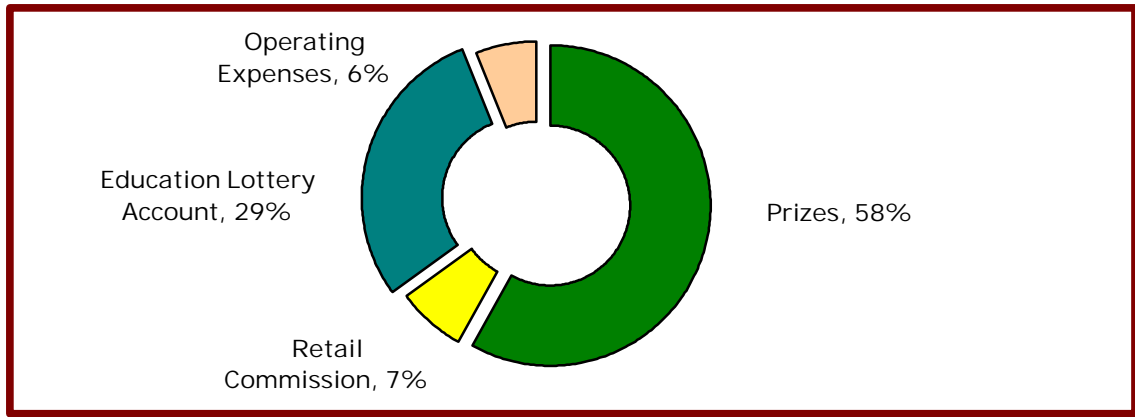


**The South Carolina Lottery's Funding Support  
Of County and School District Educational Needs**

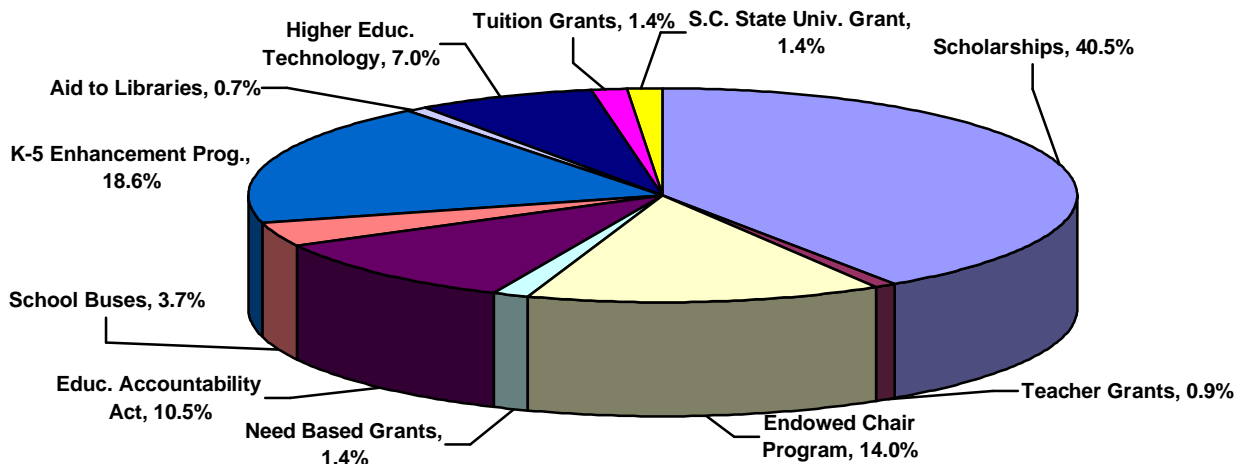
The citizens of South Carolina voted in favor of a State Lottery in 2000 and lottery operations began in the State on January 6, 2002. After two years, the South Carolina Lottery has registered total sales of over \$1.5 billion and as of March 13, 2004 transferred more than \$502 million to the funding of State education.

Every lottery dollar is apportioned as shown in the following chart.



Source: S.C. Lottery Commission

For the purpose of this paper, the important aspect of this lottery dollar apportionment is the 29 cents of each lottery dollar dedicated to the Education Lottery Account. Based on the South Carolina Lottery Commission's 2004 Appropriations, the Education Lottery Account is divided as follows:



Source: S.C. Lottery Commission

# Santee-Lynches Economic Series Revised November 2, 2004

As can be seen from the above chart, the Education Lottery Account is distributed among many aspects of the State's education system. Since this study is concerned with the lottery dollars that are returned to the counties or residents of the counties for education purposes, those Account appropriations that do not go directly back to South Carolina Counties for education needs will not be considered. The non-considered appropriations are:

The Endowed Chair Program  
Higher Education Technology

S.C. State University Grant  
Aid to Libraries

These four categories of appropriations make up approximately seven percent (7%) of the twenty-nine percent (29%) allocated to the Education Lottery Account. This leaves 22 cents of every lottery dollar earmarked for the education needs of the individual counties and their residents. This is the money we will study in this paper.

The bulk of these dollars are dedicated to scholarships and grants for county residents attending institutions of higher learning. This portion of the Education Lottery Account (Scholarships, Needs Based Grants and Tuition Grants) accounts for over fifty-five (55%) or 12 cents of the 22 cents out of a lottery dollar that is returned to the counties for education purposes.

## South Carolina Scholarships & Tuition Assistance

<u>Scholarship Type</u>	<u>Eligibility Requirements</u>	<u>Scholarship Amount</u>
Palmetto Fellows Scholarship	At Least 1200 SAT score/27 ACT score. 3.5 GPA & top 5% of Sophomore or Junior class in high school.	\$6,700
LIFE Scholarship	Must meet two of the following: a 3.0 GPA, top 30% of graduating class, & an 1100SAT/24 ACT score.	\$4,700 + \$300 for Books
HOPE Scholarship	Incoming freshman, never having been enrolled in college courses with at least a 3.0 GPA out of High School	\$2,650
National Guard Student Loan Repayment Program	Must maintain satisfactory performance in National Guard & have an occupational specialty critical to the S.C. National Guard.	\$4,500
State Need-Based Grant	Enrolled for a minimum of 6 credit hours as a degree seeking student.	\$2,500 - Full Time \$1,250 - Part Time
Tech & Two-Year Tuition Assistance	Enrolled for a minimum of 6 credit hours as a degree seeking student & not eligible for LIFE scholarship.	\$876 per semester-Full Time \$73 per credit hour-Part Time

The remaining 10 cents of every lottery dollar goes to county school districts for the K-5 Enhancement Program, School Buses and the Education Accountability Act initiatives.

The following Table identifies the total lottery dollars collected in each South Carolina County, the amount of money received by each county for education

# Santee-Lynches Economic Series Revised November 2, 2004

needs, and the differential between 22% of the money collected by county and the amount of educational aid provided to the county.

County Rank- Total Lottery Sales	Total Sales Jan 2002- Feb 2004	29% of Sales for Education (Col D + E)	Distribution of 29% 7% to Higher Education	22% to County Education Needs	Total Education Dollars Received by County	Education \$ Below or Above 22% Baseline (Col F – E)
A	B	C	D	E	F	G
York	\$135,435,190	\$39,276,205	\$9,480,463	\$29,795,742	\$15,652,506	-\$14,143,236
Horry	\$121,297,406	\$35,176,248	\$8,490,819	\$26,685,429	\$14,067,049	-\$12,618,380
Charleston	\$119,320,680	\$34,602,997	\$8,352,448	\$26,250,549	\$27,470,147	\$1,219,598
Richland	\$112,989,789	\$32,767,039	\$7,909,285	\$24,857,754	\$25,777,573	\$919,819
Greenville	\$108,810,014	\$31,554,904	\$7,616,701	\$23,938,203	\$34,134,396	\$10,196,193
Spartanburg	\$94,625,015	\$27,441,254	\$6,623,751	\$20,817,503	\$23,091,261	\$2,273,758
Lexington	\$71,632,590	\$20,773,451	\$5,014,281	\$15,759,170	\$24,852,811	\$9,093,641
Florence	\$64,609,674	\$18,736,805	\$4,522,677	\$14,214,128	\$13,132,616	-\$1,081,512
Orangeburg	\$57,403,908	\$16,647,133	\$4,018,274	\$12,628,859	\$8,065,394	-\$4,563,465
Sumter	\$52,378,638	\$15,189,805	\$3,666,505	\$11,523,300	\$9,475,755	-\$2,047,545
Anderson	\$49,676,051	\$14,406,055	\$3,477,324	\$10,928,731	\$13,493,954	\$2,565,223
Berkley	\$47,345,660	\$13,730,241	\$3,314,196	\$10,416,045	\$11,473,206	\$1,057,161
Aiken	\$44,387,415	\$12,872,350	\$3,107,119	\$9,765,231	\$14,164,935	\$4,339,704
Cherokee	\$39,091,747	\$11,336,607	\$2,736,423	\$8,600,184	\$3,993,336	-\$4,606,848
Beaufort	\$36,035,285	\$10,450,233	\$2,522,470	\$7,927,763	\$7,870,201	-\$57,562
Darlington	\$33,583,557	\$9,739,232	\$2,350,849	\$7,388,383	\$6,339,384	-\$1,048,999
Marlboro	\$33,092,954	\$9,596,957	\$2,316,507	\$7,280,450	\$2,522,153	-\$4,758,297
Dillon	\$31,612,032	\$9,167,489	\$2,212,842	\$6,954,647	\$3,439,899	-\$3,514,748
Lancaster	\$30,432,880	\$8,825,535	\$2,130,302	\$6,695,233	\$5,177,305	-\$1,517,928
Dorchester	\$27,151,723	\$7,873,000	\$1,900,621	\$5,973,379	\$12,400,510	\$6,427,131
Georgetown	\$25,980,528	\$7,534,353	\$1,818,637	\$5,715,716	\$4,976,845	-\$738,871
Chesterfield	\$25,926,255	\$7,518,614	\$1,814,838	\$5,703,776	\$3,800,774	-\$1,903,002
Pickens	\$23,183,189	\$6,723,125	\$1,622,823	\$5,100,302	\$9,227,333	\$4,127,031
Kershaw	\$21,446,048	\$6,219,354	\$1,501,223	\$4,718,131	\$4,905,179	\$187,048
Laurens	\$20,430,441	\$5,924,828	\$1,430,131	\$4,494,697	\$4,850,139	\$355,442
Marion	\$19,447,068	\$5,639,650	\$1,361,295	\$4,278,355	\$2,965,154	-\$1,313,201
Clarendon	\$19,254,934	\$5,583,931	\$1,347,845	\$4,236,086	\$3,262,178	-\$973,908
Greenwood	\$18,020,040	\$5,225,812	\$1,261,403	\$3,964,409	\$6,391,915	\$2,427,506
Colleton	\$17,320,731	\$5,023,012	\$1,212,451	\$3,810,561	\$3,562,414	-\$248,147
Oconee	\$16,722,635	\$4,849,564	\$1,170,584	\$3,678,980	\$5,619,081	\$1,940,101
Chester	\$14,852,606	\$4,307,256	\$1,039,682	\$3,267,574	\$2,564,081	-\$703,493
Williamsburg	\$14,832,806	\$4,301,514	\$1,039,297	\$3,262,217	\$3,050,208	-\$212,009
Jasper	\$14,220,952	\$4,124,076	\$995,467	\$3,128,609	\$1,425,791	-\$1,702,818
Newberry	\$13,880,144	\$4,025,242	\$971,610	\$3,053,632	\$3,461,811	\$408,179
Fairfield	\$12,067,672	\$3,499,625	\$844,737	\$2,654,888	\$2,767,505	\$112,617
Barnwell	\$11,985,155	\$3,475,695	\$838,961	\$2,636,734	\$2,985,046	\$348,312
Hampton	\$10,181,422	\$2,952,612	\$712,700	\$2,239,912	\$2,111,339	-\$128,573
Union	\$10,159,564	\$2,946,274	\$711,169	\$2,235,105	\$2,434,587	\$199,482
Lee	\$9,338,316	\$2,708,112	\$653,682	\$2,054,430	\$1,542,954	-\$511,476
Bamberg	\$9,315,877	\$2,701,604	\$652,111	\$2,049,493	\$2,218,145	\$168,652
Edgefield	\$6,784,864	\$1,967,611	\$474,940	\$1,492,671	\$2,336,811	\$844,140
Abbeville	\$6,271,098	\$1,818,618	\$438,977	\$1,379,641	\$2,306,818	\$927,177
Calhoun	\$5,802,896	\$1,682,840	\$406,203	\$1,276,637	\$1,675,436	\$398,799
Saluda	\$4,560,086	\$1,322,425	\$319,206	\$1,003,219	\$1,589,949	\$586,730
Allendale	\$4,374,383	\$1,268,571	\$306,068	\$962,503	\$1,657,846	\$695,343
McCormick	\$2,371,790	\$687,819	\$166,025	\$521,794	\$727,571	\$205,777

Source: S.C. Lottery Commission

Many of the more industrialized and affluent South Carolina counties receive a greater percentage of each lottery dollar than their more rural and less developed counterparts. The South Carolina counties that border on North Carolina, a State without its own Lottery, receive back less than the baseline 22% of lottery dollars for their education purposes. This is to be expected

# Santee-Lynches Economic Series Revised November 2, 2004

since much of the money spent in these Counties consists of cross-border sales from residents of North Carolina. South Carolina Counties bordering on Georgia, a State with a Lottery, are not affected in the same way.

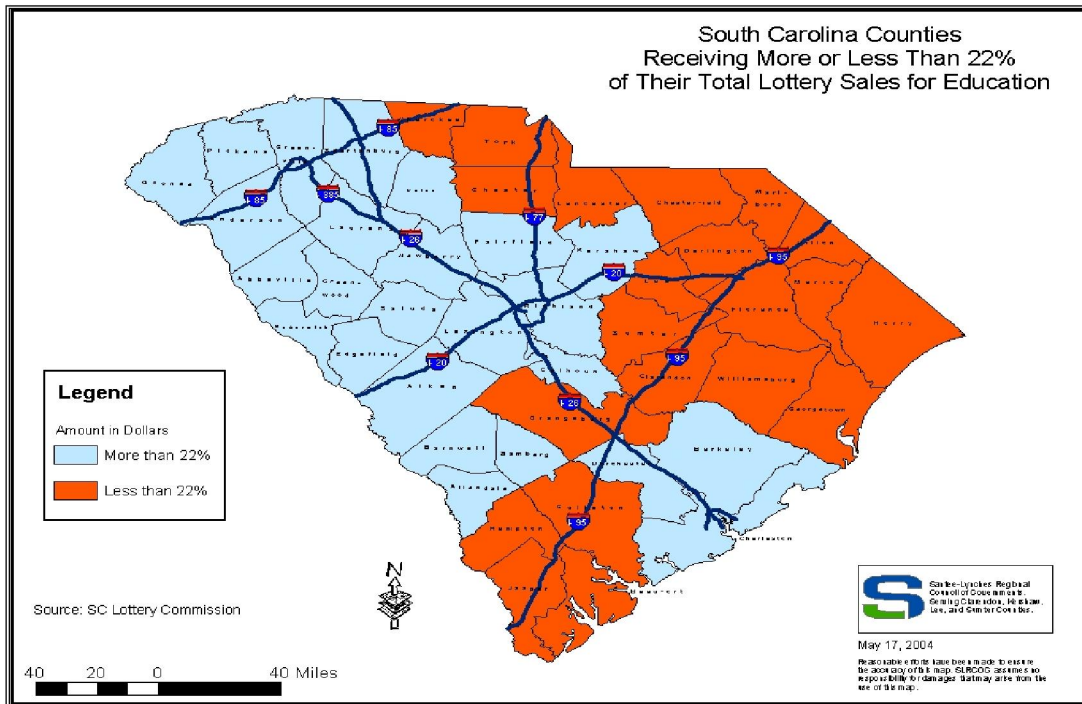
A comparison of the top and bottom ten counties highlights this disparity.

Top Ten Counties		Bottom Ten Counties	
County	Difference between 22% of Lottery Sales & Dollars Received for Education	County	Difference between 22% of Lottery Sales & Dollars Received for Education
Greenville	\$10,196,193	York*	- \$14,143,236
Lexington	\$9,093,641	Horry*	- \$12,618,380
Dorchester	\$6,427,131	Marlboro*	- \$4,758,297
Aiken	\$4,339,704	Cherokee*	- \$4,606,848
Pickens	\$4,127,031	Orangeburg	- \$4,563,465
Anderson	\$2,565,223	Dillon*	- \$3,514,748
Greenwood	\$2,427,506	Sumter	- \$2,047,545
Spartanburg	\$2,273,758	Chesterfield*	- \$1,903,002
Oconee	\$1,940,101	Jasper	- \$1,702,818
Charleston	\$1,219,598	Lancaster*	- \$1,517,928

Source: S.C. Lottery Commission

\*S.C. Counties that border on North Carolina

Even if we discount the cross-border lottery sales for counties abutting North Carolina, the bulk of South Carolina Counties receiving less than 22 cents of every lottery dollar for education are in the Pee Dee, Santee-Lynches and Low Country Regions of South Carolina.



# Santee-Lynches Economic Series Revised November 2, 2004

Another way of determining the lottery dollars for education disparity among South Carolina Counties is to see what percent of the lottery dollars spent in the County comes back to the County for education.

The following comparison will not consider Counties that border on North Carolina, because of cross-border lottery buyers. The Counties selected show some of the greatest disparities in the State.

The baseline is 22 cents of every lottery dollar goes to County education			
County	Total Lottery Sales	Total Education Dollars Received	Return on Each Lottery Dollar Spent
Dorchester	\$27,151,723	\$12,400,510	45.5 Cents
Pickens	\$23,183,189	\$9,227,333	40.0 Cents
Greenwood	\$18,020,040	\$6,391,915	35.5 Cents
Lexington	\$71,632,590	\$24,852,811	35.0 Cents
Aiken	\$44,387,415	\$14,164,935	32.0 Cents
Jasper	\$14,220,952	\$1,425,791	10.0 Cents
Orangeburg	\$57,403,908	\$8,065,394	14.0 Cents
Lee	\$9,338,316	\$1,542,954	16.5 Cents
Clarendon	\$19,254,934	\$3,262,178	17.0 Cents
Sumter	\$52,378,638	\$9,475,755	18.0 Cents

Source: SC Lottery Commission

As stated earlier in this paper, the major factor in determining returned education dollars to a County is the number of scholarships earned or grants awarded to the County's residents. Counties with high dropout rates, low average scores on the SAT and ACT, and high numbers of students not passing the Exit Exams are at a distinct competitive disadvantage for a large percentage of these educational funds. In many instances these type counties are those that are the most rural, have a high percentage of minorities and have a large number of youth and adults living at or below the poverty level.

Two other educational areas receiving funding from the South Carolina Lottery are the K-5 Enhancement Program and School Buses. For both these programs the lottery funds are basically distributed based on county population. There are some anomalies in this population-driven distribution, but for the purposes of this paper we can classify them as relatively minor. There is one major difference in the School Bus Program as compared to the K-5 Enhancement Program. While the K-5 Enhancement Program is spread throughout all forty-six (46) counties of the State, six South Carolina Counties did not receive any funds for school buses from the Lottery Education Account over the last two years. These Counties are: Allendale, Bamberg, Jasper, Marion, McCormick, and Saluda.

The final area of the Lottery Education Account to be discussed is the funding earmarked for the South Carolina Education Accountability Act of 1998 (EAA). The EAA legislation is intended to aid those School Districts that are identified

## Santee-Lynches Economic Series Revised November 2, 2004

as impaired. This assistance is provided through special programs designed to improve school leadership, teaching and student learning. Over ten percent (10%) of the Education Lottery Account is allocated to supplement the State funding to accomplish the goals of the EAA. Those programs partially funded by the Lottery are:

Teacher Specialists On-Site: Teachers with a history of exemplary student academic achievement are partnered with classroom teachers to provide support and training and to serve as a resource needed to help teachers improve instructional skills. The Teacher Specialists are contracted for 200 days each academic school year, for a period up to three years.

Principal Specialists On-Site: Similar to the Teacher Specialist Program, but dedicated to improving the skills of school administrators.

Homework Centers: The State Board of Education is required to fund homework centers in school districts designated as Unsatisfactory or below Average on the South Carolina Education Report Card. The centers purpose is to increase academic performance by helping students understand and complete their homework assignments.

Retraining Grants: School Districts are given grants to provide training to teachers in schools that receive an Unsatisfactory or Below Average Absolute Report Card rating. The School District can use the money as it sees fit to achieve a better, more qualified teaching force.

Palmetto Gold & Silver Awards Program: These award programs are designed to recognize and reward schools that attain high levels of absolute performance and schools that attain high rates of improvement. These are cash awards to be used by the selected schools in any manner that will continue to improve their student's achievements.

The varying sizes of South Carolina School Districts play some role in the amount of money provided under these programs. Some School Districts have as little as three schools total, while others have over seventy-five individual schools. There are other factors, such as how many years a District or school has remained in impaired status and the input of the District Administration for accepting and using these programs.

The following Table shows those School Districts that received an Unsatisfactory or Below Average Absolute Rating on the 2003 South Carolina Department of Education Report Card. The dollar values for each program are for that total Lottery dollars expended since 2002 and should not be looked upon as the sole result of their Absolute Report Card rating for the 2002-2003 school year.

# Santee-Lynches Economic Series Revised November 2, 2004

District	Teacher Specialist	Principal Specialist	Homework Centers	Retraining Grants	Palmetto Gold/Silver	Total
<b>School Districts Receiving Absolute Rating of Unsatisfactory - 2003</b>						
Allendale	\$532,949	\$242,225	\$5,333	\$99,220	\$1,126	\$880,853
Jasper	\$269,315	\$231,917	\$12,058	\$120,450	1,696	\$635,436
Bamberg 2	\$268,713	\$240,079	\$7,647	\$70,675	\$1,000	\$579,314
Calhoun	\$347,031	\$0	\$5,936	\$58,520	\$2,448	\$413,935
Orangeburg 3	\$220,264	\$0	\$25,711	\$0	\$0	\$245,975
Dorchester 4	\$165,292	\$0	\$16,766	51,700	\$0	4233,758
Hampton 2	\$97,812	\$52,526	\$9,689	\$70,675	\$0	\$230,702
Lee	\$96,170	\$0	\$6,894	\$67,100	\$2,931	\$173,095
<b>School Districts Receiving an Absolute Rating of Below Average - 2003</b>						
Fairfield	\$267,497	\$0	\$27,568	\$157,355	\$8,142	\$460,562
Dillon 2	\$339,201	\$0	\$13,535	\$94,875	\$1,683	\$449,294
Florence 3	\$264,043	\$0	\$20,421	\$107,250	\$2,953	\$399,667
Marlboro	\$76,754	\$0	\$31,670	\$176,275	\$4,587	\$289,286
Marion 7	\$79,635	\$127,777	\$9,333	\$50,765	\$2,500	\$270,010
Chester	\$0	\$0	\$41,068	\$107,525	\$6,911	\$155,504
Florence 4	\$83,030	\$0	\$12,530	\$56,320	\$0	\$151,880
Clarendon 1	\$0	\$0	\$6,156	\$40,975	\$1,500	\$48,631
Marion 2	\$0	\$0	\$10,822	\$30,800	\$0	\$41,622
McCormick	\$0	\$0	\$0	\$34,650	\$1,500	\$36,150
Dillon 1	\$0	\$0	\$8,738	\$22,935	\$0	\$31,673

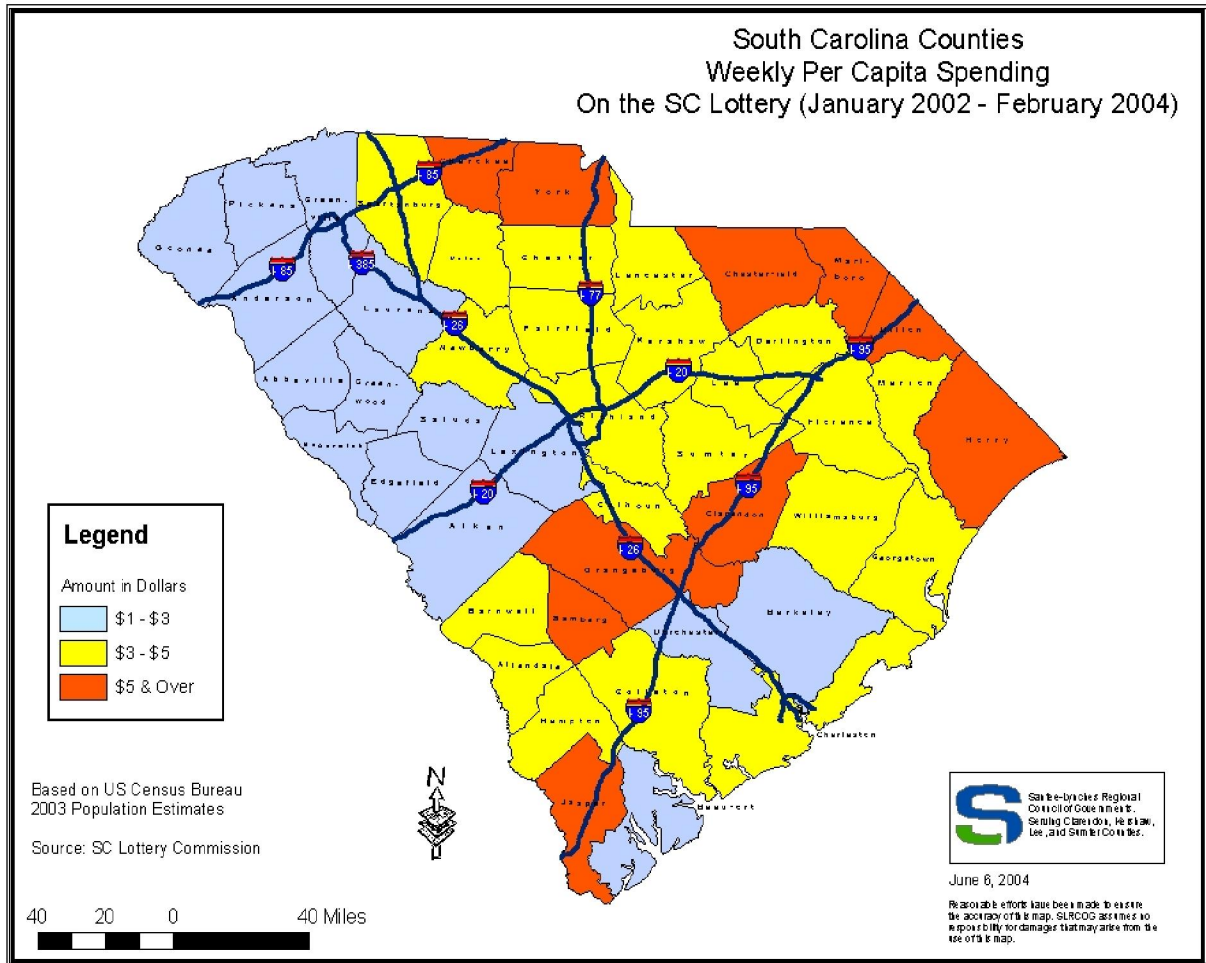
Source: S.C. Lottery Commission

While many of the rural School Districts received large amounts of lottery money for Education Accountability Act programs, one of the largest School Districts in the State (Charleston) received the most lottery dollars for EAA projects (over two million dollars). The second highest number of lottery dollars (over one million dollars) dedicated to EAA programs went to a medium sized School District (Dorchester 2).

A final aspect of the South Carolina Lottery we will examine is the Per Capita Spending (PCS) for each County on the Lottery. Per Capita Spending is the total amount of money spent in a County on the Lottery, divided by the total resident population. Therefore, Per Capita Spending refers to each individual regardless of age or participation in the lottery. Since the time period covered stretches from January 2002 though Feb 2004, we used each County's 2003 population estimate as determined by the U. S. Census Bureau to make the PCS as accurate as possible.

The Counties that border on North Carolina have a much higher Per Capita Spending than most of the other South Carolina Counties due to the number of lottery players from across the State border. While there are some tourist dollars spent in each County, the bulk of lottery buyers are local for all Counties except those abutting North Carolina.

As can be seen from the following map there is quite a disparity in Lottery PCS between much of the Upstate and the Midlands, Pee Dee and Low Country Regions. The resident population of the more rural and disadvantaged counties spend more money per person than in the more affluent and industrialized counties of the South Carolina Upstate.



Source: S.C. Lottery Commission

**Conclusion:** The Lottery Commission collects the money for the Education Lottery Account, but is not responsible for the money's distribution. The money is placed in a special fund and is periodically provided for scholarships and also made available to the South Carolina Department of Education to supplement K-5 Enhancement and EAA spending, as well as fund other education-related programs authorized by the Legislature on an annual basis.

The South Carolina Lottery provides needed funds, especially for post-secondary scholarships, to the State education system. While every County and School District receives these funds, there is often a disparity between the percentage of lottery funds provided to some of the needier School Districts/Counties and the more affluent Districts/Counties. While many of the more developed Counties' per capita spending on the lottery is less than three dollars (\$3.00) weekly, the per capita lottery spending of counties with a high percentage of poverty and minorities is often four, five, or more dollars a week.