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N.C. CENTER ANSWERS 13 QUESTIONS ABOUT STATE LOTTERIES

Proposals for new state lotteries are an issue in the gubernatorial campaign in North Carolina and on the ballot in a South Carolina referendum this year. Saying this issue has been given too little attention so far, the North Carolina Center for Public Policy Research today released a major study addressing 13 key questions about the experiences with 38 state lotteries already operating in the United States. The Center's study summarizes research findings on questions such as whether lotteries are large and reliable sources of revenue, whether lotteries prey on the poor, and whether lotteries provide new revenue for government programs such as education or merely supplant existing revenues.

"There's not been enough debate in campaigns in the Carolinas about the pros and cons of state lotteries," says Mike McLaughlin, editor of *North Carolina Insight*, the Center's magazine in which the lottery study appears. "Our study shows about four pluses for lotteries, five minuses, and four questions where the research findings are inconclusive. We hope this raises the level of debate about lotteries in the public, the press, and the pulpits," he says.

Estimates are that a lottery in North Carolina would generate $300 million in revenue in its first full year of operation, or 2.3 percent of the state's $13.3 billion operating budget. Attorney General Mike Easley, the Democratic nominee for governor in North Carolina, favors a lottery and would use the revenue to reduce class size in the public schools and to establish a pre-kindergarten program for at-risk 4-year-olds. Former Charlotte Mayor Richard Vinroot, the Republican nominee for governor, opposes the lottery, but has said he would not veto a bill submitting a lottery to a voter referendum.

Meanwhile, South Carolina voters face a decision on November 7th on whether to authorize a state lottery, and a "yes" vote could put even more pressure on North Carolina, which, according to estimates from Virginia lottery officials, already loses an estimated $86.5 million in lottery ticket purchases to Virginia. North Carolina residents also play the Georgia lottery, which shares a border with North Carolina in the southwest.

"A Democratic victory in November clearly would put the question of a state lottery back on the North Carolina legislature's agenda," says McLaughlin. "A Republican win, coupled with a decision by the South Carolina voters in favor of a lottery, could have the same effect. That's why it's critical that citizens in both Carolinas begin to educate themselves on the pluses and minuses of a lottery."

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IS A LOTTERY A LARGE OR RELIABLE SOURCE OF REVENUE FOR THE STATE?

The current wave of lotteries started with a 1964 decision by the New Hampshire legislature and has since swept to 37 states and the District of Columbia. Thirty-one states earmark at least a portion of the lottery proceeds for a particular government program. Of those that earmark, the majority (20 states) channel at least a portion of the proceeds to public education.

Other states use lottery funds to support programs ranging from parks and recreation to police and firefighters' pensions. Georgia uses lottery funds for its HOPE college scholarship fund, while Pennsylvania supports a broad range of programs for the elderly. As a percentage of total state budgets, the revenue from lotteries is small, ranging from 0.33 percent ($6.3 million in revenue) in Montana to 4.07 percent ($558.5 million) in Georgia.

While lotteries provide a relatively reliable revenue source compared to some sources of revenue such as the sales tax, lottery revenues are on the decline as a percentage of total state revenues. For the 29 states operating lotteries in 1989, lottery revenues constituted 3.5 percent of the total but dropped to 1.9 percent by 1997 for those same 29 states. Experts blame "jackpot fatigue" and competition from other forms of gambling for the decline. To keep interest strong, states must continually introduce new games and maintain or even increase their commitment to advertising and marketing.

"The bottom line is that state lotteries are a very small source of revenue but a fairly reliable source, because if lottery play drops, the states just adopt more aggressive games or step up their marketing," says the Center's McLaughlin.

WHO PLAYS THE LOTTERY AND WHAT ARE ITS SOCIAL CONSEQUENCES?

Critics contend that the lottery preys on the poor and uneducated, though lottery advocates dispute this contention vigorously. The Center found that the weight of the evidence shows that lottery play is spread fairly evenly across almost all income groups and that the poor do not participate in lotteries out of proportion to their percentage of the population. However, the poor do spend a higher proportion of their incomes on lottery tickets than do players who earn more.

The Center says proponents and opponents mix up these measures of lottery participation when debating this issue. One measure is the *participation rate*, or the percentage in a group such as the poor who buy lottery tickets in a given period of time. A second measure is the *average expenditure* by members of the group, and a third is the *prevalence of heavy players* in the group.

Education levels, however, do affect how much lottery participants spend. The 1999 Report to the National Gambling Impact Study Commission states that *participation rates* do not vary much by education, but that the *amount of money spent* by players drops sharply as education levels increase. High school dropouts who play the lottery are by far the biggest spenders. African Americans who play lotteries spend more than other racial groups. Other socioeconomic groups that play heavily include males, Catholics, Hispanics, laborers, and the middle-aged.

Commenting on the high level of lottery expenditure versus the poor odds of winning, mathematician Roger Jones says, "I guess I think of lotteries as a tax on the mathematically challenged."

But despite heavy play by some socioeconomic groups, the Center says the evidence suggests that a lottery does not contribute to compulsive gambling as much as certain other games of chance. Lottery officials say compulsive gamblers tend to gravitate toward types of gambling that involve a skill element and provide an immediate reward, such as casino games and video poker. In addition, states have not found a way to prevent minors from playing the lottery, even though play by minors is illegal in every state.

The Center says other social consequences of lotteries are difficult to prove or disprove through research. One such question is whether state government is diminished in the eyes of its citizens for promoting an activity that otherwise would be illegal. Indeed, lottery states find themselves in the hypocritical position of aggressively promoting one form of gambling (lotteries) while criminalizing others (such as video poker or betting on college athletics). Many citizens simply think that lotteries are a form of gambling and morally wrong. Another possible social consequence is the impact of frequent lottery play on the work ethic of citizens and their susceptibility to get-rich-quick schemes.

DO LOTTERY REVENUES *SUPPLEMENT* STATE FUNDING FOR SPECIFIC PROGRAM AREAS SUCH AS EDUCATION OR *SUPPLANT* IT?

In promoting lotteries, proponents typically argue that lottery revenues will enhance funding in certain program areas such as education. However, there is no guarantee that state legislatures will not merely substitute lottery revenues for normal appropriations. The Center found that research results on this question are inconclusive.

Research in California, Florida, and Michigan shows that lottery funds have merely substituted for normal levels of appropriations, despite the fact that lotteries had been promoted as boosting spending for education. And, a separate study by *Money* magazine found that states with lotteries devote a lower percentage of their total operating budgets to education than do states without a lottery. The *Money* magazine study also found that lotteries do not necessarily protect taxpayers from tax increases. It found that tax revenue grew by 21.7 percent over a five-year period in lottery states compared to 7.2 percent tax revenue growth in states without a lottery. However, a recent analysis by *State Policy Reports* yielded a different result – that lottery states spend more on education per student, on average, than non-lottery states.

CAN THE N.C. GENERAL ASSEMBLY ASK VOTERS TO DECIDE THE LOTTERY QUESTION IN A REFERENDUM OR IS THAT UNCONSTITUTIONAL?

Lottery bills have been introduced during every legislative session in North Carolina since 1983. Each bill calls for a citizen referendum on the issue, even though legislators could decide the issue themselves in a direct vote. The issue of whether a referendum is constitutional in North Carolina is in dispute. John Sanders, former director of the UNC Institute of Government and a constitutional law expert, has testified before the legislature that a public vote on a lottery would be unconstitutional. The North Carolina constitution states, "The legislative power of the State shall be vested in the General Assembly, which shall consist of a Senate and a House of Representatives," and Sanders believes this provision dictates that the legislature cannot delegate its power to voters in a binding referendum.

Gerry Cohen, head of the legislature's bill drafting division, disagrees that this language precludes a lottery referendum. He cites a different constitutional provision that reads, "For the purpose of amending and strengthening the laws, elections shall frequently be held."

Whether the lottery is voted on directly by the legislature or put to the public in the form of a referendum, passage is no sure bet. In the most recent public referendum, the Alabama electorate rejected a lottery by a vote of 54.3 percent against versus 45.7 percent in favor. However, most current polls in North Carolina show 60 to 70 percent in favor of a lottery.

The N.C. Center for Public Policy Research is an independent, nonpartisan, nonprofit corporation created to study public issues and to evaluate government programs. The Center receives general operating support from the Z. Smith Reynolds Foundation in Winston-Salem, with additional funds from 13 other foundations, 190 corporate contributors, and nearly 1,000 individuals and organizational members across the state. In addition to publishing *North Carolina Insight*, the Center also publishes book-length research reports, a citizens' guide to the legislature, and textbooks for teachers of state and local government. The Center recently published a report on how public higher education is governed in all 50 states and currently is studying the state's record in sustaining public school reform and key issues facing Eastern North Carolina.

Copies of the issue of *North Carolina Insight* containing the Center's research on state lotteries are available from the Center for $20.00 each, which includes tax, postage, and handling. To order, write the N.C. Center at P.O. Box 430, Raleigh, NC 27602, call (919) 832-2839, fax (919) 832-2847, or order through the Center's web site at *www.ncinsider.com/nccppr.*

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For more information, contact Mike McLaughlin, editor of *North Carolina Insight*, at (919) 832-2839.

13 Ways of Looking at a State Lottery: The Positives, the Negatives, and the Bottom Line

by Gregory Gunter, Ran Coble and Mike McLaughlin

Issue	The Positives	The Negatives	Bottom Line
1. For what programs do states earmark lottery revenues, and what are examples of program accomplishments funded by lotteries?	Of the 31 states that earmark funds, 20 states earmark at least some lottery proceeds for education. Seven other states put lottery proceeds into the general fund. The other states use lottery funds to support programs ranging from parks and recreation to police and firefighters' pensions. Georgia uses lottery funds for its HOPE college scholarship program. Pennsylvania funds a broad range of programs for the elderly with lottery proceeds.	When funds are earmarked, programs no longer have to compete against other priorities in the budget-making process. As a result, funds may not be put to their most pressing use. On the other hand, lottery funds make only a small contribution to states' general funds and may not be large enough to result in significant accomplishments or may simply supplant existing revenue (see number 4 below).	Earmarking funds for broad purposes such as public education will not protect against lottery funds merely supplanting existing state funds. However, earmarking for education is the most politically popular use of lottery funds. Polls show support for a state lottery in N.C. increases by 5 to 10 percent when the poll question mentions using the proceeds for education.
2. What is the track record of lotteries as revenue sources, and does the reliability or size of the revenue stream depend upon the programs for which the revenue is earmarked?	In 1997, total revenues from the 37 lottery states and the District of Columbia amounted to 2.2 percent of the general revenue collected by those jurisdictions. A lottery in North Carolina would generate an estimated $300 million in revenue in the first full year of operation, or 2.3 percent of the total state budget.	When taken as a percentage of state revenues, lottery revenues appear to be on the decline. The Center's research indicates that lottery revenues as a mean percentage of state operating budgets for the 38 lottery jurisdictions dropped from 3.5 percent in 1989 to 2.2 percent in 1997. Just looking at the 29 jurisdictions operating lotteries in 1989, the mean percentage of operating budgets these lotteries produced dropped to 1.9 percent by 1997. *State Policy Reports*, in its July 2000 edition, notes that the average annual increase in lottery sales per capita declined from 9 percent between 1973 and 1987 to 1.6 percent from 1987 to 1997.	Although lottery revenues are declining as a percentage of state revenue, research indicates that they are a comparatively reliable revenue source relative to other state government revenue sources such as the sales tax.
3. What is the cost of marketing a lottery, and does the cost increase, remain stable, or decrease over time?	On average, marketing costs (including media advertising) account for approximately 1 percent of lottery sales. Over time, marketing expenses will vary based on how badly a state needs revenue and wants to promote its games.	Research suggests that in order to maintain the public's interest, states may be forced to increase advertising costs. However, other factors can influence the public's interest in the lottery, such as the size of the jackpot or introduction of new games.	States must market heavily and continue to introduce new games in order to maintain a reliable revenue stream from the lottery. When sales stagnate, states also may be forced to consider more aggressive forms of gaming, such as video terminal gambling or riverboat casinos.
4. Do lottery revenues ***supplement*** state funding for specific program areas such as education or *supplant* it?	Some states, such as Georgia, have made use of their lottery to fund new programs that supplement their efforts in public education. The Georgia effort includes a pre-kindergarten program, technology for the public schools, and college scholarships based on grades. An analysis by *State Policy Reports* indicates that *per student spending* on education is slightly higher in lottery states than in non-lottery states.	(1) In California, Florida, Illinois, and Michigan, research shows that lottery funds have substituted for normal levels of appropriations, despite the fact that lotteries had been promoted as boosting spending for education. (2) A separate study indicates that states *without* lotteries devote *a higher percentage of their general funds to education* than do states with lotteries. (3) States with lotteries have seen per capita tax revenues increase an average of 21.7 percent over the past five years versus 7.2 percent for states without a lottery.	Lottery revenues may supplant rather than supplement normal levels of funding for state government programs, but this is difficult to prove or disprove through research. Rising costs in other program areas such as Medicaid and corrections also may account for a lottery-funded program receiving a smaller proportion of the state budget over time. Such costs may hit harder in lottery states, which generally are more populous.
5. Who plays the lottery?	Though the research findings conflict, the evidence seems to indicate that there is little variation between racial and ethnic groups in terms of who plays the lottery. Also, the percentage of players who participate does not vary much by education levels, though the amount of money spent by these players does vary.	Low-income players spend a higher proportion of their income on lottery tickets than do players who earn more. The amount of money spent by players drops sharply as education levels increase. High school dropouts who play the lottery are by far the biggest spenders. African Americans who play tend to *spend* more, on average, than other racial groups. Other socioeconomic groups that play heavily include males, Hispanics, Catholics, laborers, and the middle-aged generally.	There is a difference between comparing *participation rates* at various income levels versus *proportion of income spent* by the poor on lotteries. Lotteries are regressive in that lower-income players spend a higher percentage of their incomes on tickets than do higher income players. However, the poor do not seem to participate in lotteries in numbers greater than their proportion in the population.

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summary prepared by Center Intern Gregory Gunter, Center Executive Director Ran Coble, and Insight *Editor Mike McLaughlin*

13 Ways of Looking at a State Lottery: The Positives, the Negatives, and the Bottom Line

Issue	The Positives	The Negatives	Bottom Line
6. Who is most likely to benefit from lottery revenues?	States tend to earmark lottery proceeds for education, so students are the most frequent beneficiaries. Nationwide, lottery revenues also benefit senior citizens (Pennsylvania), police and fire departments (Indiana), Vietnam veterans (Kentucky), juvenile delinquents (Montana), compulsive gamblers (Iowa), and even baseball fans (Washington State).	The lottery may shift resources from frequent players—including high school dropouts—to more affluent beneficiaries, such as those most likely to earn a merit-based college scholarship.	If a lottery is designed in a way to supplement rather than supplant existing revenue, students benefit from lottery revenues. The HOPE Scholarship Program, though skewed toward the more affluent, has also boosted the college-going rate in Georgia and enhanced available financial aid for college students.
7. Do lottery ticket sales displace other retail spending, or do they stimulate more sales?	Retailers who sell lottery tickets typically receive a 5 percent commission from sales, and having tickets available for sale can bring in customers. One study indicates that lottery players significantly reduced their spending in only one category (alcohol).	Sales of other goods may decline if the consumer's discretionary income is limited or if lines become so long for the lottery that they discourage other customers. The benefits of selling lottery tickets may not offset the increased hassle that could be created by long lines for lottery ticket sales in retail outlets. Also, states without a state income tax (North Carolina has a state income tax) and with high rates associated with sales and excise taxes lose non-lottery revenue as a result of instituting a lottery.	Lottery sales may displace some discretionary retail purchases, though the research does not give a clear answer on this question. State sales tax revenue may also suffer with the institution of a lottery.
8. Do lotteries contribute to problems with compulsive gambling?	Most compulsive gamblers tend to gravitate toward types of gambling that involve a skill element or provide an immediate reward, such as casino games and video poker.	Legalization of gambling can encourage people to gamble more frequently and spend more on gambling. The lottery may be a gateway to other forms of gambling, particularly for minors.	Lotteries may contribute to compulsive gambling, though not as much as other games of chance that require at least some skill level and that provide quick results and rewards to the player. The research findings are in conflict here. There have been numerous studies on links between legalization and compulsive gambling, several of which showed increases and others not. One study found that participation in a state lottery was associated with a greater involvement in general gambling, which was in turn linked with problem gambling. But another study found that the Minnesota lottery switched adolescents from illegal to legal gambling and did not increase overall gambling in the state.
9. Are present-day lotteries plagued by scandal, or are they relatively scandal-free?	States place a high priority on operating scandal-free lotteries in order to safeguard the public trust and protect the integrity of the games. Corruption has not been a major problem in the operation of modern-day lotteries.	Scandals have and still can occur even with state governments running the games. Pennsylvania suffered a scandal in the 1980s when an operator tried to rig a daily numbers drawing. In 1996, an executive with GTECH, the largest private lottery operator in the U.S., was convicted for defrauding his employer through a kickback scheme involving state government lobbyists in New Jersey. And in 1999, Massachusetts suspended three employees at a local lottery office after an investigation turned up missing scratch tickets.	Contemporary lotteries appear to operate relatively scandal free.

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13 Ways of Looking at a State Lottery: The Positives, the Negatives, and the Bottom Line

Issue	The Positives	The Negatives	Bottom Line
10. Are there additional social consequences to the operation of state lotteries?	Having a legal form of gambling may discourage citizens from seeking out illegal forms in which to participate. Carefully crafted programs also can result in desirable social outcomes, such as encouraging more young people to attend college (e.g., the Georgia HOPE Scholarship Program).	(1) State lotteries may induce people to engage in other forms of gambling. (2) State lotteries provide an avenue for minors to gamble, even though every state lottery prohibits sales to minors. (3) Lotteries may sap the work ethic of state citizens by promoting the idea that the way to get ahead in life is through luck rather than hard work. (4) Government may be viewed as hypocritical and diminished in the eyes of its citizens by promoting an activity that is otherwise illegal—a state-sanctioned numbers game. (5) Some people spend more than they can afford on the lottery in hopes of striking it rich. The government is cast in the role of encouraging this type of speculative behavior.	Research indicates that lotteries do have negative social consequences. These include a modest increase in compulsive gambling and lottery play by minors. Citizens also may become more cynical about the role of government as a moral agent in people's lives.
11. Political Influence: To what extent do firms associated with the administration or operation of lotteries become heavy contributors to political campaigns?	Given the popularity of most state lotteries once implemented, large political contributions may be unnecessary to keep the games in place.	Gambling interests in general contributed $8.6 million to national political committees from 1988-1996. Gambling interests also increased their soft-money donations at the state level to counter opposition to legalized gambling. And, video poker interests gave $133,680 to four North Carolina gubernatorial candidates in the May 2000 primary. Lottery firms do involve themselves in the process of trying to get new lotteries approved. This can involve contributions to candidates, lobbying expenses, and campaigns for a favorable vote if a public referendum on a lottery is scheduled. However, such activity is not exclusive to lottery firms.	Lottery firms will work to get a lottery on the ballot by hiring lobbyists and by contributing to candidates. If a public referendum is scheduled, proponents will organize a campaign to win a favorable vote. Pro-lottery interests will help to finance this campaign. Once lotteries are in place, however, research suggests that lottery firms take a lower profile in the political process.
12. Are most state lotteries publicly or privately operated, and does either type of game generate more revenue than the other?	All lotteries operated in the United States are entities of the state, though private concerns play a large role in their operations. By having lotteries run by an agency of state government, the state has substantial control over all aspects of the lottery's operation.	By running the lottery itself, the state may be viewed by some citizens as engaging in an immoral activity.	All of the lotteries operating in the United States are run by the states, though private firms handle the technical aspects of the games. This helps to assure a cleanly run enterprise and to avoid scandal. Thus, it is not possible to determine whether a privately operated lottery would generate more revenue.
13. Could the North Carolina General Assembly put the question of whether to institute a lottery to the voters in the form of a public referendum, or would that be a violation of the state constitution?	Gerry Cohen, the director of bill drafting for the N.C. General Assembly, says such a referendum would be constitutional. Of the 38 jurisdictions in the United States that have lotteries, 23 were authorized by referendum.	John Sanders, the former director of the Institute of Government at the University of North Carolina at Chapel Hill and a specialist in constitutional law, says a lottery referendum would be an unconstitutional delegation of the legislative power of the N.C. General Assembly. Referenda in other states were needed to amend state constitutional provisions that banned gambling.	The majority of states (23 by referendum and five by ballot initiative) have conducted a public vote on whether to go into the lottery business, so a referendum would not be unusual. One distinction is that many states had to amend a constitutional ban on gambling in order to put a lottery in place, which required a public vote. North Carolina's constitution does not ban gambling. Experts disagree on whether a referendum would be constitutional. This issue likely would be settled by state appellate courts in North Carolina.

the "implicit tax"—the amount retained by the state after expenses and prizes. "There is no rule that an N.C. lottery has to look like everyone else's," notes Clotfelter. "The state could choose to assess a lower implicit tax rate or it could limit the amount and kind of ads. Both of those would reduce the revenue potential, though."

Do lottery revenues **supplement** *state funding for specific program areas such as education or* **supplant** *it?*

In promoting their lotteries, legislative proponents typically imply that lottery revenues will enhance funding in certain program areas such as education. However, there is no guarantee that state legislatures will not merely substitute lottery revenues for normal appropriations. Determining the degree to which lottery funds either *supplement* or *supplant* state revenues is complicated by several factors. First, it is extremely difficult to track funds through state systems, even when they are earmarked. Second, one has to determine what the level of funding in a targeted area such as education *would* have been without the lottery.

"When changes in education funding occur after a lottery begins, it is difficult to tell whether this reflects substitution, or simply changes in the state's larger economic picture," the Educational Research Service states in *State-Run Lotteries: Their Effect on School Funding*. "Also, enrollments, funding formulas, educational priorities, special programs, and other issues all have an effect on the final funding amount for education. Comparisons of funding in lottery and non-lottery years, or between lottery and non-lottery states, have to account for these influences."[27]

Despite these difficulties, researchers have attempted to answer this "supplement versus supplant" question for a number of states. In an article in *Educational Policy* journal, Pamela J. Allen details how lottery funds were substituted for normal education appropriations in California, Florida, Illinois, and Michigan, despite the fact that the lotteries had been promoted as boosting educational expenses. Allen says that states may initially intend for lottery funds to increase funding in a certain area, but that changes in the economy or politics or changing state budget priorities may cause them to redirect those funds if not specifically prohibited by law.

"As the revenue begins to accrue, they [lottery funds] become a convenient source from which to fund other high priority state services, such as mass

States with Lotteries

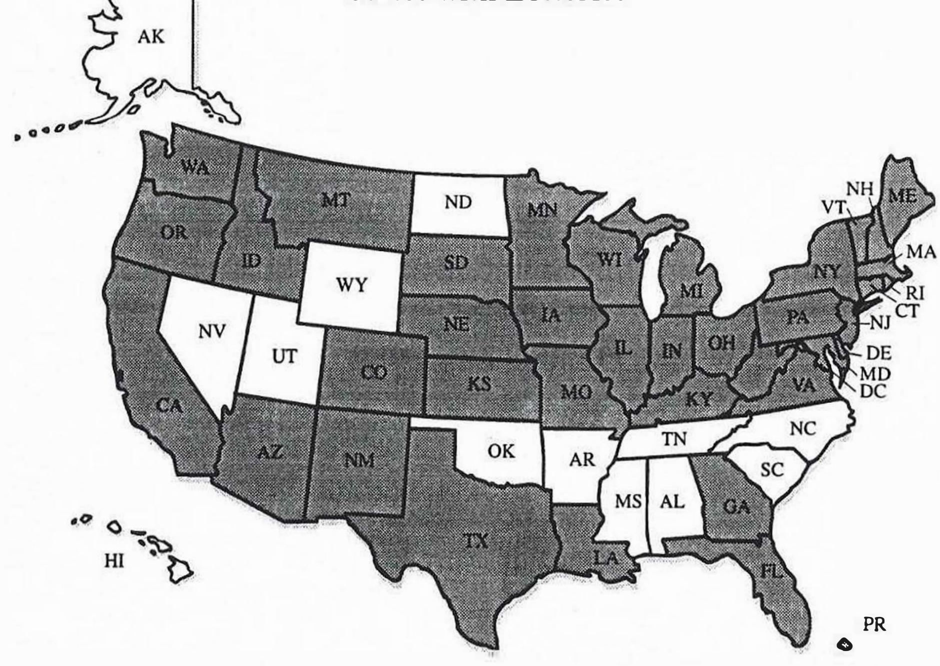

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Table 1. How State Lottery Profits Are Spent by States

State	Total Lottery Revenue for Fiscal Year 1999	Total Lottery Expenses (including prizes, agent commissions, and other expenses	Lottery Net Income for Fiscal Year 1999	Program or Budget Area Receiving Funds
	Dollar Amounts in Millions			
1) Arizona	$ 269.16	$ 188.46	$ 80.70	A minimum of 30% of all revenues must be directed toward the state's clean air fund, county assistance, economic development, general fund, heritage fund and mass transit.
2) California	2,516.60	1,617.25	899.35	Education
3) Colorado	370.48	285.98	84.50	Conservation trust fund, state parks, capital construction, Great Outdoors Colorado
4) Connecticut	872.82	597.58	275.24	General fund
5) Delaware	527.73	316.60	211.13	General fund
6) District of Columbia	209.51	145.19	64.31	General fund
7) Florida	2,112.97	1,307.19	805.78	Education
8) Georgia	1,957.97	1,309.88	648.10	Education
9) Idaho	91.01	69.56	21.45	Net revenue must be split equally between the public schools and the state permanent building fund.
10) Illinois	1,502.05	976.34	525.71	Public schools
11) Indiana	681.23	477.17	204.05	Education, license plate tax, police/firefighters' pensions, teachers' retirement, economic development
12) Iowa	184.79	139.29	45.51	General fund
13) Kansas	199.89	139.58	60.31	85% of revenue is directed toward economic development, while the remaining 15% is used for prisons.
14) Kentucky	567.39	423.05	144.34	Education, general fund
15) Louisiana	299.01	192.06	106.95	Lottery proceeds fund (appropriated annually)
16) Maine	147.02	107.40	39.62	General fund
17) Maryland	1,080.03	688.45	391.58	General fund, Maryland Stadium Authority
18) Massachusetts	3,381.62	2,572.52	809.09	Assistance for compulsive gamblers, cultural council, revenue sharing

Table 1, *continued*

State	Dollar Amounts in Millions: Total Lottery Revenue for Fiscal Year 1999	Total Lottery Expenses (including prizes, agent commissions, and other expenses	Lottery Net Income for Fiscal Year 1999	Program or Budget Area Receiving Funds
19) Michigan	1,729.28	1,213.95	515.32	Public schools
20) Minnesota	392.04	306.30	85.74	Environment and natural resources fund, general fund sales tax relief
21) Missouri	516.37	357.81	158.56	Education
22) Montana	30.33	23.15	7.18	General fund
23) Nebraska	73.33	55.15	18.19	Assistance for compulsive gamblers, education innovation, environmental trust fund, solid waste landfill closure assistance
24) New Hampshire	202.49	137.91	64.58	Education
25) New Jersey	1,683.33	1,028.49	654.84	Education, state institutions
26) New Mexico	89.65	70.04	19.61	Education
27) New York	3,702.12	2,288.80	1,413.33	Education
28) Ohio	2,110.77	1,483.28	627.50	At least 30% of all lottery revenues must be directed toward education.
29) Oregon	5,990.83	5,684.22	306.61	Economic development, job creation, public schools
30) Pennsylvania	1,676.62	1,008.39	668.22	Senior citizens programs
31) Rhode Island	742.08	608.68	133.41	General fund
32) South Dakota	556.75	457.99	98.78	General fund, capital construction fund
33) Texas	2,479.13	1,631.57	847.56	Education
34) Vermont	70.43	50.92	19.51	Education
35) Virginia	944.73	627.86	316.88	Education
36) Washington	451.79	360.43	91.36	General fund, Seattle Mariners baseball stadium, and stadium exhibition center
37) West Virginia	2,529.66	2,412.74	116.92	Education, senior citizens, tourism
38) Wisconsin	433.64	293.65	139.99	Property tax relief

States that direct lottery proceeds solely to general fund: 7
States that earmark at least some lottery proceeds for education: 20
States that earmark lottery funds for programs other than education: 11

Sources: La Fleur's 2000 World Almanac, TLF Publications, Inc., Boyds, Md., 2000, pp. 23, 237.

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