

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 **30 percent** of lottery revenue is allocated to education spending. The remaining revenue goes to prize money, retailer compensation, and other expenses.

How is Lottery Revenue Spent?

Twenty-six percent of lottery revenue went to education in [FY2017](#). The distribution of revenue was as follows:

- Prizes - 63%
- Education - 26%
- Commissions and Retailer Incentives - 7%
- Administrative Expenses - 3%
- Advertising - 1%

How is Education Funding Spent?

For the 2017-2018 school year, over \$670 million in lottery revenue supported education programs. Legislators decide how the money should be allocated. Last year, money was directed to the following programs:

Non-instructional Support (57%)

More than \$380 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 (19%)

Local school districts received a total of \$100 million in lottery funds for school construction and repair. A new program introduced last year helps small, rural counties with critical building needs to build new schools. \$30 million in lottery funds went to help four counties with school construction and repair needs.

Prekindergarten (12%)

Lottery funds enabled 13,965 children across the state to attend the N.C. Pre-K program.

LEA Transportation (6%)

Counties received over \$43 million to help cover the cost of school transportation like bus drivers' salaries, fuel, and other related costs.

Need-Based College Scholarships (4%) and UNC Need-Based Financial Aid (2%)

Last year, 25,927 students received a lottery scholarship to help cover the costs of attending a state university or community college in North Carolina, and 50,157 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 FY2018 can be found [here](#).

Does the lottery increase education funding?

Education programs have received more than \$6.24 billion in lottery funds since 2006, but it is unclear whether this represents an increase in education funding.

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 FY18 Lottery Funds by County, NC Education Lottery, <https://www.nclottery.com/Content/Docs/Summary%20of%20County%20Distributions%20FY18.pdf>

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

Lottery Funding, *North Carolina Department of Public Instruction*, <http://www.ncpublicschools.org/fbs/allotments/lottery/>

North Carolina Education Lottery Report to the Public for Fiscal Year 2017, NC Education Lottery, https://www.nclottery.com/Content/Docs/ReportToThePublic_FY17.pdf

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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