



## **Florida Lottery and Slot Machine Revenues for Education**

### **What is the history of the Florida Lottery?**

In 1986, voters amended Florida's Constitution to allow the State to operate lotteries and use the proceeds to enhance education in Florida.<sup>1</sup> On January 18, 1988, The Florida Public Education Lottery Act implemented the constitutional amendment in a manner that makes lottery games available to the people of the state and provides significant additional monies for education.<sup>2</sup> The intent of the Legislature is to use the net proceeds of the lottery games to support improvements in public education. The lottery proceeds are not to be used as a substitute for existing resources for public education.<sup>3</sup>

### **What is the history of slot machines in Florida?**

In 2004, voters amended Florida's Constitution to allow the operation of slot machines at eligible pari-mutuel facilities located in Miami-Dade County and Broward County, subject to voter approval in those counties.<sup>4</sup> The proceeds from the slot machine revenue tax rate of 35 percent are used to supplement public education.<sup>5</sup>

### **What is the Educational Enhancement Trust Fund?**

The Educational Enhancement Trust Fund was established to administer the proceeds from lottery sales and the slot machine tax revenues.<sup>6</sup>

### **How are lottery and slot machine revenues distributed?**

The Department of Lottery determines the percentages of the gross revenue from the sale of on-line and instant lottery tickets that is returned to the public in the form of prizes paid by the department or retailers. The percentages are variable and are established in a manner designed to maximize the amount of funds deposited in the Educational Enhancement Trust Fund.<sup>7</sup> A portion of gross revenues is used to pay the expenses of running the Lottery, including the cost of advertising, lottery operations, and payments to ticket vendors and lottery retailers. The

<sup>1</sup> Florida Department of State, Division of Elections, November 4, 1986, Official Results Constitutional Amendment, <https://doe.dos.state.fl.us/elections/resultsarchive/Index.asp?ElectionDate=11/4/1986&DATAMODE=> (last visited June 24, 2010); Florida Department of Lottery, Our History, <http://www.flalottery.com/inet/about-historyMain.do> (last visited June 24, 2010).

<sup>2</sup> Section 2, ch. 87-65 L.O.F.; Florida Department of Lottery, Our History, <http://www.flalottery.com/inet/about-historyMain.do> (last visited June 24, 2010).

<sup>3</sup> Section 24.102(2), F.S.

<sup>4</sup> Section 551.101, F.S.; Florida Department of State, Division of Elections, November 2, 2004, Official Results, Constitutional Amendment, <https://doe.dos.state.fl.us/elections/resultsarchive/Index.asp?ElectionDate=11/2/2004&DATAMODE=> (last visited June 24, 2010).

<sup>5</sup> Section 551.106(2)(a) and (c), F.S.

<sup>6</sup> Sections 24.121(2) and 551.106(2)b), F.S.

<sup>7</sup> Section 24.121(1) F.S.

remainder of the gross revenue and other earned revenue is deposited in the Educational Enhancement Trust Fund.<sup>8</sup>

Proceeds from the tax on slot machine revenues are deposited in the Educational Enhancement Trust Fund.<sup>9</sup> Other costs associated with regulating slot machine gaming are funded through license fees paid by slot machine facilities.<sup>10</sup>

**How much lottery prize money is unclaimed each year?**

The amount varies from year to year as indicated in the following chart.<sup>11</sup>

<b>Years</b>	<b>Online Games (in millions)</b>	<b>Instant Games (in millions)</b>	<b>Total</b>
2001-02	\$29.6	\$11.3	\$40.9
2002-03	\$31.2	\$11.8	\$43.0
2003-04	\$59.5	\$1.7	\$61.2
2004-05	\$37.9	\$18.8	\$56.7
2005-06	\$33.6	\$ 8.3	\$41.9
2006-07	\$26.3	\$12.4	\$38.7
2007-08	\$26.8	\$39.8	\$66.6
2008-09	\$29.4	\$17.4	\$46.8
2009-10	\$24.1	\$19.7	\$43.8

**What happens to unclaimed lottery prizes?**

Current law requires the transfer of 80 percent of unclaimed prize money to the Educational Enhancement Trust Fund. These funds may be used to match private contributions received under certain postsecondary matching grant programs. The remaining 20 percent of unclaimed prize money is added to the pool from which future prizes are to be awarded or used for special prize promotions.<sup>12</sup>

**What are specific dedicated uses of the Educational Enhancement Trust Fund?**

The first lottery revenues transferred to the Educational Enhancement Trust Fund in each fiscal year are secured for debt service payable on the bonds issued by the state for the construction, maintenance, or repair of schools under the Classrooms First Program (the 1997 School Capital

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<sup>8</sup> Section 24.121(2) and (3), F.S.

<sup>9</sup> Section 551.106(2)b), F.S.

<sup>10</sup> Section 551.106(1), F.S.

<sup>11</sup> Email, Department of Lottery (June 28, 2010).

<sup>12</sup> Section 24.115(2), F.S.

Outlay Bond Program) and the Classrooms for Kids Program (the 2003 Class Size Reduction Lottery Revenue Program).<sup>13</sup>

**Which programs are funded with Educational Enhancement Trust Fund revenue?**

The revenue remaining in the Educational Enhancement Trust Fund after providing for debt service obligations is appropriated to benefit public education, at the discretion of the Legislature.<sup>14</sup> The largest appropriation from the Educational Enhancement Trust Fund is for the Bright Futures Scholarship Program, which is a merit-based scholarship program designed to provide college scholarships to students who achieve certain academic levels in high school.<sup>15</sup> Another significant appropriation is the Florida School Recognition Program, which rewards individual public K-12 schools that sustain high performance or demonstrate exemplary improvement. Schools recognized by the program receive \$75 per student.<sup>16</sup> The class size reduction appropriation provides operating funds to school districts for the purpose of reducing class sizes.<sup>17</sup>

Below is a list of appropriations made by the 2010 Legislature from the Educational Enhancement Trust Fund<sup>18</sup>

<b>FY 2010-11 Educational Enhancement Trust Fund Appropriations</b>	
<b>Program</b>	<b>Appropriation</b>
<b>Fixed Capital Outlay</b>	
Classrooms First Debt Service	164,766,967
Class Size Reduction Debt Service	154,721,252
<b>Total</b>	<b>319,488,219</b>
<b>Student Financial Assistance</b>	
Florida Bright Futures Scholarship Program <sup>19</sup>	338,367,564
First Generation in College Matching Grants	6,574,195
Florida Student Assistance Grants	28,500,696
<b>Total</b>	<b>373,442,455</b>
<b>K-12 Public Schools</b>	

<sup>13</sup> Sections 24.121(2), 1013.68, 1013.70, 1013.735, and 1013.737, F.S.; specific appropriations 1 and 2, s. 1, ch. 2010-152, L.O.F.

<sup>14</sup> Section 24.121(2), F.S.

<sup>15</sup> Sections 1009.53-1009.538, F.S.; specific appropriation 3, s. 1, ch. 2010-152, L.O.F.; see Bright Futures Scholarship Program Fact Sheet.

<sup>16</sup> Section 1008.36, F.S.; specific appropriation 8, s. 1, ch. 2010-152, L.O.F.; see School Recognition Fact Sheet.

<sup>17</sup> Specific appropriation 7, s. 1, ch. 2010-152, L.O.F.; ss. 1003.03 and 1011.685, F.S.

<sup>18</sup> Specific appropriations 1-15, s. 1, ch. 2010-152, L.O.F.

<sup>19</sup> The total FY 2010-11 appropriation for the Bright Futures Scholarship Program is \$437,282,546 and includes \$73.9 million from federal stimulus funds and \$25 million from general revenue funds. General revenue funds are contingent upon Florida being eligible to receive federal funds, based on the state's Federal Medical Assistance Percentage (FMAP), in excess of the February 2010 official Social Services Estimating Conference estimate. See specific appropriation 64A, s. 2, ch. 2010-152, L.O.F., and s. 33, ch. 2010-155, L.O.F.

Class Size Reduction	103,776,356
District Discretionary Lottery and School Recognition	129,914,030
Florida Education Finance Program	9,036,490
<b>Total</b>	<b>242,726,876</b>
<b>District Workforce</b>	
Workforce Development Discretionary Lottery	<b>7,327,300</b>
<b>Florida College System</b>	
Florida College Discretionary Lottery	<b>126,959,158</b>
<b>State University System</b>	
State University Discretionary Lottery	203,274,204
IFAS Discretionary Lottery	12,533,877
USF Medical Center Discretionary Lottery	8,461,475
UF Health Center Discretionary Lottery	5,796,416
FSU Medical School Discretionary Lottery	605,115
<b>Total</b>	<b>230,671,087</b>
<b>Total Educational Enhancement Trust Fund Appropriations</b>	<b>1,300,615,095</b>

***What are acceptable uses of the Educational Enhancement Trust Fund?***

Public educational programs and purposes funded by the Educational Enhancement Trust Fund may include, but are not limited to: endowments, scholarships, matching funds, direct grants, research and economic development related to education, salary enhancement, contracts with independent institutions to conduct programs consistent with the state master plan for postsecondary education, and other educational programs or purposes deemed desirable by the Legislature.<sup>20</sup>

***How do appropriations from the Educational Enhancement Trust Fund compare to the total amount spent on education?***

For FY 2010-11, the Legislature appropriated \$1.3 billion from the Educational Enhancement Trust Fund.<sup>21</sup> However, total funding for education operations is \$29.3 billion (including state, federal, local effort, and student tuition/fees).<sup>22</sup> Therefore, the Educational Enhancement Trust Fund appropriations make up 4.4 percent of the total funding available for education.

<sup>20</sup> Section 24.121(5)(a), F.S.

<sup>21</sup> Section 1, ch. 2010-152, L.O.F.

<sup>22</sup> Sections 1 and 2, ch. 2010-152, L.O.F.

***Where can I get additional information?***

***Florida Department of Education***

Finance and Operations Office  
(850) 245-0406  
<http://www.fldoe.org/cefo/>

***Florida House of Representatives***

Education Committee  
(850) 488-7451  
<http://www.myfloridahouse.gov>

***Florida House of Representatives***

Appropriations Committee  
(850) 488-6204  
<http://www.myfloridahouse.gov>