



California State Lottery. Allocation for Instructional Materials. Legislative Initiative Amendment.

Official Title and Summary Prepared by the Attorney General

CALIFORNIA STATE LOTTERY. ALLOCATION FOR INSTRUCTIONAL MATERIALS. LEGISLATIVE INITIATIVE AMENDMENT.

- Amends Government Code section 8880.4 which provides that at least 34% of the total annual state lottery revenues shall be allocated to benefit public education.
- Provides that beginning with 1998–99 fiscal year and each fiscal year thereafter, one-half of the amount of the share allocated to public education that exceeds the amount allocated in fiscal year 1997–98 shall be allocated to school and community college districts for the purchase of instructional materials.
- The funds are distributed on the basis of an equal amount per unit of average daily attendance.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- In the near term, tens of millions of dollars in annual lottery revenues that go to public education would be earmarked for instructional materials. Amounts earmarked in future years would depend on changes in the level of overall lottery revenues.

Final Votes Cast by the Legislature on AB 1453 (Proposition 20)

Assembly: Ayes 59	Senate: Ayes 22
Noes 11	Noes 12



Background

The Lottery. Since 1985, the state has operated the California State Lottery. Revenues from the lottery are allocated as follows:

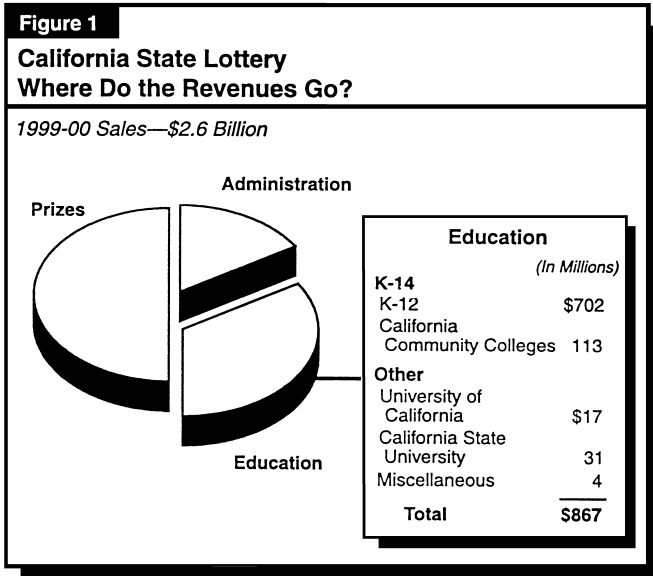
- 50 percent is returned to players as prizes.
- At least 34 percent is allocated to public education.
- A maximum of 16 percent can be used to administer the lottery.

The amount allocated to public education is distributed, based on student enrollment, to K-14 public schools (K-12 school districts and community colleges), the California State University, the University of California, Hastings College of the Law, and specific state departments that provide K-14 education programs. As shown in Figure 1, lottery revenues are currently about \$2.6 billion a year. The figure also shows how funds are allocated to education. Under existing law, these funds can be used for any school expense (except for buying property, constructing facilities, and financing research).

almost \$600 million each year that *must* be spent on instructional materials. (This is about \$100 per student each year.)

Proposal

This proposition changes the way that a *portion* of the annual lottery revenues is distributed to public education. Basically, of the future *growth* in lottery funds, *one-half* must go to K-14 public schools and be spent on instructional materials. (See box for an example of how this would work.) These funds would be allocated to K-14 schools on a per-student basis.



Instructional Materials. Local school districts are responsible for providing necessary services and materials—such as teachers, facilities, and instructional materials—to educate children. (Instructional materials consist primarily of textbooks and other reading materials, but also include other items such as computer software, arts and crafts supplies, and maps.) The state currently provides schools

How the Proposition Would Affect Education Lottery Funds

The proposition uses fiscal year 1997-98 (that is, July 1, 1997 through June 30, 1998) as the “base year.” In that year, the state allocated \$780 million in lottery monies to public education. The proposition’s impact in any year would depend on the growth in lottery funds since 1997-98. For example, it is estimated that the total 1999-00 allocation to public education will be \$867 million. Based on this amount, the formula in the proposition would result in the following:

- **Growth:** \$867 million – \$780 million = \$87 million.
- **Amount Dedicated to Instructional Materials:** \$87 million x 50 percent = \$43.5 million.

Therefore, under this example, the proposition would result in the allocation of \$43.5 million to K-14 public schools for instructional materials. The allocation of the remaining public education lottery funds (\$867 million – \$43.5 million = \$823.5 million) would not be affected by the proposition.

The proposition would not change the way “base” lottery revenues are allocated to public education. It also would not change the way that the other one-half of growth monies is allocated.

Fiscal Effect

This proposition would *not* affect the total amount of lottery revenues going to public education. As noted above, it would simply earmark a portion of those funds for instructional materials only. In the near term, we estimate this earmarked amount would be in the tens of millions of dollars each year. The annual amount of funds dedicated to instructional materials would depend on changes in the level of overall lottery revenues.

For text of Proposition 20 see page 118



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Argument in Favor of Proposition 20

California has an alarming textbook shortage. A YES vote for PROPOSITION 20 will guarantee that California's students have a consistent source of funding for textbooks, without increasing taxes or expanding the lottery. When it comes to academic achievement, textbooks are second only to competent teachers.

- California is currently ranked at the bottom, 47th out of the 50 states, in per pupil textbook spending.
- 54% of California teachers surveyed say that they do not have enough books for students to take home for homework and test preparation, and nearly 25% of students have to share books in class.
- 40% of teachers say that they waste valuable class time doing activities to compensate for the textbook shortage.
- In most California schools, students are unable to take books home to study; often schools only have one set of textbooks to be used by many students.

Proposition 20, the CARDENAS TEXTBOOK ACT OF 2000, will guarantee that a portion of lottery revenues are used for the purchase of textbooks and other instructional materials.

Currently, 50% of lottery revenues go to prizes; 34% are allocated to the benefit of public education and 16% are used for the payment of administrative expenses and promotions. The education funds can only be spent for instructional purposes.

- When the voters approved the Lottery in 1984, the California Department of Education strongly recommended that districts use lottery funds for one-time costs such as textbooks, computers and field trips.
- The Department discouraged the funding of ongoing costs with fluctuating lottery revenues. However, districts continually spend Lottery funds for ongoing costs.

This Act would create a mechanism to ensure *continuous funding* for textbooks and instructional materials within the current education lottery revenues. Specifically, Proposition 20 would require that half of any increase in education revenue be reserved for the purchase of textbooks and instructional materials. The 1997–1998 fiscal year would serve as the base amount to determine each year's increase.

For example, if there were a \$100 million difference between education revenues in 1997–1998 and 1998–1999 then \$50 million would be dedicated to textbooks and instructional materials. The funds are to be distributed proportionally based on each district's average daily attendance.

Proposition 20 would guarantee additional projected revenues of \$60 million in fiscal year 1998–1999, \$80 million in 1999–2000, and \$90 million in 2000–2001 for textbooks and instructional materials.

A recent statewide survey indicates that the majority of Californians support increased funding for textbooks.

- 72% of Californians believe it is "important" or "very important" that all California public school students have current textbooks.
- 65% of Californians believe that the state, not the local governments, should fund the purchase of new textbooks.
- 60% believe it is more important to provide funds for current textbooks than to fund class size reduction and new classrooms.

A YES vote for PROPOSITION 20 will help ensure that students have the textbooks they need to succeed. We cannot expect students to meet our new high education standards without current materials.

TONY CARDENAS

California State Assemblymember, 39th District

NELL SOTO

California State Assemblymember, 61st District

Rebuttal to Argument in Favor of Proposition 20

All school children need up-to-date textbooks and instructional materials.

But PROP. 20 is NOT the answer.

- *Prop. 20 IS UNNECESSARY.*

The California State budget already provides ongoing funding for textbooks. In addition, a new state program is providing \$1 billion for textbooks over the next four years.

- *Prop. 20 TAKES AWAY LOCAL CONTROL.*

Presently, the use of the lottery dollars that come to local schools is left to the decision-making of local school boards and allocated for local priorities.

Prop. 20 takes away this local control—just one more way for Sacramento politicians and bureaucrats to meddle in local school decision-making. We need less meddling, not more.

- *Prop. 20's MANDATE MAY REDUCE LOCAL SPENDING ON SPÉCIAL LOCAL PROJECTS.*

Because lottery funds fluctuate every year, many local districts dedicate these "unstable" funds to one-time-only expenditures, like science equipment, special training, emergency repairs, reading workshops, computers, and wiring for computers and other learning

technology. Allowing each district to choose what they need most is the best use of lottery funds.

We want the best public education we can provide our children. We want SMALLER CLASS SIZES, BETTER FACILITIES, MORE ACCOUNTABILITY and *higher* TEST SCORES.

BUT WE ALSO BELIEVE IN LOCAL CONTROL AND LOCAL DECISION-MAKING about how to achieve those goals.

No one knows better what our students need than those closest to them . . . the local teachers, principals, and school boards in their own communities.

PROP. 20 TAKES AWAY LOCAL CONTROL.

VOTE NO on PROP. 20.

WAYNE JOHNSON

President, California Teachers Association

SANDY CLIFTON

President, Association of California School Administrators

LESLIE DeMERSSEMAN

President, California School Boards Association

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Argument Against Proposition 20

- This proposition has no merit. It is about state control as opposed to local control.
 - School management needs some flexibility to best serve our children.
 - School instructional materials are already funded, by several sources, at \$542 million. This would add an estimated \$15 million in the first year, money more critically needed for school security, safety, and other identified needs.
 - Public school funding is already highly restricted as to use, so restricted, in fact, that school management must shuffle and scrape to fund such necessities as:
 - School safety and security
 - Expenses for class size reduction
 - Reading Specialists
 - Student Counselors
 - Outdoor Education
 - Needs locally identified
- Additionally, unnecessary detailed state control creates burdensome record keeping and reporting requirements,

involving extra employees and wasted expenditures.

Who should run our schools, politicians or political appointees in Sacramento, or parents, caring local school boards and school administrators?

Who knows best the needs of our children for:

- Security and safety?
- Protection from drugs while at school?
- Classroom deficiencies and needs?

Proposition 20 handicaps already burdened local administrators, school boards, parents and teachers, adversely affecting our children's safety, health and basic education, and is wasteful of our funds requiring additional employees for burdensome and unnecessary record keeping, planning and reporting.

Support local control. Please vote *NO* on Proposition 20.

ASSEMBLYMAN GEORGE R. HOUSE JR.
Assembly District 25

ASSEMBLYMAN STEVE BALDWIN
Assembly District 77

Rebuttal to Argument Against Proposition 20

A YES vote for Proposition 20 will set aside money for textbooks and instructional materials without reducing the amount of lottery money the schools currently receive. It will only affect any GROWTH in lottery revenues for education.

A YES vote for Proposition 20 will allow schools to continue to fund everything that they fund now and more. They maintain LOCAL CONTROL.

Proposition 20 would only take HALF OF ANY GROWTH in the lottery revenues and RESERVE it for textbooks and instructional materials.

For example, the 1997-1998 fiscal year revenues were about \$822 million. The 1998-1999 fiscal year revenues grew by \$113 million. Proposition 20 would only reserve half of the growth, \$56.5 MILLION, for textbooks and allow the schools to spend the remaining \$878.5 MILLION as they wish.

We agree that school safety and security are important; the majority of the lottery money will continue to be

available for these purposes. But, in educating children, textbooks are ranked second in importance only to teachers. Yet, California's ranking for per pupil textbook spending is at the bottom nationally—47th out of 50 states.

There remains a major shortage of textbooks statewide, and a continuous need to replace them. Setting aside some lottery revenues for textbooks is essential to enable children to meet the new high education standards and to obtain a quality education.

A YES vote on Proposition 20, the Cardenas Textbook Act, will provide LONG-TERM funding without increasing taxes.

MANNY HERNANDEZ
Trustee, Sacramento City Unified School District

JUDITH COCHRANE
Teacher

CAROL S. HORN
Parent