

The North Carolina Education Lottery was created in 2005 when Governor Mike Easley signed the North Carolina State Lottery Act and the 2005 Appropriations Act into law. Originally, 35 percent of lottery proceeds were required to go to education. In 2007, the legislature changed this requirement to a guideline. There is no legislation safeguarding lottery funds for strictly educational purposes. Today, less than **26 percent** of lottery revenue is allocated to education spending. The remaining revenue goes to prize money, retailer compensation, and other expenses. In fiscal year 2021, the North Carolina Lottery generated \$936 million to support education programs in North Carolina.

How is Lottery Revenue Spent?

Most of the money spent comes back to the state in the form of prizes, retail commissions, and earnings for education. In FY 2021, the lottery distribution was as follows:

- 64.62% - Prizes \$2.46 billion
- 24.56% - Education \$936 million
- 6.91% - Retailer commissions and incentives \$263 million
- 1.89% - Gaming system services and licenses \$72 million
- 0.73% - Lottery salaries, wages, benefits \$27,908 million
- 0.75% - Lottery advertising \$28 million
- 0.46% - Lottery administration \$17.451 million
- 0.08% - Lottery responsible gaming initiatives \$3.1 million

How is Education Funding Spent?

For the 2019-2020 school year, over \$692 million in lottery revenue supported education programs. Legislators decide how the money should be allocated. Last year, money was directed to the following programs:

PROGRAM	FY20 Lottery Funding			
	Revised Budget		Actual Amount Assigned	
Non-Instructional Support Personnel	\$ 385,914,455	55.0%	\$ 385,914,455	56%
Prekindergarten	\$ 78,252,110	11.2%	\$ 78,252,110	11%
School Construction	\$ 175,000,000	24.9%	\$ 173,200,000	25%
College Scholarships	\$ 30,450,000	4.3%	\$ 23,343,258	3%
UNC Need-Based Aid	\$ 10,744,733	1.5%	\$ 10,744,733	2%
LEA Transportation	\$ 21,386,090	3.0%	\$ 21,386,090	3%
Total	\$ 701,747,388	100%	\$ 692,840,646	100%

Non-instructional Support (56%)

More than \$385 million in lottery funds went to support the operations of public and charter schools, including the costs of support staff such as office assistants, custodians and substitute teachers.

School Construction (25%)

Local school districts received a total of \$173 million in lottery funds for school construction and repair. Local officials decide the best use of the construction funds they receive.

Prekindergarten (11%)

Lottery funds enabled 13,821 children across the state to attend the N.C. Pre-K program.

LEA Transportation (3%)

Counties received over \$21 million to help cover the cost of school transportation like bus drivers' salaries and fuel.

Need-Based College Scholarships (3%) and UNC Need-Based Financial Aid (2%)

Last year, 22,267 students received a lottery scholarship to help cover the costs of attending a state university or community college in North Carolina, and 55,092 students received grants through the UNC Need-Based Grant Program to attend a state university.

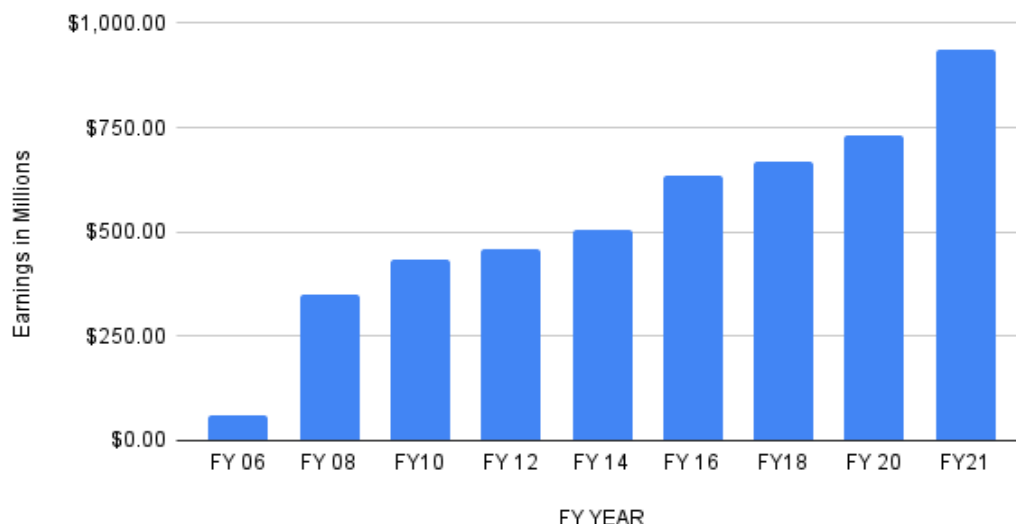
Funds have been directed to a variety of education programs throughout the history of the lottery. Legislators decide where to assign the funds each year. A summary of how legislators have directed funds in the past can be found [here](#).

Lottery funds support education programs in all 100 North Carolina counties. A breakdown of the distribution of funds by county in FY 2020 can be found [here](#).

Does the lottery increase education funding?

Education programs have received more than \$8.2 billion in lottery funds since 2006, but it is unclear whether this represents an increase in education funding.

Earnings in Millions



Originally, the lottery legislation included a statement that revenues from the lottery should serve as a supplement to existing state funding, rather than a substitute. However, this passage was removed

just before voting, creating the possibility for legislators to use lottery revenues as a replacement for state funding.

Critics of the lottery argue that lottery funding has in fact replaced state funding rather than supplementing it. It is difficult to know whether the lottery has actually increased education funding because we do not know what would have happened with education funding if the lottery did not exist. The effect of the recession on education funding makes it especially hard to gauge the impact of the lottery.

Even if the lottery gave 100 percent of its revenue to schools, that would only cover about 19 percent of the state's total budget for K-12 public schools. Many educational resources remain poorly funded or not funded at all. More investment is needed to provide adequate school resources and to return North Carolina to pre recession funding levels, so that all children receive an equitable and effective public education.

Resources

Distribution of FY20 Lottery Funds by County, NC Education Lottery,
https://nclottery.com/Content/Docs/Summary_of_County_Distributions_FY2020.pdf

Education, NC Education Lottery, <https://www.nclottery.com/Education>

North Carolina Education Lottery Report to the Public for Fiscal Year 2019, NC Education Lottery, https://nclottery.com/Content/Docs/Annual_Report_FY2019.pdf

NC Lottery raises a record \$936 million to support education
<https://wlos.com/news/local/nc-lottery-raises-a-record-936-million-to-support-education>

Osbourne, Molly, "AskNC: What percentage of lottery money goes to education?" *North Carolina Center for Public Policy Research*, April 20, 2018,
<https://nccppr.org/asknc-percentage-lottery-money-goes-education/>

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