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State Lottery Funds in the Public Schools

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Lottery funds may not be used for non-instructional purposes. That is the law. The prohibition was written into the California State Lottery Act of 1984. In the Santa Barbara School Districts, however, no system of oversight appears to be in place to ensure that such noble intentions are carried out.

As a result, the following kinds of non-instructional expenditures were budgeted or spent in 2004-05.

- \$202,795 for rent for school facilities
- \$ 60,000-plus for grounds maintenance, custodial supplies, etc.
- \$ 30,000 for the District Business Office

Still other expenditures may have been for non-instructional purposes. One would have to delve more deeply into accounting records to be sure.

- \$ 11,476.43 for computers at District Offices
- \$ 20,000± for various administrative supplies, services and equipment at school sites

To be sure, most of these expenditures are integral to the operation of a school system. However, under California's policies for financing public education, core costs, both instructional and administrative, are expected to be covered with regular funds. Lottery funds, like federal funds, are not intended for core costs. They are for extras-- things that supplement the core.

It is bitter irony that, at the same time as lottery funds were being used for non-instructional purposes, instructional programs were being threatened and/or cut for lack of funding. Here are some examples.

- Instrumental music classes
- Credentialed School librarians
- Kindergarten aides
- Special reading programs
- GATE programs and enrichment activities

Has there been wrong-doing? I do not think so. These are systemic failures. For insiders, there are organizational incentives to accept such practices and disincentives to question them. Most elected overseers seem to embrace the *status quo* and show little sign of wanting to know.

Rather than reforming the system, the School Board voted last week to reinforce it. Most board members approved the use of over \$100,000 of the Elementary District's lottery funds and over \$150,000 of the High School District's lottery funds to help meet financial reserve requirements. A mix of both instructional and non-instructional expenditures are what imperiled the reserves. A

whopping \$390,000 “loan” to a money-losing cafeteria operation was a non-instructional component of the mix.

The problem is that reforming the system is not easy. Questionable spending practices become entrenched. Bringing them into compliance with state and federal laws and regulations is likely to be a wrenching experience. Change requires strong will—personal and political.

The bottom line is that funds intended to supplement instruction should be used to supplement instruction. Some other way must be found to maintain facilities.