

PR

Lottery - In General

Bottom line, it has "flattened" (but not "flat-lined" - performing well relative to other states (and consistently outperforming BEA estimates) given its mature status and the fact we now have competing lotteries on 2 borders.))

Transfers in FY05-06:	\$325 Million	(peak year)
Transfers in FY08-09:	\$263 Million	(a \$62M drop from FY06)
Transfers in FY10-11:	\$255 Million	(\$8M less than FY09 - same as CY)

Lottery - Appropriation Trends and Scholarship Requirements

LIFE and Palmetto Fellows, while created before the lottery, are sometimes perceived as "lottery" programs, as other grant programs have been, when funded in full, or in part, by the lottery - the numbers below bear this out. However, note the "shift" to the Gen. Fund.

FY05-06:	Lottery:	\$186.6 Million	(72%)
	General Fund:	<u>\$71.0 Million</u>	(28%)
	Total:	\$257.6 Million*	
FY08-09:	Lottery:	\$190.0 Million	(62%)
	General Fund:	<u>\$117.0 Million</u>	(38%)
	Total:	\$307.0 Million*	

*These figures include ALL scholarships and grants, not just LIFE and PFs

Nowhere has this "shift" from the Lottery to the General Fund (GF) been more apparent than with the LIFE scholarship. Since FY05-06, we've "shifted" **\$43 M** in funding for LIFE from the Lottery to the GF. The reason is three-fold. 1) Declining/flattening lottery revenues, 2) it's an open-ended program, and 3) *other programs funded by the lottery were not reduced/cut.* * *Note: This has begun to change, as Endowed Chairs, historically funded at \$30M, has not been directly funded the past 2 FYs, and direct "Technology" money for non-research and technical colleges, historically funded at \$12M, was reduced by \$5.5M for the current year (FY10) .*

Lottery - Scholarships and what appropriations will be needed for FY10-11

Based on the latest OSB Estimates*, LIFE, and Palmetto Fellows (excl. HOPE) will need a combined additional appropriation of **\$12 Million** next year, not including annualizations - that brings total appropriations for those 2 programs to **\$216 M** (lottery and general fund combined). Assuming we funded that increase in the lottery and did not adjust other lottery programs, here's the bottom line of what we are facing next year:

Current Lottery Appropriations:		\$255.0Million	(FY09-10)
Endowed Chairs Statutory Mandate:	+	\$ 30.0 Million	(SC 2-75-30)
Scholarship (annualize surplus):	+	\$ 5.8 Million	
Scholarship Growth (demand):	+	\$ 12.0 Million	(*Est. for FY11)
Restoration of Technology Funds:	+	\$ 5.5 Million	("Excess U.P". in FY10)
Unobligated FY08-09 Carry forward:	-	<u>\$ 2.1 Million</u>	(*Est. for FY11)
Total Funding Required:	=	\$306.2 Million	
Vs.			
Lottery Revenue to Appropriate:		\$255.0 Million	(Est. for FY11)

Resulting Lottery Shortfall/Deficit for FY10-11: \$51.2 Million

Clarke 10/21/09