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Schools' slices of lottery pie small, getting smaller

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Since its inception in 2005, the Oklahoma Education Lottery has generated about \$1.2 billion in sales, or about \$198.3 million per year on average.

But the degree to which the lottery has benefited education depends on who you ask.

This much is true: By the end of June, an estimated \$482.5 million is expected to have been transferred to the education lottery trust fund, according to Rollo Redburn, interim executive director for the Oklahoma Lottery Commission.

"We are looking forward to the half-billion mark sometime this coming fall," Redburn said. Despite the pending celebration, some schools are still skeptical of the lottery's impact.

At one Osage County school district, the lottery has not meant a whole lot in terms of additional funding.

"We do not get a lot of monies from any place, whether it's the lottery, or the state or federal monies or ad valorem tax money," said Richard Harris, superintendent of Avant Schools in Osage County.

Still, Redburn points to a long list of items funded from the lottery.

CareerTech has used it to fund scholarships and school equipment, Redburn said.

Higher education officials have used lottery funding to pay debt service on a bond issue that paid for construction projects all around the state, Redburn said.

One year, lottery funds were used to pay for a salary increase for common education support employees, Redburn said.

But not all agree the lottery has achieved all that was advertised for common education when voters approved it.

With more than 500 school districts vying for their cut of the funds and only 35 percent of gross proceeds going to education, the lottery pie gets sliced hundreds of different times before an individual school district sees its portion.

The result: The amount in lottery funds sent to individual school districts has been relatively small.

In fiscal 2011, the median amount received by individual school districts was \$19,093, meaning half received more and half received less than that amount.

For Tulsa Public Schools, the state's largest school district, the lottery meant an extra \$1.8 million in revenues for the district in fiscal 2011, using calculations from the state Education Department. Other area school districts received payouts ranging from \$658,000 in Broken Arrow to \$193,000 in Bixby.

The figures were generated by the state Department of Education for the state legislature by calculating school funding if designated lottery proceeds totaling \$27,698,730 were not included with general fund revenues authorized for schools in fiscal 2011.

But other school districts have received much less from the lottery.

Tiny Byars Schools in McClain County, received just \$2,783, according the report. Pretty Water Schools, in Creek County, received about \$12,000 for the year.

For Tulsa Public Schools the \$1.8 million to \$2 million the lottery has generated for the district each year has been a "bit of a disappointment," said Joe Stoeppelwerth, TPS treasurer.

"This amount is about half of what was projected when the lottery passed," Stoeppelwerth said. "In times like these, when every dollar counts, I look at the number and know that the lottery is allowing us to pay 44-48 teacher salaries."

For Harris' Avant Schools, the lottery meant about \$4,188 in additional funding from the state in 2011, according to a state Department of Education report.

For the district of about 80 students, that equated to about \$50 for each student.

Harris, in his fourth year as superintendent, is skeptical of the notion that the lottery actually is adding to the funding he receives from the state.

"My experience is if they are putting lottery money in they are taking something out of the other pocket," Harris said.

State aid funding has gone down every year in the four years he has been at Avant Schools, Harris said. "My first year out here we were getting \$324,000. This year, our state aid payment is like \$141,000."

Much of the decline, he conceded, was due to declining student enrollment.

Redburn said he has heard the criticisms about money helping education.

He doesn't engage in the debate other than to say: "The state Board of Equalization has to go each year and determine whether or not it's been supplanted and they have said 'no.' "

The state Constitution and state law requires the Board of Equalization to determine whether the lottery has supplanted or enhanced education funding.

In a long statement filled with government jargon, the board said in February 2011 that the lottery funds

did not supplant funding for education. The board cited as evidence the impact of competing forces: the economic downturn and an infusion of cash from the federal stimulus and Rainy Day funds.

Redburn said forecasts call for the amount the lottery generates for education to continue to decline.

The problem is a restriction that requires profits, the percentage set aside for education, to be a minimum of 35 percent of total revenues, Redburn said.

The profit requirement limits how much money can be put into prizes, which in turn limits sales, and in turn, limits total profits, Redburn said. Lifting the restriction will help increase education funding.

"Although it may be a smaller percentage of total sales, it will be more real dollars to education," Redburn said.

Oklahoma is one of a handful of states that has a profit requirement, Redburn said.

"We just simply are telling them, if the restrictions are going to stay in place, it's probably going to keep declining," Redburn said, referring to the amount sent to education.

So far, a move to lift the 35 percent profit requirement has not garnered much support among legislators.

Lottery funding

Here are figures showing what selected area school districts received from the lottery in fiscal year 2011:

Tulsa	\$1.8 million
Broken Arrow	\$658,698
Union	\$618,601
Jenks	\$402,381
Owasso	\$342,476
Sand Springs	\$219,096
Bixby	\$193,001

Source: State Department of Education

Where the money goes

State law dictates how lottery funds are distributed. At least 45 percent of lottery revenues are to be paid back in the form of prizes. After administrative and miscellaneous costs are taken out, here's how the remainder is divided for education needs:

- * At least 35 percent of revenues from gross proceeds from sales are to be transferred to a lottery fund dedicated to education funding.
- * Of the 35 percent dedicated to education and sent to the lottery fund, 45 percent is earmarked for education funding in public school districts, including compensation for teachers and support employees.
- * Another 45 percent of the education money is earmarked for a variety of educational services, including tuition grants, loans and scholarships for higher education and career tech programs, endowed chairs at universities and capital projects.
- * The remaining 10 percent of the education funds are split evenly between a fund for school consolidation and the teachers' retirement system.