

**Office of the Speaker Pro Tem
North Carolina
House of Representatives**

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*Representative
Paul Stam*



Memorandum

To: Representative Paul Stam

From: Dylan Finch

Date: December 3, 2013

RE: An Examination of Lottery Funding and Sales for Six Counties in North Carolina

Below are two tables illustrating lottery funding and sales for Greene, Nash, Caswell, Cleveland, Wayne, and Craven counties in North Carolina for the 2012-2013 fiscal year. First we analyzed the differences between Greene and Nash counties, as well as how they compare to the State of North Carolina as a whole. Greene and Nash counties received roughly the same amount of funding from the lottery per student (Nash receiving a little less due to incomplete information) despite a significant disparity in lottery sales per capita for the two counties (Nash being much higher). However, the most telling statistic is the percentage of average lottery sales per capita (18 and older) for the two counties. The State average for lottery sales per capita in the State is \$209.39 (calculated by dividing total lottery sales by the 18 and older population for NC). Greene County exceeds the average by 2.04 percent. Nash County, on the other hand, does so by 159.01 percent.

I hypothesize that Greene County has such a small population that a disproportionate share of sales to its residents occur outside the county on their way to and from work. Similarly, I hypothesize that Nash County (on I-95) sales may disproportionately include sales to out of county residents. If I am correct then the true subsidy to the west from the east is probably somewhere between the Nash County and Greene County experience. To test this hypothesis I have included Wayne County and Craven County which show a 35.15 percent and 39.80 percent disparity (respectively).

Greene, Nash, Wayne, and Craven are all in the eastern part of the State. How do they compare to comparable counties in the western half? Caswell and Cleveland counties have similar populations, economic situations, industries, and academic institutions as Greene and Nash counties (respectively). All six counties have roughly the same lottery funding per student and are just below the state-wide average. However, the two western counties differ drastically from Nash and Greene counties in lottery spending per capita. Both Cleveland and Caswell counties are over 20 percentage points below the statewide average.

All six counties receive approximately the same amount of lottery funds per student, but the two eastern counties far surpass the two western counties in lottery sales per capita. The east is subsidizing the education of the children of the west.

Lottery Funding Per Student 2012-2013 FY

	Lottery Funding FY 2012-13 ¹	Number of Students for 2012-13 School Year ²	Lottery Funding Per Student	Percent of Average Funding Per Student
Greene County	\$705,395	3,213	\$219.544	97.24%
Nash County ³	\$3,668,522	18,860	\$194.513	86.16%
Caswell County	\$628,423	2,858	\$219.882	97.39%
Cleveland County ⁴	\$3,440,835	15,651	\$219.848	97.38%
Craven County	\$3,547,334	15,439	\$229.764	101.77%
Wayne County	\$4,451,247	19,529	\$227.930	100.96%
North Carolina	\$337,028,959	1,492,793	\$225.771	100.00%

¹Excludes NC Pre-K, Scholarship, and UNC Need-Based Aid Funding

²Includes Charter School and Non-Charter School Allotted ADM

³Includes Rocky Mount in the School System.

⁴The Lottery Funding and number of students for Pinnacle Classical Academy is not included. The school opened this year in Cleveland County.

Lottery Sales Per Capita 2012-2013 FY

	Lottery Sales FY 2012-13	Population (18 and older) ¹	Lottery Sales Per Capita	Per Capita Return	Percentage of Average Sales Per Capita ³
Greene County	\$3,631,076	16,994	\$213.67	\$0.0047	102.04%
Nash County	\$40,854,136	75,330	\$542.34	\$0.0018	259.01%
Caswell County	\$3,141,859	19,183	\$163.78	\$0.0061	78.22%
Cleveland County	\$12,331,271	76,857	\$160.44	\$0.0062	76.62%
Craven County	\$23,472,908	82,945	\$282.99	\$0.0035	135.15%
Wayne County	\$28,041,868	95,795	\$292.73	\$0.0034	139.80%
North Carolina	1,596,693,058	7,625,417	\$209.39	\$0.0048	100.00%

¹Population is calculated for those who are 18 years of age or older. Population is based on 2012 U.S Census Bureau Data.

³Total Average Sales Per Capita in NC is \$209.39