appropriation of Increased Revenues, they are realized late in the fiscal year and therefore often lapse. The current estimate of these funds that could be carried forward from fiscal year 2019 is \$7.3 million. Recommendations do not include this UB authority.

The following data demonstrates the impact of increased scratch ticket sales on state revenue. Between fiscal year 2013 and fiscal year 2018, the agency spent an additional \$12.5 million on scratch tickets. Scratch ticket sales grew by \$1.2 billion and the related transfer to the Foundation School Fund (FSF) grew by

approximately \$276 million. For each additional \$1 million expended on scratch tickets, the transfer to the FSF increased by \$22.2 million over the five year period.

6. **Information Technology.** Recommendations include \$255,121 in funding and capital authority for a PC Lease and Computer Software project. The agency signed the lease in fiscal year 2019.
7. **CAPPS.** The Comptroller's office indicates the agency will go-live on the Human Resources/Payroll module on July 1, 2020 (i.e. deploying over the course of FY 2020) and on the Financials module on September 1, 2021 (i.e. deploying over the course of FY 2021). Recommendations include \$45,000 in Strategy A.1.5, Central Administration, for the transition to CAPPS Financials over the course of fiscal year 2021.
8. **Data Center Services.** Recommendations include \$243,029 in funding and capital authority for ongoing data center services.

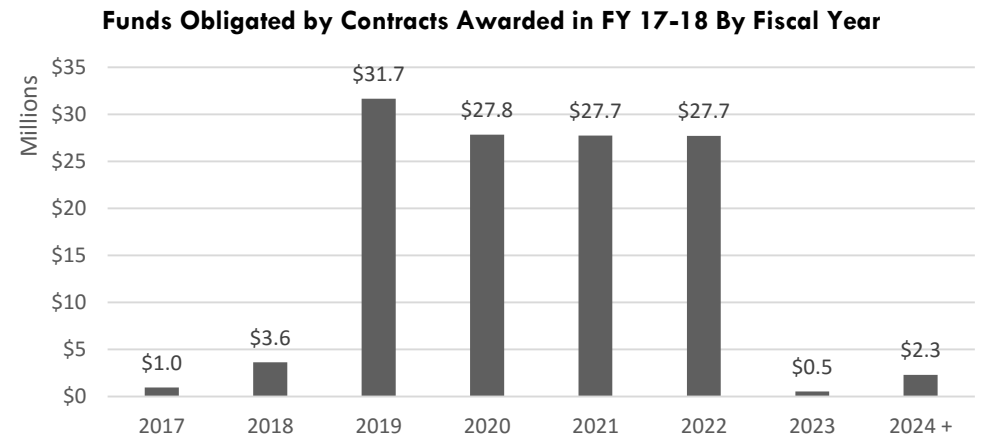
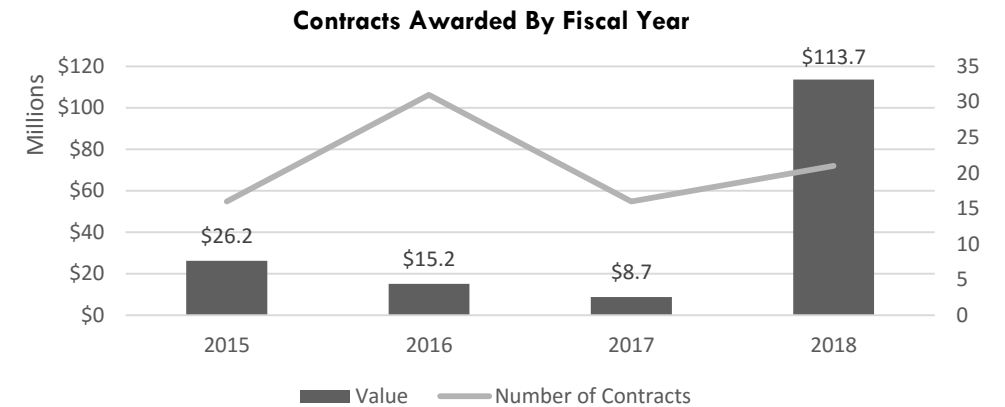
Texas Lottery Commission
Contracting Highlights - House

As of 8/31/2018, the Texas Lottery Commission had 60 active procurement contracts valued at \$2.2 billion and no revenue generating contracts.

Summary of Contracts Awarded in Fiscal Years 2017-2018 and Reported to LBB Contracts Database¹

(Dollar values rounded to the nearest tenth of a million)

	Number	Total Value	Average Value	% of total
Procurement Contracts	37	\$ 122.4	\$ 3.3	100%
Award Method				
Total Competitive Contracts	16	\$ 114.1	\$ 7.1	93.2%
Total Non-Competitive	21	\$ 8.3	\$ 0.4	6.8%
Emergency	0	\$ -	\$ -	0.0%
Sole Source	13	\$ 7.1	\$ 0.5	5.8%
Interagency Agreement	8	\$ 1.2	\$ 0.2	1.0%
Procurement Category				
Information Technology	9	\$ 2.1	\$ 0.2	1.7%
Security	1	\$ 0.8	\$ 0.8	0.7%
Construction	0	\$ -	\$ -	-
Goods	6	\$ 6.3	\$ 1.1	5.2%
Management Services	7	\$ 1.0	\$ 0.1	0.8%
Consulting	3	\$ 99.3	\$ 33.1	81.1%
Other Services	11	\$ 12.8	\$ 1.2	10.5%
Revenue Generating Contracts	0	\$ -	\$ -	0.0%



¹These figures reflect the total value of reported contracts awarded in FY 17-18 and reported to the LBB contracts database. Values can include planned expenditures for subsequent years and represent the amounts contracted which may include funds from sources other than appropriated or General Revenue Funds. INDEF represents contracts without a completion date.

Texas Lottery Commission
Contracting Highlights - House

(Dollar values rounded to the nearest tenth of a million)

Largest Active Contracts from Previous Fiscal Years	Award Method	Total Value	% Change*	Award Date	Length	Renewals	Vendor
1 Lottery Operations and Services	Competitive	\$ 1,614.5	87.5%	08/30/10	16 years	1	Igt Global Solutions Corporation
2 Instant Ticket Manufacturing and Services	Competitive	\$ 124.2	169.8%	08/07/12	12 years	1	Igt Global Solutions Corporation
3 Instant Ticket Manufacturing	Competitive	\$ 122.8	187.0%	07/21/12	12 years	1	Scientific Games International Inc
4 Instant Ticket Manufacturing & Services	Competitive	\$ 115.6	171.4%	08/03/12	12 years	1	Pollard Banknote Limited Partnership
5 Lease Agreement	Emergency	\$ 57.2	1,360.9%	01/07/97	25 years	5	Lynx Grant Llc

Largest Competitive Contracts Awarded in FY 17-18

1 Advertising Services	Competitive	\$ 98.5	-	04/25/18	4 years	-	Latinworks Marketing Llc
2 Drawing Studio & Production Services	Competitive	\$ 10.8	-	02/08/18	4 years	-	Elephant Productions Inc
3 Lottery Drawings CPA Services	Competitive	\$ 0.8	-	06/21/18	1 year	-	Weaver & Tidwell
4 Security Officer Services	Competitive	\$ 0.8	-	07/06/17	2 years	-	Smith Protective Services Inc
5 Lease of PC's and Related Services	Competitive	\$ 0.6	-	03/03/17	3 years	-	Shi Government Solutions Inc

Largest Non-Competitive Contracts Awarded in FY 17-18

1 Promotional and Sponsorship Agreement	Sole Source	\$ 5.6	-	04/18/17	10 years	-	Ark Group Of Irving Inc
2 Trademark License & Promotional Agreement	Sole Source	\$ 0.4	-	12/05/17	2 years	-	Alchemy3 LLC
3 Printing and Reproduction Services	Interagency	\$ 0.3	-	09/08/17	1 year	-	Texas Department Of Transportation
4 Printing & Reproduction Services	Interagency	\$ 0.3	-	08/08/18	1 year	-	Texas Department Of Transportation
5 Postage	Sole Source	\$ 0.2	-	06/15/17	-	-	US Post Office

*Note: The percent change is the difference in contract value between initial the award amount and the current contract value. This calculation includes contract amendments and renewals.



LOTTERY REVENUE FUNDS

LOTTERY NET PROCEEDS ALLOCATION (IN MILLIONS)

FISCAL YEAR	Total Sales	Total Deposit to the State	Deposit to Foundation School Fund (FSF) ¹	Deposit of Unclaimed Prizes to FSF ²	Deposit to Veterans' Assistance Fund ¹	Deposit of Unclaimed Prizes to Veterans' Assistance Fund (Other Funds)	Deposit of Unclaimed Prizes to Credit of GR Fund 1 ²	Deposit of Unclaimed Prizes to GR-D Fund 5049 ³
2013	\$4,376.3	\$1,214.1	\$1,148.5	-	\$5.7	\$0.5	\$53.7	\$5.8
2014	\$4,384.6	\$1,220.7	\$1,131.8	\$72.0	\$10.6	\$1.0	-	\$5.4
2015	\$4,529.7	\$1,242.7	\$1,154.6	\$70.5	\$11.8	\$1.3	-	\$4.4
2016	\$5,067.5	\$1,392.3	\$1,295.0	\$77.7	\$13.7	\$1.0	-	\$4.9
2017	\$5,077.5	\$1,334.0	\$1,249.7	\$63.1	\$14.6	\$1.6	-	\$4.9
2018 (est.)	\$5,105.7	\$1,315.3	\$1,225.4	\$72.0	\$16.3	\$1.2	-	\$0.4
2019 (est.)	\$5,197.6	\$1,339.0	\$1,247.4	\$73.4	\$16.6	\$1.2	-	\$0.4

In Fiscal Year 2017, Texas sold \$5,077.5 million in lottery games. From these sales, \$1,334.0 million was allocated according to statute and as set in the General Appropriations Act (GAA), to public K-12 education, veterans programs, and state hospitals.



KEY TERMS

LOTTERY OPERATOR CONTRACTS

Contracts with a third party for lottery gaming and management system operations, telecommunications, game terminals, field sales and business development staff, market research and promotion, scratch ticket ordering, warehousing, and distribution and retailer technical support. This percentage is set by rider in the GAA.

RETAILERS

Individuals or businesses who sell lottery games. Grocery and convenience stores are the two largest retailer groups.

RETAILER COMMISSIONS

Compensation to retailers for the sale of lottery games (no less than 5% of gross sales as set in statute).

RETAILER SALES PERFORMANCE COMMISSIONS & BONUSES

Payments made to retailers, in addition to their commission, based on same-store sales growth or the sale of certain top prize tickets at their establishment. This percentage is set by rider in the GAA.

UNCLAIMED PRIZES

Lottery prizes unredeemed by winners.

FUND FOR VETERANS ASSISTANCE

Revenue from veteran-themed lottery games deposited to Other Fund 0368. The Veterans Commission uses these funds to write veterans' assistance grants.

HHSC MULTICATEGORICAL TEACHING HOSPITAL ACCOUNT (GR-D FUND 5049)

Used by the Health and Human Services Commission (HHSC), formerly by the Department of State Health Services, to fund indigent health care.

FOUNDATION SCHOOL FUND

Primary GR account supporting Texas' public school districts.

POOLED BOND FUND

Covers the potential loss of state revenue as a result of lottery retailer defaults.

NOTES

- 1) Amount does not include unclaimed prizes.
 - 2) House Bill 2197, Eighty-third Legislature, Regular Session, 2013 revised statute dictating that funds previously deposited to GR Fund 1 would thereafter be deposited to the Foundation School Fund, GR Fund 193.
 - 3) GR-D Fund 5049 receives deposits exclusively from unclaimed prizes in the amount equal to appropriations. Deposits to the fund in fiscal years 2018 and 2019 will depend on amounts appropriated.
- Source: FY 2013-2017 data from Texas Lottery Commission, accrual basis. FY 2018-19 data from Comptroller Certification Revenue Estimate, cash basis.



WHERE DO TEXAS LOTTERY PROCEEDS GO?



Proceeds from the sale of lottery tickets are deposited to General Revenue Dedicated - Lottery Account No. 5025.



These proceeds are used to pay winning ticket holders.



Prizes that aren't claimed by winning ticket holders are held for 180 days.¹



No more than 12% of gross sales may be used for the following:²

- Retailer commissions (5.0% of gross sales)³
- Retailer sales performance payments (up to 0.5% of gross sales)
- Lottery Operator contract (2.2209% of gross sales)
- Advertising contract
- Other contracts (scratch ticket production, drawing and broadcast)
- TLC administrative expenses



All funds remaining from veterans' games proceeds are deposited into the Fund for Veterans' Assistance.



All funds remaining from non-veterans' games are deposited into the Foundation School Fund. The GAA appropriates these deposits as lottery proceeds to the Foundation School Program.

If prizes go unclaimed for 180 days:



Those from veterans' games are deposited into the Fund for Veterans' Assistance.



Those from non-veterans' games are deposited in the amount appropriated from the General Revenue - State Owned Multicategorical Teaching Hospital Account No. 5049 (GR-D Fund 5049).



Those from non-veterans' games are also eligible to be transferred in the amount appropriated to the Health and Human Services Commission to support inpatient hospitals along the Texas-Mexico border. No appropriations have been made for this purpose since FY 2005.



All funds remaining from non-veterans' games proceeds are deposited into the Foundation School Fund.



SOURCES: Texas Comptroller of Public Accounts Certification Revenue Estimate; Texas Lottery Commission Annual Financial Report, General Appropriations Act for the 2018-19 Biennium, Eighty-fifth Texas Legislature Regular Session, 2017.

- 1) Texas Government Code § 466.408 (b)(1) & (3)
- 2) Texas Government Code § 466.355 (b)(2)
- 3) Texas Government Code § 466.358 (a)

**Texas Lottery Commission
Rider Highlights - House**

Modification of Existing Riders

2. **Capital Budget.** Recommendations update the rider to reflect projected capital expenditures for the following:
 - PC Lease (signed in fiscal year 2019) and Computer Software - \$255,121
 - Capitalized Lottery Drawing Equipment - \$300,000
 - Data Center Services - \$243,029

10. **Lottery Operator Contract.** Recommendations update the percent of gross lottery sales for the lottery operator contract in fiscal year 2021 from 2.2099 to 2.0773 percent. This reduction was built into the contract at its inception. It is estimated to lower the cost of the contract by \$7.2 million from the 2018-19 biennium. These contract savings have not been redirected in the recommendations. Projected lottery sales revenue that is not appropriated to the Lottery Commission would become part of the revenue transferred to the Foundation School Fund.

12. **Scratch Ticket Game Closure.** Recommendations update the name of the rider from “instant” ticket to “scratch” ticket to reflect the updated strategic plan and industry terminology.

**Texas Lottery Commission
Items Not Included in Recommendations - House**

	2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Construction Required for TX Capital Complex Building	\$1,815,137	\$1,815,137	0.0	No	Yes	\$0
2)	Unexpended Balance Authority between Biennia - agency requests rider authority for unexpended balances remaining from fiscal year 2019 funds authorized through Rider 11, Appropriation of Increased Revenues, to be utilized in fiscal year 2020. These funds are earned late in the fiscal year, and only if sales thresholds are exceeded. Therefore, funds earned in the second year of the biennium are typically not available to the agency.	\$0	\$0	0.0	No	No	\$0

TOTAL Items Not Included in Recommendations		\$1,815,137	\$1,815,137	0.0			\$0
--	--	--------------------	--------------------	------------	--	--	------------

**Texas Lottery Commission
Appendices - House**

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	12
B	Summary of Federal Funds	*
C	FTE Highlights	13
D	Performance Measure Highlights	*
E	Summary of Ten Percent Biennial Base Reduction Options	14

* Appendix is not included - no significant information to report

Texas Lottery Commission
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
LOTTERY OPERATIONS A.1.1	\$14,555,525	\$14,555,525	\$0	0.0%	
LOTTERY FIELD OPERATIONS A.1.2	\$6,257,136	\$6,257,136	\$0	0.0%	
MARKETING AND PROMOTION A.1.3	\$13,220,599	\$13,220,599	\$0	0.0%	
SECURITY A.1.4	\$11,066,304	\$11,066,304	\$0	0.0%	
CENTRAL ADMINISTRATION A.1.5	\$25,423,483	\$25,723,604	\$300,121	1.2%	Increase of \$45,000 for CAPPs Financials transition funding and \$255,121 for ongoing PC lease and computer software project.
LOTTERY OPERATOR CONTRACT(S) A.1.6	\$243,441,181	\$236,259,124	(\$7,182,057)	(3.0%)	Decrease of \$7.2 million for anticipated reduction in the cost of the lottery operator contract. See also Section 3, item 2.
SCRATCH TICKET PRODUCT. CONTRACT(S) A.1.7	\$76,218,710	\$76,218,710	\$0	0.0%	
MASS MEDIA ADVERTISING CONTRACT(S) A.1.8	\$50,566,896	\$50,566,896	\$0	0.0%	
DRAWING & BROADCAST CONTRACT(S) A.1.9	\$4,818,828	\$4,818,828	\$0	0.0%	
RETAILER BONUS A.1.10	\$3,360,000	\$8,400,000	\$5,040,000	150.0%	Increase of \$5.0 million to provide Retailer Bonuses at the level appropriated by the 85th Legislature. See also Section 3, item 3.
RETAILER COMMISSIONS A.1.11	\$52,280,025	\$55,108,024	\$2,827,999	5.4%	Increase of \$2.8 million for projected retailer commissions based on gross lottery sales. See also Section 3, item 4.
Total, Goal A, OPERATE LOTTERY	\$501,208,687	\$502,194,750	\$986,063	0.2%	
BINGO LICENSING B.1.1	\$1,326,984	\$1,345,544	\$18,560	1.4%	
BINGO EDUCATION AND DEVELOPMENT B.1.2	\$217,395	\$220,966	\$3,571	1.6%	
BINGO LAW COMPLIANCE FIELD OPER B.1.3	\$2,925,113	\$2,898,432	(\$26,681)	(0.9%)	
BINGO PRIZE FEE COLLECTION & ACCT B.1.4	\$29,590,138	\$29,594,688	\$4,550	0.0%	
Total, Goal B, ENFORCE BINGO LAWS	\$34,059,630	\$34,059,630	\$0	0.0%	
Grand Total, All Strategies	\$535,268,317	\$536,254,380	\$986,063	0.2%	

**Texas Lottery Commission
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	326.5	323.5	323.5	323.5	323.5
Actual/Budgeted	301.5	298.1	323.5	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 6	\$211,191	\$211,191	\$211,191	\$211,191	\$211,191

Notes:

a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 18-705, August 2018), indicates a market average salary of \$224,573 for the Executive Director position at the Texas Lottery Commission. The report also recommends changing the salary classification group from 6 to 7. The agency is requesting to increase the salary cap for the Executive Director from \$211,191 to \$261,068.

b) FY 2018 actual FTEs have been updated from the amount reported in the Legislative Appropriations Request to the final estimate reported to the State Auditor's Office.

**Texas Lottery Commission
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Bingo Prize Fee Reduction-Option 1	If a ten percent reduction was implemented for the FY 2020-21 biennium, the Commission would be required to reduce \$2,896,100 from appropriations made from Rider 8, Local Bingo Prize Fees of \$28,961,000. This would reflect a reduction to Strategy B.1.4. Bingo Prize Fee Collections by \$1,448,050 each year of the biennium. It is assumed there would be no impact to the counties and municipalities that benefit from these supplemental appropriations as they are estimated and appropriated based on actual bingo prize fees collected. An incremental reduction of 2.5% would result in a decrease of \$724,025 for the biennium.	\$724,025	\$724,025	0.0	\$0	2.5%	\$28,961,000	No
2)	Bingo Prize Fee Reduction-Option 2	Same as above.	\$724,025	\$724,025	0.0	\$0	2.5%	\$28,961,000	No
3)	Bingo Prize Fee Reduction-Option 3	Same as above.	\$724,025	\$724,025	0.0	\$0	2.5%	\$28,961,000	No
4)	Bingo Prize Fee Reduction-Option 4	Same as above.	\$724,024	\$724,024	0.0	\$0	2.5%	\$28,961,000	No
5)	Bingo Administrative Fund Reduction-Option 1	A ten percent reduction would equal \$509,863 from an administrative budget of \$5,098,630. This would include a reduction of 4.0 FTEs. A plan to reduce 2.5% or \$127,466 of the \$5,098,630 would be to eliminate 1 FTE in Strategy B.1.3, Bingo Law Compliance Field Operation. This reduction would limit the operating capabilities and efficiencies regarding the number of audits and investigations which regulate licensees' compliance with the Bingo Enabling Act.	\$127,466	\$127,466	1.0	\$0	2.5%	\$5,098,630	No
6)	Bingo Administrative Fund Reduction-Option 2	Same as above.	\$127,466	\$127,466	1.0	\$0	2.5%	\$5,098,630	No
7)	Bingo Administrative Fund Reduction-Option 3	Same as above.	\$127,466	\$127,466	1.0	\$0	2.5%	\$5,098,630	No

Texas Lottery Commission
Summary of Ten Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
8)	Bingo Administrative Fund Reduction-Option 4	<p>A ten percent reduction would equal \$509,863 from an administrative budget of \$5,098,630. This would include a reduction of 4.0 FTEs.</p> <p>A plan to reduce 2.5% or \$127,466 of the \$5,098,630 would be to eliminate 1 FTE in Strategy B.1.4, Bingo Prize Fee Collection and Accounting. This reduction would limit the operating capabilities and efficiencies in processing quarterly prize fees and analyzing licensed bingo conductors quarterly reports for completeness.</p>	\$127,466	\$127,466	1.0	\$0	2.5%	\$5,098,630	No
TOTAL, 10% Reduction Options			\$3,405,963	\$3,405,963	4.0	\$0			