



**SOLANO COUNTY GRAND JURY
2011-12**

**ALLOCATION OF CALIFORNIA STATE
LOTTERY FUNDS**

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I. SUMMARY

The California Lottery was created to generate supplemental funding for public schools. Since its inception in 1985, the California State Lottery has distributed over \$22 billion to education. These funds give school districts the flexibility to maintain and expand programs and services that are priorities to local communities. In fiscal year 2010-11, Solano County schools received more than \$10 million from the Lottery. This report did not examine how individual local schools used Lottery proceeds.

II. INTRODUCTION

According to the California State Lottery website, "The California Lottery's mandate, as defined in the California State Lottery Act of 1984, is to provide supplemental funding to California public education on all levels from kindergarten through higher education."

Distribution and expenditure of Lottery funds is governed by California State Government Code §§8880.4-8880.5. As stated in Government Code §8880.5(k), "each district and county superintendent of schools shall establish a separate account for the receipt and expenditure of those moneys, which account shall be clearly identified as a lottery education account." The California Schools Accounting Manual identifies account resource codes that deal with lottery funds.

A predetermined formula separates Lottery funds into two accounts:

- Restricted Lottery funds are for the purchase of instructional materials as defined in Education Code §60010. Instructional materials include learning resources to help students acquire facts, skills, or opinions. These include text books, technology-based material, and other types of educational materials and tests.
- Unrestricted Lottery funds are not to be used to acquire real estate, build school facilities, finance research, or serve any other non-instructional purpose, such as maintenance, business, or administrative operations.

Funds are posted to the appropriate account when received by school districts. According to Government Code §8880.4, at least 34% of total annual Lottery revenues are to be allocated for the benefit of public education. The remainder is used to pay winners and administrative overhead.

According to statistics submitted by the California Department of Education to the Governor and Legislature for fiscal year 2009-10, school districts in the State of California spent approximately 64% of lottery funds on salaries and benefits for educators and administrators, and 20% to

purchase instructional materials for the classrooms, including textbooks. The remaining 16% was used to support other programs and services.

In fiscal year 2009-10, revenues from the Lottery generated \$129 per pupil, or \$1.1 billion total, and supported over 8.5 million students in California's public schools. These funds were in addition to the funds provided by the California general fund. Lottery funds account for approximately 1.5% of all educational funding.

Funds from the Lottery support students in all segments of public education, including Community Colleges, the University of California, the California State University system, Adult Education, Charter Schools, and the Department of Juvenile Justice.

All public schools receive the same per pupil funding amount based on average daily attendance of students. Following is the cumulative statewide distribution of Lottery funding by educational segments:

DISTRIBUTION OF LOTTERY FUNDS BY EDUCATION SEGMENT	
SEGMENT	DISTRIBUTION
Kindergarten – 12 th Grade	76.7 %
Community Colleges	16.2 %
California State University System	4.3 %
University of California	2.7 %
Other Educational Entities	0.1 %

Source: California Lottery website

Local education administrators, elected school boards, and the administrators of higher education make the decisions regarding how Lottery funds are spent in their schools. The California Lottery is not involved in this decision-making process.

The 2011-12 Solano County Grand Jury elected to examine the allocation of Lottery funds, and the manner in which these funds were distributed to the eight school districts within Solano County and maintained by the Solano Superintendant of Schools.

III. METHODOLOGY

Reviewed the following:

- California Lottery website (www.calottery.com)
- California State Government Code
- Control Section 24.60 of the 2009 Budget Act for the State of California
- Information from the of Solano County Superintendant of Schools regarding the receipt and distribution of State Lottery funds
- Information from superintendents of Solano County school districts regarding the receipt and distribution of State Lottery funds

IV. STATEMENT OF FACTS

The Solano County Office of Education (SCOE) receives Lottery funds from the State Controller. Funds are disbursed quarterly. The funds are received, handled, and managed by the Business Services Department of SCOE. The Business Services Department distributes funding to each of the County's school districts based on remittance advice received from the State of California. According to SCOE Policy 3220.1, the SCOE establishes spending priorities and approves all allocations within the parameters of the law for all school districts within Solano County.

The following information was obtained from the California State Lottery website. The eight Solano County school districts are indicated by asterisks (*).

2010-11 DISTRIBUTION OF LOTTERY FUNDS IN SOLANO COUNTY				
RECIPIENT	AVERAGE DAILY ATTENDANCE	TOTAL DISTRIBUTION	RESTRICTED FUNDS	1985 - 2011
Benicia Unified*	5,041	\$ 671,818	\$ 97,818	\$ 15,938,669
Dixon Montessori Charter				\$ 56,454
Dixon Unified*	4,018	\$ 535,813	\$ 78,011	\$ 11,290,299
Buckingham Charter	416	\$ 55,002	\$ 8,014	\$ 828,301
Fairfield - Suisun Unified*	22,591	\$ 2,944,435	\$ 429,621	\$ 69,769,006
Fairmont Charter	507	\$ 71,123	\$ 10,307	\$ 254,039
Mare Island Technology (MIT)	379	\$ 53,277	\$ 7,722	\$ 534,091
MIT Academy	275	\$ 38,243	\$ 5,549	\$ 326,826
Solano County Office of Education*	1,716	\$ 228,100	\$ 33,220	\$ 5,200,362
Travis Unified*	5,244	\$ 688,131	\$ 100,340	\$ 14,718,948
Vacaville*	12,131	\$ 1,588,718	\$ 231,703	\$ 42,144,864
Vallejo Charter	354	\$ 58,788	\$ 8,401	\$ 151,723
Vallejo City Unified*	16,121	\$ 2,067,420	\$ 302,126	\$ 60,925,889
Solano Community College*	9,693	\$ 1,304,184	\$ 189,953	\$ 24,701,899
TOTAL	78,486	\$ 10,305,052	\$ 1,502,785	\$ 246,841,370

COMMENTS

The Solano County Grand Jury did not examine how individual local schools used Lottery proceeds.

COURTESY COPIES

**Solano County Board of Supervisors
Superintendent, Solano County Office of Education
President, Solano Community College District
Superintendent, Benicia Unified School District
Superintendent, Dixon Unified School District
Superintendent, Fairfield-Suisun Unified School District
Superintendent, Travis Unified School District
Superintendent, Vacaville Unified School District
Superintendent, Vallejo City Unified School District**

This is an informational report. No response is required