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*California Public School District
Uses of State Lottery Revenues*

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Policy Analysis for California Education

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Foreword

The 1995–96 California state budget allocated an additional \$1 billion to K-12 education over the previous budget year. While the funding increase was welcomed by educators across the state, the additional funds were not part of any effort to restructure school finance policy in the state. Rather, two-thirds of these additional funds were designed to be used to offset non-recurring expenses, of which the schools have many. Deferred maintenance, library materials, technology improvements, and facility upgrades were among the categories of spending to which schools could dedicate these new monies.

In this tenth anniversary of the California State Lottery, it is interesting to see how schools have incorporated lottery revenues which also were designed to offset non-recurring expenses. As the authors point out, the explicit purpose of lottery funds for schools was to augment funds for instructional purposes, and not replace other funding streams. But the research shows that school sites over time have come to rely on the lottery funding source to meet the costs of their core instructional program. This reliance, however, has come at the same time that lottery revenues have decreased compared to earlier years.

This paper, therefore, has two purposes. First, it reviews the history of the California State Lottery as a funding source for schools. In that, the authors review the spending patterns, and their changes over time. Second, the paper illustrates the way in which non-recurring costs are interpreted in a system that has fundamental shortfalls in core programs. Over time, we will be able to assess whether the fiscal supplements granted schools in 1995-96 were spent in the best long-term interests of public education in California.

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California Public School District Uses of State Lottery Revenues

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On November 6, 1984, California voters passed Proposition 37, the California Lottery Initiative, by a margin of 58 percent to 42 percent. The ease with which backers qualified the initiative for the ballot—723,000 signatures were collected in only five months—was probably the first public indication that California was ready to support a state-sanctioned lottery. Despite the fact that California's voters and lawmakers had during the previous 20 years rejected numerous proposals to legalize various forms of gambling, and despite the fact that the initiative lacked the governor's support and had only lukewarm support among education lobbies, the lottery initiative's resounding success seems, in retrospect, to have been inevitable.

By linking the lottery to public education, the backers did more than merely infuse the initiative with a broad altruistic appeal; they also positioned the initiative to benefit from both national and state trends. Nationally, the concept of funding selected state obligations through a lottery had been gaining acceptance since 1963, when New Hampshire passed a state lottery directing its profits to education. By 1984, over half of the population lived in states with lottery games. Concurrent with this increasing support for state lotteries was a profound decrease, during the 1970s and 1980s, of funding for public education, particularly in California. A major recession, runaway inflation, the Proposition 13 "taxpayers revolt," the advent of income tax indexing, and widespread disappointment in the performance of public schools all combined to erode financial support for California's public schools. Between 1973-74 and 1993-94, California slipped from sixteenth in the nation in per-pupil expenditures to forty-second.

Thus, a growing acceptance of the legitimacy of state-operated lotteries combined with a growing concern over California's level of support for public education gave the ballot initiative a momentum and currency that was difficult to refute. Proponents argued that the benefits would flow directly to schools, ensuring local control of the dollars, and that the language of the amendment would guarantee that lottery-derived revenues would be used solely to supplement and not supplant existing resources. When the initiative became law, California became the twenty-first state to adopt a state-operated lottery and the ninth state to direct a portion of lottery revenues to education.

The California State Lottery Act of 1984

Proposition 37, "The California State Lottery Act of 1984," amended the California constitution to permit the creation of a state lottery and at the same time prohibited the establishment of gambling casinos. The Lottery Act requires that 50 percent of the proceeds from sales be allocated for prizes; a maximum of 16 percent be allocated for administrative costs and commissions to sellers; and the remainder, at least 34 percent of the proceeds, be reserved for a fund which benefits public education. Funds generated by the lottery for public education are to be divided among public K-12 schools, community colleges, the California State University, the University of California, the Hastings School of Law, and the California Maritime Academy. Lottery dollars are to be apportioned on the basis of equal dollars per average daily attendance (ADA) for K-14 schools, and on the numbers of full-time equivalent (FTE) enrollments at the college level.

The Lottery Act stipulates that the intent of the law is to provide funds to augment rather than replace funds allocated by the state for public education, and that revenues earned by the lottery are to be used solely for instructional purposes. Other than these broad guidelines, the law places few actual restrictions on districts' uses of lottery revenues. That is, funds cannot be used for only three stated purposes: acquisition of real property; research; or construction of facilities.

Because of the law's broad language, a fair amount of controversy has emerged around the interpretation and implementation of the statute. For

example, how does one distinguish between augmenting support for programs and supplanting support for programs? The question of what constitutes "instructional purposes" has also generated debate and concern, with most analysts acknowledging that there remains a large "gray" area" regarding what is permissible. In attempting to resolve these concerns, the Superintendent of Public Instruction and the State Board of Education issued a memorandum in 1985 strongly urging districts to ". . . utilize lottery funds for visible, high impact activities. Consider using lottery funds for items such as additional textbooks or supplementary materials, refurbishing of science laboratories, restocking of school libraries, and special teacher training programs." Use of lottery funds in this manner would therefore reinforce educators' and the public's perceptions of lottery funds as supplementary rather than basic.

Additional legislation passed in 1985 (SB 333 and SB 832) further clarified the Lottery Act's intent that districts not use lottery income to finance mandated programs, and that lottery funds not be subject to state control. Further, in 1988, concerns arose regarding the lottery's marketing strategy of stressing the benefits to schools. From its onset, the lottery had been marketed with an emphasis on the advantages to classrooms, teachers, and students. Yet there was growing sentiment, especially among educators, that the lottery's advertising tactics were creating an inaccurate impression that school funding woes were being completely solved through infusions of lottery money. Legislation to address this concern was tabled, with the understanding that the lottery would modify its advertising practices.

The issue of supplementary funding was also clarified in 1988 with the passage of Proposition 98, which guaranteed a minimum funding level for public schools. Since the proceeds from lottery sales are not a tax per se, the lottery monies provided to schools are not figured into the Proposition 98 funding formula. Yet it is how the lottery funds are used that determines whether such dollars function as supplemental rather than basic funding.

The Lottery's Financial Contribution to Schools

When the first lottery tickets went on sale on October 3, 1985, the public responded with enthusiasm beyond even the rosiest predictions. In its first

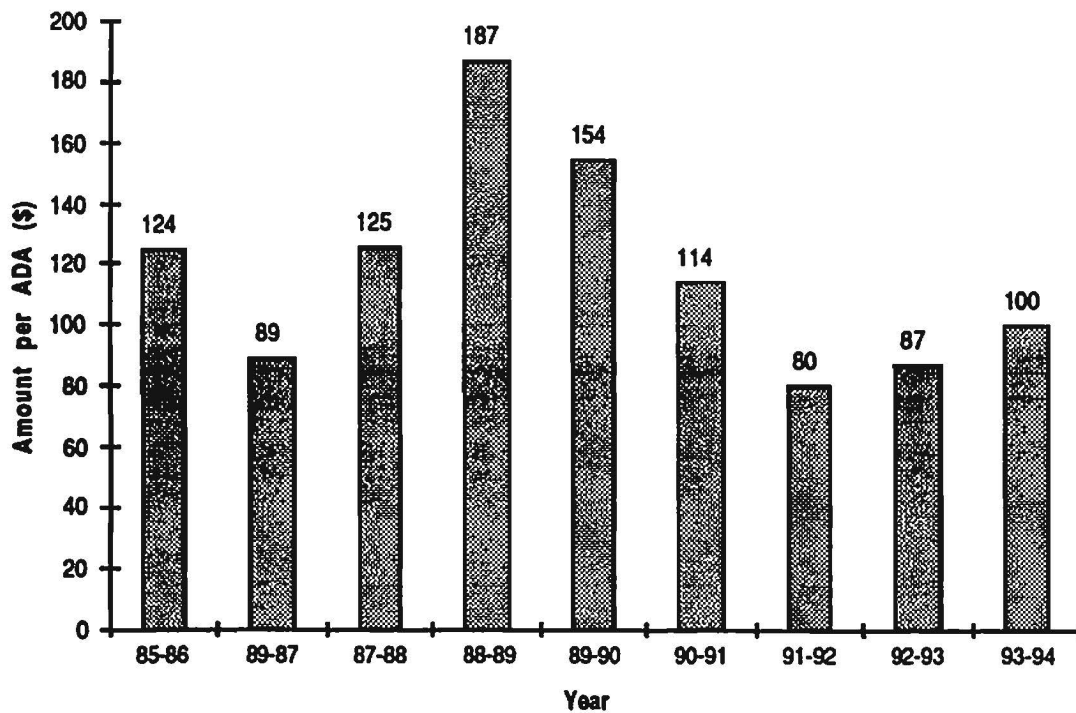
half year of operation, the lottery collected \$1.77 billion, or \$95 for every adult resident in California. If it were a corporation, the phenomenal sales would have instantly placed the California lottery as the 51st largest corporation among the *Fortune 500* list. The first year of operation was accompanied by aggressive planning for expansion and by the fine tuning of lottery operations. Although ticket sales were slipping substantially by the summer of 1986, interest in the lottery again increased with the introduction of the Lotto games in October of 1986.

Figures from the California Department of Education (CDE) indicated that in its first year of operation, the total 1985-86 lottery allocations for all public education amounted to \$558 million, or \$124 for every student in California's public schools and colleges. This income contributed about 2.6 percent of the total budget for K-12 public education. While this is a small fraction of the total education budget, the money provided to K-12 education by the lottery has been instrumental in bringing California's per-pupil spending closer to the national average. Indeed, without the infusion of lottery money in 1985-86, California's per-pupil funding level would have remained at about \$194 below the national average, rather than at \$69 below average. Yet the lottery's contribution to public education, while sizable and heartily welcomed in all quarters, remains but a small proportion of the total need. In short, lottery dollars represent a minor source of income that cannot be expected to provide major improvements in K-12 education.

The general decline in the state's economy, combined with the introduction of different lottery games and improved advertising, has led to wide variations in lottery sales since 1986. Revenues earned for K-12 by the lottery fluctuated extensively, peaking at \$911 million in 1988-89 and sliding to \$432 million only three years later. Moreover, increasing K-12 enrollments during the same time period triggered an even more dramatic reduction in lottery funds available per pupil, from a high of \$187 per ADA in 1988-89 to slightly over \$80 per ADA three years later.

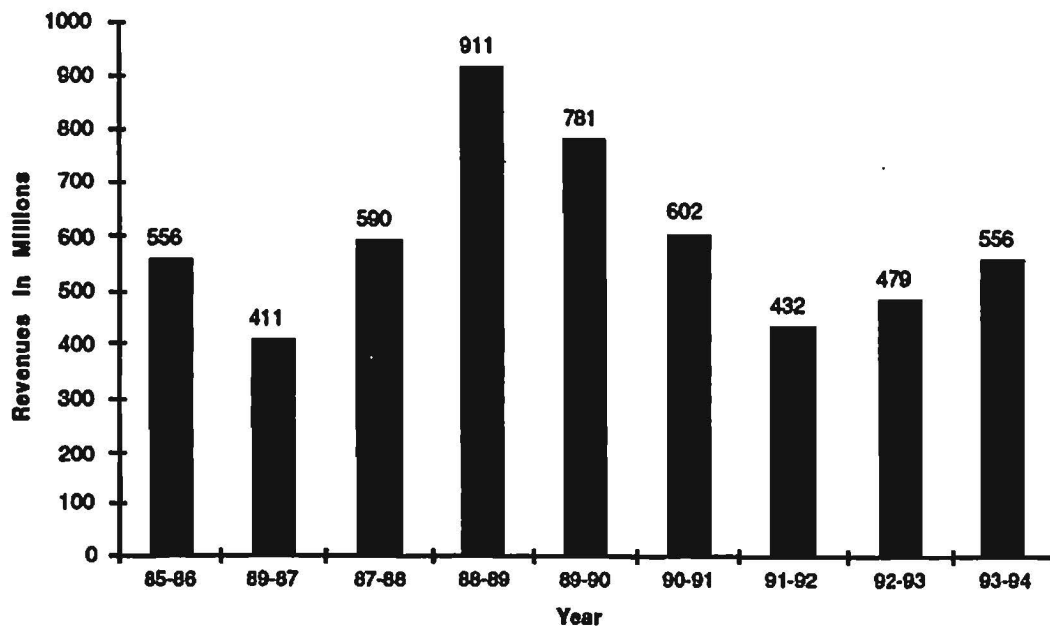
These revenue patterns from 1986-1994, in both total dollars and revenue per ADA are shown below in Figures 1 and 2, respectively.

Lottery Revenues Per ADA , 1986-94



Source for Figures 1 and 2: "California Update: Trends in K-12 Education Funding", Legislative Analysts Office, Sacramento, March, 1995.

Lottery Revenues to K-12 Schools, 1986-94



School District Uses of Lottery Income

Within months of the first ticket sales in October of 1985, reports, studies, and surveys designed to evaluate school use of lottery funds began to emerge. The Alameda County Office of Education conducted one of the first wide-scale surveys in early 1986 when it questioned each district in the county. Results indicated that a wide variety of participants and decision-making procedures were used by districts as they decided how to allocate their lottery funds. Most frequently cited participants in the decision-making process were employee organizations, the superintendent's cabinet, the district board, and the public. Reported uses of lottery funds included purchase of textbooks and supplementary materials, employee salaries in the form of bonuses as well as increases on the salary schedule, retirement of debt, school site allocations, site maintenance, and refurbishing and reopening school sites.

CDE used the questionnaire developed by the Alameda County Office of Education in conducting a telephone survey in 1986 of a statewide sample of districts. Respondents acknowledged that the lottery income allowed them to provide services not currently budgeted, but expressed concern that the legislature and public would begin to perceive education as being "taken care of" through the lottery, thus making additional new funding through the legislature and budget process more difficult. In May 1986, the California School Boards Association also conducted a survey of local school districts relative to the planned uses of lottery income. The survey found that two-thirds of districts utilized revenues for non-recurring expenses, such as data collection systems, staff development, copy machines, salary bonuses, science materials, satellite dishes, VCRs, and air conditioning units.

Also in 1986, the Commission on California State Government Organization and Economy (the "Little Hoover" Commission) conducted public hearings to determine if the state had established a sound system to allocate, use, and account for lottery funds distributed to education. The Commission's report cited the highly discretionary nature of lottery revenues and urged immediate attention to the problems it perceived to be occurring in the administration of the program. In particular, the Commission was concerned with the insufficient parameters for school districts' expenditure of lottery funds and

the general lack of assurance that these funds were being used for instructional activities.

More specifically, the Commission identified five key problem areas plaguing the lottery program. First, districts were using a wide variety of processes for setting priorities for spending lottery funds, and these processes were often inconsistent and inadequate. Second, districts demonstrated a high degree of confusion regarding the allowable uses of lottery funds. The vagueness of the language in the Lottery Act and the lack of statutory parameters allowed some districts to make highly questionable but legal uses of lottery funds. Intense and long-standing fiscal pressures tempted districts to use lottery revenues for normal operations, while an extremely broad interpretation of "instructional" often allowed them to allocate funds to such uses as deferred and regular maintenance, liability insurance, transportation, and equipment and fixtures, such as air conditioning and carpets.

Third, the Commission concluded that some districts were not making prudent use of lottery revenues, particularly when they committed these funds to on-going expenses such as increases in teacher salary schedules. (Such practices are risky because the lottery revenues are an unstable and unpredictable source of money.) Fourth, the Commission found fault with the state's accounting and reporting procedures for lottery funds. Audit routines were deemed not powerful enough to ensure proper use of funds. Finally, the Commission found that the state should include certain omitted education programs in the allocation of lottery funds, such as state-funded summer school, apprenticeship programs, and state special schools programs.

Commitment of lottery dollars to salaries continued from 1986 to 1992, with data reported by CDE showing a steady increase in the proportion of lottery funds allocated to salary and benefits. This increased use of lottery funds for salaries and benefits probably reflects several trends during the first several years of the lottery program: districts struggling to maintain programs or provide cost-of-living adjustments during a period of diminishing revenues; the diminishing inclination of CDE to use the "bully pulpit" to encourage special uses of lottery funds; and the increasing effectiveness of bargaining units in laying claim to the additional funds represented by lottery dollars. In short, local districts continued to integrate lottery funds into base line

expenditures such as salaries and benefits. Consequently, if lottery funding declines substantially in the future, local districts will be forced to make cuts in these base line programs, or find other resources to cover these costs.

The PACE Survey of District Uses of Lottery Revenues

In addition to the aforementioned surveys and state reports on district uses of lottery income, PACE undertook a survey of 88 superintendents in the summer of 1986 to reveal in finer detail districts' uses of and attitudes towards lottery funds.

In Table 1, below, characteristics of districts that were sampled are reported. The actual results of the survey are reported in Table 2. Respondents were asked to indicate the amounts and proportion of lottery revenues that were allocated for specific purposes. The first column shows the percent of responding districts that allocated some of their lottery revenues in each category. The second column presents the average percent of lottery revenues allocated for each category for all responding districts. (For this tabulation, districts reporting no expenditure in a category are computed as allocating zero percent to that purpose.) The third column presents a more accurate picture of the lottery's impact on school children by weighting the district responses by district size. The last column incorporates the findings of a survey of principals regarding site use of discretionary allocations to schools, thus making it possible to calculate the ultimate uses to which district lottery revenues were put.

TABLE 1: SAMPLE CHARACTERISTICS, 1985-86

Category	Number of Responses	Response Rate (%)	Percent of Sample
District Type			
Elementary	17	61	27
High School	20	77	32
Unified	26	77	41
Total	63	72	100
Expenditure Per Pupil			
Above Average	37	57	43
Below Average	26	88	57
Total	63	72	100
Size of District			
Large	25	74	40
Small	38	70	60
Total	63	72	100

Anticipated Lottery Revenue for 1985-86:		Actual Lottery Revenue for 1985-86:	
High	\$9,500,000	High	\$14,112,741
Low	\$4,000	Low	\$5,404
Mean	\$569,270	Mean	\$683,465
Median	\$160,000	Median	\$188,505
Mean Per ADA	\$104.30	Mean Per ADA	\$124
Median Per ADA	\$105.88		

Enrollment	
High	112,300
Low	43
Mean	5,440
Median	1,500

Table 2: District Uses of Lottery Funds, 1985-86

	I Percent of Districts Reporting Use*	II Average Per- cent Use All Respondents	III Average Percent Use Weighted by Size	IV Average Percent Use by Object**
Instructional Materials/Supplies:	68.3	30.4	16.2	29.1
Texts	31.7	4.4	2.8	3.9
Library Books	20.6	2.2	1.0	1.6
Other Instructional Materials	49.2	9.3	4.1	7.7
Equipment for Instruction	58.7	14.5	8.3	16.0***
Allocations to Schools	30.2	10.2	19.2	(Reassigned)
Personnel:	49.2	20.8	28.0	29.1
Salary Adjustments	30.2	12.1	18.3	18.3
Additional Staff	28.6	8.6	9.7	10.8
Site Modifications	14.3	4.3	2.3	3.3
Reserve	42.9	22.7	18.0	18.0
Other	57.1	11.6	16.3	20.5

* Because districts usually allocated funds to more than one category, percentages will not add to 100 percent.

** Discretionary Allocations to School Sites are reassigned to the ultimate expenditure category in proportion to uses reported by principals. Percentages are weighted by district size.

*** Includes equipment described as "used for operations."

Results indicate that the majority of districts have allocated at least some of their lottery funds for instructional materials and supplies, with nearly 60 percent of districts targeting some of their funds to purchase items such as overhead projectors, VCRs, computers, microscopes, science equipment, monitors, musical instruments, and physical education equipment. Included as equipment for instruction were several instances of copying machine purchases for joint teacher and office use. Half of the respondents noted that

lottery revenues were used for personnel costs, including salaries, bonuses, and the addition of personnel.

However, while the data, weighted by district size, show that a total of 16.2 percent of allocated lottery revenues are being specifically devoted to the purchase of instructional materials (texts, library books, equipment, and other instructional materials), this figure is actually an understatement. Because more than 19 percent of lottery revenues are being disbursed by districts as discretionary allocations to school sites, it becomes necessary to study site use of these allocations in order to calculate the final use, by object, of the district's lottery funds. A random sample of site administrators who received discretionary allocations reveals that a major proportion of these funds (totaling 57.2 percent) are earmarked for purposes that otherwise would seem, through analysis of district-level decision making, to be under represented. These results are shown in Table 4, below. Table 3 describes the characteristics of the schools from which the sample was taken.

Table 3: Sample Characteristics, 1985-86

Type of School	Elementary School	8
	Junior High School	3
	High School	13
	Total	24
ADA	High	3,412
	Low	24
	Mean	910
Lottery Funds Received	High	\$90,000
	Low	\$1,000
	Mean	\$24,174
	Weighted Mean	\$32,745
Lottery Funds per ADA	High	\$125.67
	Low	\$2.70
	Mean	\$39.74
	Weighted Mean	\$24.16

Table 4: 1985-86, Allocations of Lottery Funds

	Percent of Schools Reporting Use	Discretionary Allocations Used (%)*
Instructional Materials and Supplies	97	57.2
Textbooks	46	5.6
Library Books	33	3.3
Instructional materials	71	18.6
Equipment for Instruction	79	29.7
Equipment for Operations	46	10.2
Additional Staff	13	5.6
Maintenance and Repair	29	7.4
Site Additions or Modifications	13	4.9
Curriculum or Instruction Improvement	21	5.3
Extra Curricular Activities	17	3.4
Other Allocations	21	6.0

* Averaged for all schools, weighted by school size

Superintendents also outlined in considerable detail their concerns with the long-range local and statewide implications of the lottery program. Many respondents were apprehensive that their districts would embark on policies that will create future obligations that the lottery program may not be able to sustain. Nearly two-thirds of superintendents believed that lottery income available to districts will decrease, reflecting the opinions of state officials regarding the stability of lottery-derived revenues. Districts' spending decisions have created risky commitments for subsequent years, particularly in terms of hiring additional personnel and the use of lottery funds for salary improvements. Superintendents noted that the lottery revenues have helped to make up for years of under-funding, so that their districts can now address a long list of unmet needs. In other words, these respondents did not

characterize the lottery program as increasing revenues, but rather as neutralizing or reversing years of fiscal neglect. Lottery revenues were used to "catch up" on basic district needs, such as purchasing textbooks, restoring personnel, and maintaining buildings.

More than half of the respondents indicated that they would allocate lottery revenues differently if there were no restrictions on the uses of lottery funds; namely, lottery dollars would be used for building or leasing additional classroom facilities, or to make substantial renovations of existing structures. In terms of decision-making processes, survey findings revealed that such processes did not allow for full participation by all interested groups. Finally, many superintendents wondered whether all of the publicity attending the lottery program will create the mistaken impression among the public that "the schools are now taken care of," that the resolve of the part of the governor and legislature to support aid for schools will flag. In short, nearly all respondents reported that the lottery will have an adverse impact on the legislature's future willingness to fund education programs.

1992 Survey Follow-up

In 1992, PACE conducted a follow-up survey to the 1986 study to examine changes in the use of lottery funds in the intervening six years. The most notable difference was an 83 percent increase in lottery funds allocated to personnel costs, up from 29 percent in 1985-86 to 53 percent in 1991-92. Yet districts appeared to have shifted the manner in which they devoted lottery funds for personnel. While a larger proportion of lottery revenue was being committed towards recurring personnel costs, districts tended to identify positions and programs that should benefit from the lottery revenues rather than providing across-the-board salary improvements. Specific positions and programs cited by respondents included extra physical education teachers, resource, teachers, art and music teachers, and classroom aides, among others. School sites also reported an increase in the proportion of lottery funds allocated for equipment. Schools continued to see lottery money as a source for instructional materials and supplies in 1992, especially for computers, software, networking, and audio-visual equipment. The results of the survey follow-up are presented below.

Table 5: Sample Characteristics, 1991-92

Category	Number of Responses	Response Rate (%)	Percent of Sample
District Type			
Elementary	21	75	31
High School	21	81	31
Unified	25	74	38
Total	67	76	100
Expenditure Per Pupil*			
Above Average	39	82	57
Below Average	28	68	43
Total	67	76	100
Size of District*			
Large	29	85	58
Small	38	70	42
Total	67	76	100

Reported Lottery Revenue for 1991-92:	
High	\$9,520,000
Low	\$3,000
Mean	\$506,734
Median	\$107,000
Mean Per ADA	\$82.30
Median Per ADA	\$85.00
Enrollment	
High	111,200
Low	34
Mean	6,030
Median	1,540

* District size and expenditure categories conform to the designations established for the 1985-86 survey.

Table 6: District Uses of Lottery Funds, 1991-92

	I Percent of Districts Reporting Use*	II Average Per- cent Use All Respondents	III Average Percent Use Weighted by Size	IV Average Percent Use by Object**
Instructional Materials/Supplies:	65.7	36.1	15.6	19.3
Texts	29.9	3.6	1.6	1.8
Library Books	25.4	5.4	2.4	2.5
Other Instructional Materials	53.7	12.3	7.0	7.9
Equipment for Instruction	56.7	14.8	4.7	7.1***
Allocations to Schools	22.4	9.9	5.4	(Reassigned)
Personnel:	40.3	24.2	52.8	53.2
Salary Adjustments	22.4	8.9	15.9	15.9
Additional Staff	20.9	15.3	36.9	37.3
Site Modifications	7.5	2.0	.9	1.5
Reserve	11.9	4.4	3.7	3.7
Other	53.7	23.4	21.7	22.5

- * Because districts usually allocated funds to more than one category, percentages will not add to 100 percent.
- ** Discretionary Allocations to School Sites are reassigned to the ultimate expenditure category in proportion to uses reported by principals. Percentages are weighted by district size.
- *** Includes equipment described as "used for operations."

As reported earlier for 1985-86, the survey results of site administrators who had control over discretionary spending are presented as well (Table 8). The results follow the listing of the sample characteristics of the survey respondents (Table 7).

Table 7: Sample Characteristics, 1991-92

Type of School	Elementary School	5
	Junior High School	3
	High School	7
	Total	15
ADA	High	2,623
	Low	25
	Mean	1,090
Lottery Funds Received	High	\$118,275
	Low	\$1,050
	Mean	\$31,637
	Weighted Mean	\$40,323
Lottery Funds per ADA	High	\$88.00
	Low	\$3.40
	Mean	\$37.70
	Weighted Mean	\$29.03

Table 8: 1991-92, Allocations of Lottery Funds

	Percent of Schools Reporting Use	Discretionary Allocations Used (%)*
Instructional Materials and Supplies	80	51.1
Textbooks	40	4.1
Library Books	40	2.6
Instructional materials	67	16.2
Equipment for Instruction	73	28.2
Equipment for Operations	73	16.0
Additional Staff	20	6.3
Maintenance and Repair	20	4.4
Site Additions or Modifications	20	10.3
Curriculum or Instruction Improvement	20	4.2
Extra Curricular Activities	27	3.9
Other Allocations	20	3.1

* Averaged for all schools, weighted by school size

Superintendents' responses to the 1992 survey illustrated a general shift from guarded pessimism about the impact of the lottery program in 1985-86, to a matter-of-fact acceptance that their concerns had, by 1992, come to pass. For example, most respondents lamented the need to use lottery funds for on-going general operations rather than for enhancements or special projects. While superintendents lamented the unpredictable and diminishing impact of the lottery program, they were quick to express alarm at the prospect of losing these funds. Further, while most districts adopted a separate allocation procedure for lottery funds, they usually ended up directing the revenue for uses traditionally paid for out of the general fund. This finding suggests a resignation on the part of school site councils, special committees, and lottery task forces that often there are priorities more important than enhancement in deciding how to use lottery money.

Summary and Policy Implications

During the first year of the lottery, school districts were prudent in their administration of lottery funds. In general, districts assumed a wait-and-see approach, with a reluctance to make long-term commitments of lottery funds and an uncertainty about the reliability of these dollars. Districts instead appeared to concentrate on using the lottery money to rebuild the infrastructure necessary for effective education. Funds were allocated to purchase instructional supplies, improve employee salaries, and restore programs by hiring new personnel—in short, supporting the restoration of the basic underpinnings of public education.

By 1992, lottery revenues had increasingly become *de facto* general funds. Whether in the form of salary increases, or as support for instructional programs in the form of materials or staffing, it is clear that lottery funding has been used to support embedded and on-going programs. Rarely are lottery funds used for purposes that are different from what observers would think of as basic or traditional school needs. Seldom are lottery funds described as anything distinguishable from general funds.

Since the mid-1980s, when lotteries began to spread throughout the country, economists and policy analysts have devoted increased attention to the policy

implications of these state lotteries. Researchers agree that state lotteries are impressively large state enterprises, that lotteries are effective at inducing residents to divert significant amounts of their discretionary money to state coffers, and that lotteries tend to be substantially regressive, with the burden of raising these revenues falling disproportionately on those least able to bear that burden.

In California, school districts' experiences with the lottery have borne out initial fears; the funds have, generally speaking, ceased being supplemental. In larger districts, the bulk of lottery revenues has been absorbed into long-term personnel commitments, most often in the form of salary improvements. Although successive budgets and legislation have diluted the net contribution of lottery revenues to the overall funding available to public schools, a vestige of the intent of the Lottery Act remains in districts that have adopted a special allocation process for lottery funds. In these districts, although the total funding picture may not be significantly improved, there exists a vehicle for staff and community input and a source of discretionary dollars that adds a modicum of local input and control.

Yet original concerns that the lottery would erode legislative support for education funding in California have not materialized to a large extent. The widespread adoption of lotteries in the past two decades has led researchers to evaluate the likelihood that earmarked lotteries can become a significant and reliable source of state funding. On this issue, the consensus of policy analysts is that lotteries are high profile and expedient ways to generate new revenues, but their prospects for continued growth and for making a major contribution to state finance are slight.