

## What is the NC Education Lottery?

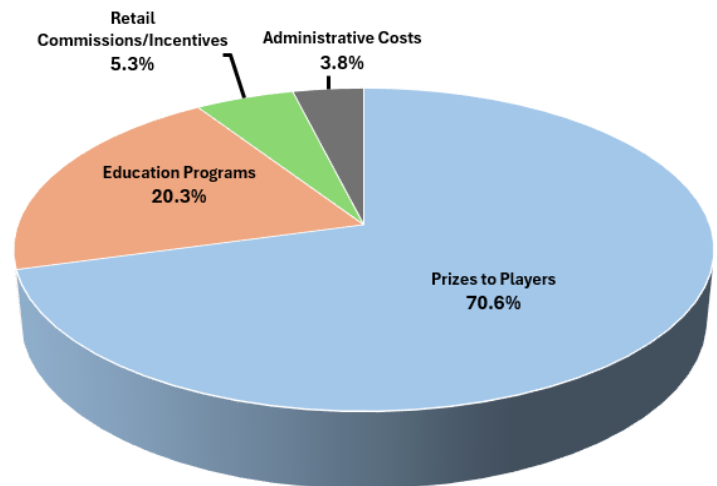
The North Carolina Education Lottery was created in 2005 when Governor Mike Easley signed the North Carolina State Lottery Act and the 2005 Appropriations Act into law. **Originally, 35 percent of lottery proceeds were required to go to education. However, in 2007, the legislature changed this requirement** to a guideline, removing legislation that safeguarded lottery funds for strictly educational purposes. As a result, the percentage of lottery revenue allocated to education spending has decreased in recent years. In 2023, the percentage of lottery revenue allocated for education spending dropped to [23 percent](#). This percentage further declined in 2024 to [20.3 percent](#).

In fiscal year 2023-24, the North Carolina Lottery generated \$5.38 billion in sales, an increase of 24 percent over the previous year. Education programs in North Carolina received [\\$1.09 billion](#).

## How is Lottery Revenue Spent?

Most of the money spent comes back to the state in the form of prizes, retail commissions, and earnings for education. In the 2023-24 fiscal year, the [lottery distribution](#) revenue was allocated to four areas:

- **Prizes to Players** 70.6% (\$3.8 billion)
- **Education Programs** 20.3% (\$1.09 billion)
- **Retailer Commissions** 5.3% (\$290 million)
- **Administrative Costs** 3.8% (\$200 million)



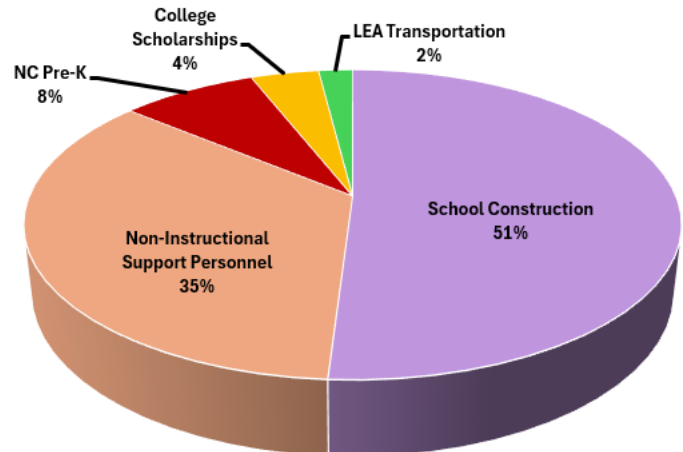
## How is Education Funding Spent?

Lottery funds for education are allocated to five main areas: school construction, non-instructional support personnel, NC Pre-K, college scholarships, and LEA transportation. School systems do not determine where this funding goes - instead, state legislators control the breakdown and implementation of lottery dollars. In the fiscal year 2023-24 the education programs receiving lottery dollars [were allocated](#) as follows:

- **School Construction:** 51% (\$561.3 million)
  - Needs-Based Public School Capital Fund (\$254.3 million) which supports low-wealth counties in constructing new schools.
  - Additional \$157 million to the Needs-Based Public School Capital Fund after the end of the fiscal year because the lottery's earnings for education exceeded the budgeted projections for 2023-24.
  - Public School Building Capital Fund (\$100 million) to provide financial support for local school districts to build and repair schools.
  - Public School Repair and Renovation Fund (\$50 million) which provided \$500,000 grants to each NC county for school repairs and classroom expansions.
- **Non-Instructional Support Personnel:** 35% (\$385.9 million)
  - Support the operations of public and charter schools, including the costs of support staff such as office assistants, custodians and substitute teachers.

# The Facts on the NC Education Lottery

- **NC Pre-K: 8%** (\$78.2 million)
  - NC Pre-K program—a statewide pre-k program—to fund seats for at-risk four-year-olds.
- **College Scholarships: 4%** (\$41.2 million)
  - Scholarship Reserve Fund for public colleges and universities.
- **LEA Transportation: 2%** (\$21.4 million)
  - Support school transportation for each of the state’s school systems.



## Does the Lottery Increase Education Funding?

Education programs have received more than \$11 billion in lottery funds since 2006, but it is unclear whether this represents an increase in education funding. **Originally, the lottery legislation included a statement that revenues from the lottery should serve as a supplement to existing state funding, rather than a substitute.** However, this passage was removed just before voting, creating the possibility for legislators to use lottery revenues as a replacement for state funding.

Critics of the lottery argue that lottery funding has in fact replaced state funding rather than supplementing it. It is difficult to know whether the lottery has increased education funding because we do not know what would have happened with education funding if the lottery did not exist. The effect on education funding of the recession in 2008 and COVID pandemic makes it especially hard to gauge the impact of the lottery.

Unfortunately, North Carolinians often look to the lottery to solve funding needs. Even if the lottery gave the originally required 35% of its revenue to schools (which would total \$1.88 billion for FY 2023-24), it would only cover about 16 % of the state’s total budget for K-12 public schools. Lottery funds do not always go to the highest need areas because state legislators control allocations. Many areas of need in NC’s education system at present are poorly funded or not funded at all. More investment is needed to raise NC schools to funding levels they need to support all children in receiving an equitable and effective public education.

## References and Additional Resources

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