

CONFUSED ABOUT...

WHETHER LOTTERY MONEY REALLY FUNDS EDUCATION?

Another edition of Stand for Children's "Confused About..." blog series



Jessica Handy,
Government Affairs Director

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You could figuratively say we "won the lottery" when we got the COVID shot, an unprecedented marvel of science that took just a year to go from discovering a deadly new disease to testing and securing emergency authorization for a vaccine to guard against it. And here we are, living in the country with the most innovative scientists who miraculously developed these vaccines, which we are all privileged to have access to now.

Every Monday from July 12 – August 16, three vaccinated Illinoisans can also *literally* say they won the lottery. If you were vaccinated in Illinois, you're automatically in the running for the prize. (And if you *aren't* vaccinated, hurry! There are regional drawings today, August 12, with the last drawing coming on August 26, when two grand prize winners will win \$1 million each.) Even vaccinated Illinois youth have a chance to win \$150,000 scholarships throughout the summer.

This got me thinking about an age-old question that comes up all the time: "**Wasn't the lottery supposed to fund public education?**" **The short answer: It does, but it's not nearly enough money.** The Illinois Lottery generates about \$700 million each year that goes to the Common School Fund. That \$700 million is a lot of money but still only a drop in the bucket compared to how much is needed to fully fund public education. The Illinois State Board of Education's general funds budget is about \$9 billion. And that doesn't even include the additional billions in early childhood expenses that are appropriated through other agencies, higher education costs, or teacher pensions. And of course, keep in mind that none of these things are fully funded at their current appropriation level.

But, of course, there's a longer answer, too. When the lottery was created in 1974, there was plenty of [debate](#) on whether the proceeds should go to education, but in the end, they went to the General Revenue Fund and were allocated for [regional public transit](#). That changed in 1985, when the legislature passed a bill re-directing lottery receipts to the Common School Fund. However, that did not directly lead to an increase in education funding. In the [words of the sponsor](#) from floor debate (all emphasis added by me):

“...we will not be adding one penny more necessarily, but it is just the intent of what we...all thought originally might be done, that we will put all of the money in the Common School Fund. As the bill began its process through the legislature years ago, that’s what the public was told and that’s what we will do, but it will not increase the money per se.”

Here’s an opponent speaking up on floor debate:

“...after you pass this bill and you come back here in a couple years, and you begin to get comments from those same constituents at the meeting who say to you, hey, you promised us lottery money, you passed it and we still didn’t get it.... **It’s a charade.**”

And another floor comment:

“I’m going to support this proposition because if nothing else **the public will feel better** that they know that these funds are supposedly going to education, **but we in the legislature know better, that in fact there’s going to be more bureaucracy**, there’s going to be more accounting practices and it’s going to cost the State more than it takes in.”

(I seriously could lose days just reading old floor transcripts... fascinating stuff!)

When I was a lowly budget analyst on the Illinois Senate staff, one of the most basic things we learned when analyzing an appropriation is to note which type of funding it uses:

- **Federal Funds.** From the perspective of the State, federal funds are great! We appropriate them in the budget so we can spend them, but the State doesn’t have much discretion over how much we get or how we spend it.
- **Other State Funds.** There are about a bazillion “funds” that exist for various dedicated purposes. These are things like licensing fees that go into a fund that pays administrative costs for – you guessed it! – licensing. Or gas taxes that go to the Road Fund. Most “fees” end up in some “other” State fund. When the budget comes together, the legislature might look at whether there are fund balances in any of these accounts to “sweep” into General Funds, but other than that, there’s not a lot of flexibility over where they go.
- **General Funds.** Now THIS is the big one. This is the part of the budget that has a lot of discretion in how it’s spent (and on which I spent most of my time analyzing a decade ago). “General Funds” include the General Revenue Fund, the Common School Fund, and the Education Assistance Fund. Individual and corporate income taxes, sales taxes, and lottery proceeds are the sources of General Funds.

Maybe that’s TMI. But here’s the thing: if we really, really wanted to be 100% sure that lottery proceeds supplemented education funding on top of what was already going there, wouldn’t we categorize it as an “Other State Funds?” That way, any increase in lottery proceeds would be in addition to whatever other General Funds increase was appropriated. The lottery *does* go to the Common Schools Fund and the Common Schools Fund *does* go to education, but it isn’t directly tied.

Things got even more complicated in 2009. As a part of the [capital bill](#) that year, the General Assembly outsourced management of the lottery to a private vendor and authorized internet

ticket sales. The hope was that the private vendor would significantly increase lottery receipts to help fund capital projects. The Common Schools Fund would continue to receive the same lottery funds it got in 2009, plus inflation. Any amounts over that would go toward capital. This protected the lottery's funding for education, but also created even more disconnect between lottery sales and education funding levels.

The bottom line, in my opinion, is that even though the lottery's tie to the Common School Fund wasn't intended to bring more funding for schools, that \$700 million would have to come from somewhere if the lottery didn't exist. But when you buy a lottery ticket, you might actually be paying for bonds for capital projects.

Remember, August 26 is the last drawing for the COVID vaccine lottery. If you want a chance at \$1 million, make sure you get that vaccine! And if you don't literally win the lottery, you still win because you're inoculated against COVID and you've done your part to stop community spread, keep schools open, and stay healthy.