

The Michigan Lottery and Education: Has it been worth it?

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Introduction

Lotteries have been used by many states to help support educational purposes. Many states have found some degree of success with using the lotteries to fund education, but many think that the amount of money brought in has not met expectations and are not sure if the money is actually helping improve education. The Michigan Lottery, for instance, has a long history of supporting K-16 education in Michigan. In 1972, Michigan voters approved a constitutional amendment that created the lottery; people did this “with the understanding that its profits would be contributed toward the education of Michigan’s children. People should have no doubt that all the profits – 100 percent of them- go toward education” (“Michigan Lottery 2007,” p. 2). The Michigan Lottery has contributed almost 16 billion dollars of net aid to education (“Michigan Lottery's Financial,” n.d.), but has it helped or changed anything? Has this money contributed to more student success, increased test scores, or any improvement in the educational system of Michigan?

The Situation in Michigan

Too many schools in Michigan are failing; 92 according to the Michigan Department of Education (Ackley, 2011) and something must be done to stop and reverse this trend. Governor Snyder wants to reform K-12 education by implementing merit pay for teachers, appointing outside managers to take over and run failing schools, and increase the use and availability of charter schools, while simultaneously cutting and slashing the budget of K-12 education (Keller, 2011). Something has to give in this situation or else we are doomed to continue on this path of failure. The Michigan Lottery may

have contributed almost 16 billion dollars to education over the past 38 years, but students in Michigan are falling further and further behind and they deserve better. We must do more to secure the future of K-12 education in Michigan in order to help secure the future of our children and the students in our state.

Why Lotteries?

Lotteries have been used to fund education in Michigan since the 1970s and many other states have also adopted this practice, but why? One reason is that “lotteries have proven to be appealing mechanisms for producing revenue because they are considered a voluntary tax: individuals pay the tax because they want to rather than pay the tax because the government demands it” (French, 2002, p. 28). People hate to pay taxes, especially when they are forced to, but the lottery has found a way around that because it is simply a matter of choice. People must choose to pay to play the lottery and because of that matter of choice there is not the same backlash caused when other tax discussions occur. This has allowed governors and legislatures to implement this new “tax” without losing their jobs or being branded as “tax and spenders.” It has also helped in Michigan, and many other states, to tie the lottery to something popular like education. It becomes an “easy sell” for legislatures and the governor to say “it’s for the kids and schools” instead of some other less popular destination. “The lottery has wide public acceptance, and the political costs associated with the lottery are generally low, especially when revenues are dedicated to a popular program” (Spindler, 1995, p. 60).

Problems with Lottery Funding

The citizens of Michigan deserve to know how the lottery revenue is helping students and education in our state since these same citizens are the major contributors to the money used to pay for education, through their taxes. The proceeds from the Michigan Lottery, which go to the School Aid Fund, are still only a drop in the bucket of the total money spent on K-16 education in Michigan; “lottery revenues comprise roughly 5 percent of this fund, with the other 95 percent of the money coming from the state's sales and use tax, earmarked income tax and state education property tax, as well as cigarette, liquor and other taxes” (“Michigan Lottery's Commitment,” n.d.). The proceeds from the Michigan lottery may make-up only five percent of the money in the School Aid Fund, but it has received and garnered an inordinate amount of controversy and questioning about its use in education. Many are worried that “lottery revenue that is supposedly devoted toward education is not increasing spending on education...it's exactly the opposite of what you thought was going to occur. We're getting new revenue, it's going toward education, and then you end up spending less on education after this period of time” (McGurk, 2010). An unfortunate trend among some states who use lottery proceeds to fund education is that the new lottery money actually replaces other state money that was already going to support education thus not actually adding to the money spent on education, but supplanting money that was already earmarked for education; for example, “studies of the Illinois and Florida lotteries began to show that lottery revenues simply supplanted general fund appropriations to education. Not only did education not receive net increases in funding, Borg and Mason (1990) report that total state support for education actually decreased in Florida once lottery revenues replaced appropriations” (Ness, 2008, p.

32). This is an alarming trend and directly opposite what should be happening and must be monitored to make sure that it is not happening in Michigan. Michigan schools need the necessary and appropriate money to function and to educate our students. We mustn't rob our schools and children in order to put money in other less necessary and needed places, like tax breaks for the rich, for instance.

Many touted using lottery revenue to fund education would create a fairer and more equal system for all students; this, unfortunately, has not been found to be true; "financial reliance on state operated lotteries for educational embellishment may actually hinder the process of educational egalitarianism" (French, 2002, p. 49). The revenue brought in from lotteries was supposed to make schools more equal, provide more access for students, and create a better, and more fair, system for all, but this has unfortunately not happened. Students with socioeconomic advantages continue to succeed at far higher rates than those from more disadvantaged backgrounds and the schools which have always struggled to meet Adequate Yearly Progress continue to do so.

Another concern raised over using lottery revenue to fund education is that many people are opposed to lotteries and gambling. Many religious groups and others are opposed to gambling in general and have mounted protests in opposition of their establishment; for instance, in Puerto Rico Governor Fortuno was forced to scrap a video lottery bill because of the immense opposition of religious leaders, and others, and now has to find a way to plug the \$220 million hole in next year's budget that the new video lottery was supposed to fill (Faced, 2010). There has also been a lot of opposition, including protests and demonstrations, against

the implementation of lotteries and gambling in different states; something I have seen first-hand in my home state of Pennsylvania where the governor and legislature decided to allow gambling to enter the state. Many of these establishments were picketed, boycotted, and demonstrated against by the citizens in those areas, including my eighty-four year old grandmother.

Benefits

There is no denying the fact that the lottery brings in an incredible amount of money to Michigan for education; almost 16 billion dollars so far. Education needs money and the lottery has definitely brought in money to Michigan to be used for K-12 education.

There is some data to support the use of lotteries to help support and fund education. According to Menifield, Clay and Lawhead (2009), “the data shows that the states that maintain lotteries have higher high school graduation rates, a higher percentage of the population receiving a bachelor’s degree, and a higher average ACT and SAT scores over this fifteen year [1985-2000] period” (p. 48). This would encourage the use of lottery money to fund and support education. If this money can help students succeed and contribute to giving schools, teachers, administrators and students the things they need to succeed then the benefits clearly outweigh the negatives. Some people may have a dislike for, and aversion to, lotteries and the perception that they often target the people who are least able to spend their hard earned money on “frivolous” things like lottery tickets, but if it contributes to students success and helps students in the long run, then I think we must continue to use it. “Generally speaking, it is

fair to say that the presence of a lottery does have a positive effect on education” (Menifield, 2009, p. 52).

Another benefit to the state of Michigan, and many other states, from using the lottery revenue to fund education is that the states are “free” to use the money the state would have been using to fund education, which the lottery revenue is replacing, for other projects, departments, plans, etc. I don’t think that the money states bring in from having an education lottery should necessary replace all the money that the states have previously earmarked to fund education initiatives, but if it can add enough additional revenue to a state’s coffers, maybe some of the additional money can be used to fix our crumbling roads and infrastructure, pay off the mounting debt and shortfalls many states are experiencing, or go to some other place where money is needed direly.

Conclusion

The Michigan lottery has brought an incredible amount of money into the state for education, but it has not had a significant impact on helping the students and schools of our state and has simply been a way for the state government to replace some of the money they would have used for education by using the lottery revenue. We need to find a better way to fund education so that this doesn’t continue to happen and our children do not continue to be robbed of the money and resources they, as well as their teachers, administrators and schools, need to succeed. According to Spindler (1995), “the net cumulative impact of the lottery [in Michigan] on the education spending ratio is negative (-6.28%) for the first five years” (p. 59).

This spells failure to me and I think it must be reversed in order to make a difference in education in Michigan. We must reverse this trend and find the money necessary to pay for education. It is too important to ignore and to only give lip-service to.

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Appendix A

Michigan Lottery's Financial Contribution to Michigan Education

The Michigan Lottery has contributed \$15.9 billion to Michigan's educational system since 1972, including more than \$600 million in 11 of the past 13 fiscal years. The complete year-to-year breakdown of net revenue contributions is below.

- 2010 - \$701.3 million
- 2009 - \$724.5 million
- 2008 - \$740.7million
- 2007 - \$748.9 million
- 2006 - \$688 million
- 2005 - \$667.6 million
- 2004 - \$644.8 million
- 2003 - \$586 million
- 2002 - \$613.5 million
- 2001 - \$587 million
- 2000 - \$618.5 million
- 1999 - \$621.1 million
- 1998 - \$616.1 million
- 1997 - \$587.7 million
- 1996 - \$548.3 million
- 1995 - \$547.7 million
- 1994 - \$511.0 million
- 1993 - \$427.6 million
- 1992 - \$474.0 million
- 1991 - \$456.6 million
- 1990 - \$489.1 million
- 1989 - \$483.9 million
- 1988 - \$488.4 million
- 1987 - \$407.1 million
- 1986 - \$414.9 million
- 1985 - \$359.6 million
- 1984 - \$236.4 million
- 1983 - \$221.9 million
- 1982 - \$205.5 million
- 1981 - \$201.8 million
- 1980 - \$202.8 million
- 1979 - \$168.5 million
- 1978 - \$135.9 million
- 1977 - \$109.7 million
- 1976 - \$122.8 million
- 1975 - \$63.7 million
- 1974 - \$63.7 million
- 1973 - \$36.6 million
- **TOTAL - \$15.9 billion**

Retrieved from <http://www.michigan.gov/lottery/0,1607,7-110-888-4091--,00.html>.

Appendix B

Michigan Lottery's Commitment to Education

Since its inception in 1972, the Michigan Lottery has generated \$15.9 billion in net revenues to support K-12 public education in Michigan. In fiscal 2010 alone, the Lottery transferred \$701.3 million directly to the state School Aid Fund.

The School Aid Fund is a restricted fund that can only be used for education. Lottery revenues comprise roughly 5 percent of this fund, with the other 95 percent of the money coming from the state's sales and use tax, earmarked income tax and state education property tax, as well as cigarette, liquor and other taxes.

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