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An Analysis of Who Funds and Who Benefits from the Carolina Education Lotteries

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**AN ANALYSIS OF WHO FUNDS AND WHO BENEFITS FROM
THE CAROLINA EDUCATION LOTTERIES**

Mary Reagan Crosby*

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“‘The rich get richer, and the poor get poorer in our school districts,’ . . . a lottery [is] ‘the one ray of hope we can offer.’”¹

I. INTRODUCTION

In 1993, many South Carolinians believed schools failed to provide adequate education for the state’s children due to funding shortages.² As a result, a group of rural school districts and students decided to confront the State of South Carolina in the courtroom and initiate a lawsuit known as *Abbeville County School District v. State*.³ This case, coupled with South Carolina’s comparatively low academic performance,⁴ led to a public outcry for changes to the state’s education funding structure. South Carolina responded to its citizens’ protests by searching for alternative sources for education funding, and neighboring Georgia provided a possible solution: education lotteries.⁵ Proponents of education lotteries pushed for the adoption of a similar solution in South Carolina, and thus the South Carolina Education Lottery (SCEL) was born.⁶

Legislation authorizing the SCEL was successfully passed in 2001, and for the last twenty years, SCEL revenue increased state education funding as

1. Joseph S. Stroud, *Candidates Hit Last Blows Beasley, Hodges Debate Before State*, STATE (Columbia, SC), Nov. 2, 1998, at A1.

2. See *Abbeville Cnty. Sch. Dist. v. State (Abbeville I)*, 335 S.C. 58, 64, 515 S.E.2d 535, 538 (1999) (“Unlike similar suits brought in other states, appellants do not seek ‘equal’ state funding since they already receive more than wealthier districts, but instead allege that the funding results in an inadequate education.”); Amanda S. Hawthorne, Note, *The Opportunity in Adequacy Litigation: Recognizing the Legitimacy and Value of Pursuing Educational Reform Through the Courts*, 56 S.C. L. REV. 761, 761 (2005) (explaining that *Abbeville I* was originally filed in 1993).

3. *Abbeville I*, 335 S.C. at 64, 515 S.E.2d at 538.

4. See U.S. CENSUS BUREAU, STATISTICAL ABSTRACT OF THE UNITED STATES: 1999, at 171 (1999) (showing educational attainment by state). According to the 1990 U.S. Census, South Carolina was ranked 45th in the nation for percent of the population that graduated from high school. See *id.* Additionally, South Carolina was ranked 42nd in the nation for citizens obtaining a bachelor’s degree or higher. See *id.*

5. See James Barlament, *HOPE Scholarship*, NEW GA. ENCYC. (June 22, 2007), <https://www.georgiaencyclopedia.org/articles/education/hope-scholarship/> [<https://perma.cc/M5B7-ANV9>] (“Funded by lottery-ticket revenues, HOPE provides tuition assistance at Georgia public universities, colleges, or technical institutions for students who graduate from a high school in the state with a 3.0, or ‘B,’ average.”). See generally Victor Chen, *The Georgia HOPE Scholarship*, 11 POL’Y PERSPS. 9, 9 (2004) (describing the HOPE Scholarship).

6. See Justin Bachman, *Hodges Gets Lesson in Georgia Lottery Miller Confers with S.C.’s Governor-Elect*, STATE (Columbia, SC), Dec. 30, 1998, at B1 (“Hodges, former minority leader in the South Carolina House, urged voters to embrace a lottery similar to Georgia’s to improve public schools, which often fall near the bottom in national performance rankings.”).

planned.⁷ However, this increase in education funding was primarily allocated to merit-based higher education scholarships.⁸ Although the program intended to address South Carolina's inadequate education system, the SCEL and its focus on merit-based scholarships has instead contributed to the growing inequity between school districts in wealthy counties and those in poor counties. As a result, SCEL effectively results in lower education lottery revenue allocations for low-income South Carolina counties.

Other states, notably North Carolina, have also implemented education lotteries to plug the holes in their struggling education systems.⁹ Similar to the efforts of rural South Carolina school districts in *Abbeville*, North Carolinians sued the State of North Carolina, demanding adequate education funding and an adequate public education system.¹⁰ North Carolina watched closely as South Carolina introduced its education lottery and sought to introduce a similar system. However, while South Carolina focused its education lottery revenue primarily on merit scholarships, with very minimal allocation to kindergarten through twelfth grade (K–12) funding, North Carolina instead focused lottery revenue allocation on K–12 funding and need-based scholarships.¹¹ North Carolina's focus on a need-based allocation resulted in a more equitable allocation of lottery revenue among its counties than in South Carolina. Thus, although South Carolina and North Carolina share similar goals for their education lotteries, each state's differing approach to lottery revenue allocation significantly impacts the resulting distributional effects.¹²

This results in a key question: why does South Carolina's Education Lottery result in lower lottery revenue allocations to low-income counties? The problem lies with the structure of the SCEL. The SCEL is funded exclusively through lottery revenues, with lower income residents contributing more per capita than higher income residents—effectively

7. S.B. 496, 2001–2002 Gen. Assemb., 114th Sess. (S.C. 2001); see *Education Wins*, S.C. EDUC. LOTTERY, <https://www.sceducationlottery.com/EducationWins> [<https://perma.cc/Y4LW-KWF8>] (“Did you know that since the Lottery began in 2002 more than \$7.1 BILLION has been appropriated by the General Assembly to benefit education in South Carolina?”).

8. S.C. CODE ANN. § 59-150-355 (2004).

9. See Erik C. Ness & Molly A. Mistretta, *Policy Adoption in North Carolina and Tennessee: A Comparative Case Study of Lottery Beneficiaries*, 32 REV. HIGHER EDUC. 489, 496–97 (2009) (discussing debates in North Carolina over whether to adopt the education lottery).

10. *Leandro v. State*, 488 S.E.2d 249, 252 (N.C. 1997).

11. See FISCAL RSCH. DIV. OF THE N.C. GEN. ASSEMBLY, DISTRIBUTION OF FY18 LOTTERY FUNDS BY COUNTY, <https://nclottery.com/Content/Docs/Summary%20of%20County%20Distributions%20FY18.pdf> [<https://perma.cc/NK8L-65F6>] (showing disbursements of lottery funds in North Carolina).

12. See *infra* Part III.

functioning as a regressive tax.¹³ Additionally, studies show that lower income citizens struggle to meet the high academic requirements of merit scholarships due in part to a correlation between household income and academic achievement.¹⁴ Since SCEL scholarships are merit-based, if merit requirements are not met, a county will likely not receive a proportionate allocation of lottery revenue.¹⁵ Notably, SCEL revenue allocations to K–12 funding is more equitable, with lower income counties receiving proportionately more K–12 funding than higher income counties. However, there’s a problem: only 3.7% of 2018–2019 SCEL revenue was allocated to K–12 funding, while 67% was allocated to merit-based scholarships.¹⁶ If South Carolina were to change their focus from merit scholarships to K–12 funding, total lottery fund allocation may result in more equitable return on lottery spending for lower income citizens.

South Carolina fails to properly allocate SCEL revenues to the counties that need it the most. The areas in South Carolina that struggle academically tend to be lower income counties,¹⁷ and lower income counties tend to spend a larger proportion of their income on lottery tickets.¹⁸ By prioritizing merit-based scholarships over K–12 funding, South Carolina perpetuates a cycle of inadequate education in lower income area schools that results in those

13. See Lucas Daprile, *South Carolina’s Poor Play the Lottery, but the Wealthier Win the Scholarships. Here’s Why*, STATE (Columbia, SC) (Oct. 12, 2018, 12:36 PM), <https://www.greenvilleonline.com/story/news/2018/10/12/south-carolinas-poor-play-lottery-but-wealthier-win-scholarships/1614069002/> [https://perma.cc/Z62L-XZKE] (discussing the amount of money that minority communities contributed to the lottery without receiving benefits from it); *infra* Appendix A: South Carolina Lottery Sales by County.

14. See Misty Lacour & Laura D. Tissington, *The Effects of Poverty on Academic Achievement*, 6 EDUC. RSCH. & REVS. 522, 522, 527 (2011) (“Poverty significantly affects the resources available to students. Due to this lack of resources, many students struggle to reach the same academic achievement levels of students not living in poverty.”); Gordon B. Dahl & Lance Lochner, *The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit*, 102 AM. ECON. REV. 1927, 1927 (2012) (“Children growing up in poor families are likely to have adverse home environments or face other challenges that would continue to affect their development even if family income were to increase substantially.”).

15. See *infra* Part III.

16. See S.C. DEP’T OF ADMIN., EDUCATION LOTTERY APPROPRIATIONS, <https://admin.sc.gov/sites/default/files/budget/Lottery%20Appropriations%2010YR%20Web%20Information%20Updated%20Jul.%202021.pdf> [https://perma.cc/UM2Y-LPZ5] (showing disbursement of lottery funds). The rest of the lottery appropriations is allocated to state institutions of higher education, state libraries, national guard programs, and other state focused programs. See *id.*

17. Shelby Bowers, *South Carolina’s Corridor of Shame*, ARCGIS STORYMAPS (Apr. 19, 2021), <https://storymaps.arcgis.com/stories/a57474f36c7144b3a42932a4e37abd6c> [https://perma.cc/CZ6B-62QS]. Although it is ambiguously defined, the Corridor of Shame consists of: Bamberg, Beaufort, Calhoun, Clarendon, Colleton, Darlington, Dillon, Dorchester, Florence, Hampton, Jasper, Lee, Marion, Marlboro, Orangeburg, Sumter, and Williamsburg County. *Id.*

18. See *infra* Appendix A: South Carolina Lottery Sales by County.

students struggling to meet the merit-scholarship criteria. Because lower income citizens are funding such a large portion of the state's education lottery without receiving an equitable return on their spending through education funding in comparison to higher income counties, South Carolina should abandon its current approach of utilizing SCEL revenue for primarily funding merit-based scholarships and enact a need-based approach, like North Carolina, for both scholarships and K–12 funding.

This Note explores the origin and funding allocation of educational lotteries in South Carolina and North Carolina in a comparative format to demonstrate the inequities inherent in SCEL's current merit-based allocation. Part II discusses the history of education funding reform in the Carolinas and lottery implementation. Part III analyzes lottery spending and lottery returns in the form of scholarships and K–12 funding by comparing the distributional differences between South Carolina and North Carolina lottery revenues. Finally, Part IV explains that South Carolina should adopt North Carolina's need-based approach to lottery revenue allocation because such an approach would better South Carolina's education shortcomings and simultaneously create a more equitable distribution to the citizens funding the lottery program.

II. BACKGROUND

A. Educational Funding Reform

Most state constitutions, including those in North and South Carolina, guarantee state financing for public education.¹⁹ However, state financing for education has largely proven inadequate. In 1973, school districts across the country brought lawsuits against their respective states claiming that the lack of funding in their schools violated state constitutional education clauses.²⁰ This movement gathered steam in 1989 when state supreme courts in Texas, Montana, and Kentucky found their current educational funding allocations unconstitutional and in need of reform.²¹ South Carolina and North Carolina faced similar lawsuits to provide the funding needed for adequate education; however, both states saw different results.²² These cases, *Abbeville* and *Leandro*, respectively, act as valuable background in understanding the

19. Jennifer L. Fogle, *Abbeville County School District v. State: The Right to a Minimally Adequate Education in South Carolina*, 51 S.C. L. REV. 420, 428 (2000); S.C. CONST. art. XI, § 3; N.C. CONST. art. I, § 15.

20. See Fogle, *supra* note 19, at 428.

21. See Hawthorne, *supra* note 2, at 763.

22. See *Abbeville I*, 335 S.C. 58, 64, 515 S.E.2d 535, 538 (1999); *Leandro v. State*, 488 S.E.2d 249, 252 (N.C. 1997).

landscape surrounding educational funding in the Carolinas and the subsequent embrace of state education lotteries.

Abbeville County School District v. State, a twenty-four-year saga that began in 1993, reached its conclusion in the South Carolina Supreme Court in 2017. In *Abbeville*, forty rural, lower income school districts sued the State of South Carolina alleging that the lack of adequate school funding in their districts violated South Carolina's state constitution.²³ The trial court originally found that the school districts failed to state a proper claim because the state constitution required only a system of "maintenance and support" for schools.²⁴ However, after an appeal, the South Carolina Supreme Court in 1999 held that the education clause should be interpreted to require "minimally adequate education" and remanded the case to the lower court to determine if this new standard was met.²⁵ On remand in 2005, the trial court found that South Carolina's education system was minimally adequate except for the state's funding of early childhood intervention programs.²⁶ After a second appeal in 2014, the South Carolina Supreme Court found that the funding provided to the plaintiff districts was improperly allocated by the legislature and the districts, and therefore the standard of minimally adequate education was not met.²⁷ The South Carolina Supreme Court required South Carolina and the plaintiff school districts to work together to craft better funding allocation for the schools.²⁸ However, in 2017, the Supreme Court then issued an order vacating its 2014 decision, with the majority holding that the prior decision was a "violat[ion] of separation of powers."²⁹ Thus, despite two decades of litigation and citizens' hopes that *Abbeville* would push the state towards adequate education funding with the support of the courts,³⁰ the

23. See Fogle, *supra* note 19, at 420–21.

24. *Abbeville I*, 335 S.C. at 68, 515 S.E.2d at 540.

25. *Id.* at 68–69, 515 S.E.2d at 540–41. The court describes minimally adequate education as the state "providing students adequate and safe facilities . . . to acquire: 1) the ability to read, write, and speak the English language, and knowledge of mathematics and physical science; 2) a fundamental knowledge of economic, social, and political systems, and of history and governmental processes; and 3) academic and vocational skills." *Id.* at 68, 515 S.E.2d at 540.

26. *Abbeville I*, No. 93-CP-31-0169, slip op. at 162 (S.C. Ct. Com. Pl. Dec. 29, 2005); *Abbeville Cnty Sch. Dist. v. State (Abbeville II)*, 410 S.C. 619, 628, 767 S.E.2d 157, 161 (2014).

27. *Id.* at 660–62, 767 S.E.2d at 178–79.

28. *Id.* at 661, 767 S.E.2d at 179.

29. *Abbeville Cnty. Sch. Dist. v. State*, No. 2007-065159 (S.C. Nov. 17, 2017) (order withdrawing jurisdiction but pointing to no significant remedy by the state); Ariel Gilreath, *SC High Court Vacates Abbeville Lawsuit Decision*, INDEX-J. (Nov. 20, 2017), https://www.indexjournal.com/news/breaking/sc-high-court-vacates-abbeville-lawsuit-decision/article_e185b52e-6399-5017-997b-620701866ca4.html [<https://perma.cc/FNE6-6FQJ>].

30. See Fogle, *supra* note 19, at 444; Hawthorne, *supra* note 2, at 777.

South Carolina Supreme Court opted to leave the choice of educational change to the legislature alone.³¹

While *Abbeville* has been construed as an education-financing case, it can be more accurately described as an education-adequacy case.³² Regardless, the requirement of minimally adequate education is related to the funding school districts receive.³³ Indicators of an adequate education include high teacher retention, facility maintenance, and lower classroom sizes.³⁴ Unfortunately, higher income counties tend to perform better in these areas than low-income counties primarily due to better funding.³⁵ In short, funding levels contribute to an adequate education, and awareness of low funding levels in school districts around South Carolina—as illustrated in *Abbeville*—contributed to the public outcry for better educational funding, which partially led to the political lobbying for a state lottery during the 1998 South Carolina gubernatorial election.

Unlike South Carolina's *Abbeville* case, North Carolinians had better success with the education-funding case *Leandro v. State*.³⁶ In 1994, eleven school boards sued North Carolina for allegedly violating the North Carolina Constitution for inadequate school funding.³⁷ The plaintiffs argued that North Carolina's constitution guaranteed two educational rights to all students: entitlement to an adequate education and entitlement to "equal educational opportunities."³⁸ North Carolina moved to dismiss the case for failure to state a claim, but the trial court denied this motion.³⁹ However, the North Carolina Court of Appeals reversed the trial court's order and granted the motion to dismiss, holding that the North Carolina constitution only required equal access to education, not a standard of minimum quality.⁴⁰ The North Carolina Supreme Court then reversed the decision again, holding that the North

31. *Abbeville Cnty. Sch. Dist.*, at 3. South Carolina has a history of failing to make proper changes within its education system without higher court mandate to do so. See Dwayne Green, *How a Recent State Supreme Court Decision Highlights the Educational Challenges Ahead*, CHARLESTON CITY PAPER (Nov. 29, 2017), <https://charlestoncitypaper.com/how-a-recent-state-supreme-court-decision-highlights-the-educational-challenges-ahead/> [<https://perma.cc/EQ9V-5XPM>] ("The most significant changes in South Carolina's public education system have been mandated through the federal courts . . .").

32. Hawthorne, *supra* note 2, at 764; Fogle, *supra* note 19, at 443.

33. Hawthorne, *supra* note 2, at 764.

34. *Id.* at 764 n.33.

35. Aaron N. Taylor, *Making State Merit Scholarship Programs More Equitable and Less Vulnerable*, 37 U. HAW. L. REV. 155, 173 (2015).

36. 488 S.E.2d 249, 252 (N.C. 1997).

37. William Kent Packard, *A Sound, Basic, Education: North Carolina Adopts an Adequacy Standard in Leandro v. State*, 76 N.C. L. REV. 1481, 1483–84 (1998).

38. *Id.* at 1484.

39. *Id.* at 1488.

40. *Leandro v. State*, 468 S.E.2d 543, 550 (N.C. Ct. App. 1996); Packard, *supra* note 37, at 1488–89.

Carolina constitution guarantees students a “sound basic education,” and the legislature has a duty to allocate educational funds in a manner to best provide basic education.⁴¹ With guidance from the North Carolina Supreme Court, the North Carolina state legislature drafted a plan of action, and as of 2021, the state continues to operate under guidelines established pursuant to the plan.⁴² This plan focuses on funding proper facilities, early educational programs, quality teachers, and preparation for higher education.⁴³

With citizens in North Carolina and South Carolina calling for educational funding to better the school systems, the states needed to find a solution as to where this funding would come from. Both would look to their neighbors to see the new trend of state lottery revenues being used towards educational funding. North Carolina and South Carolina would both adopt a state lottery, but both focused on different areas to primarily allocate funds.

B. History of Education Lottery Funding

In the United States, fourteen states devote all lottery proceeds towards education, either through college scholarships, K–12 funding, or some combination thereof.⁴⁴ Georgia was the first state to enact a lottery-funded scholarship, Helping Outstanding Pupils Educationally (HOPE), in 1993.⁴⁵ The HOPE scholarship program was deemed a success by many due to increased standardized test scores and increased student enrollment for in-state universities.⁴⁶ As a result, other southern states took notice, and began modeling their own lottery scholarship programs to resemble Georgia’s.⁴⁷

41. *Leandro*, 488 S.E.2d at 258; Packard, *supra* note 37, at 1489–90.

42. In 2004, the North Carolina trial and supreme courts found that the State failed to meet standards and required the legislature to draft a plan of action. An independent report drafted in 2018 outlined the eight most critical areas of improvement necessary to achieve compliance. As of 2021, a plan based on that report was submitted and North Carolina continues to follow the guidelines established by that plan. Jennifer Bringle, *Leandro Ruling Gets Renewed Focus with Court Order*, CAROLINA PUB. PRESS (June 18, 2021), <https://carolinapublicpress.org/46661/lealean-ruling-gets-renewed-focus-with-court-order/> [https://perma.cc/XQ85-NR24].

43. *The Leandro Plan*, EVERY CHILD NC, <https://everychildnc.org/leandro-plan/> [https://perma.cc/MP5E-ENHG].

44. Peter Medlin, *Drop-Off in Lottery Sales will Hurt States’ School Budgets*, NPR, at 1:18 (July 14, 2020, 5:04 AM), <https://www.npr.org/2020/07/14/890716925/drop-off-in-lottery-sales-will-hurt-states-school-budgets>.

45. POL’Y, PLAN., & RSCH. DIV. OF THE TENN. HIGHER EDUC. COMM’N, A COMPARISON OF STATES’ LOTTERY SCHOLARSHIP PROGRAMS 5–7 (2012). HOPE began as a hybrid merit- and need-based scholarship for Georgia students who maintained a B average and had family income under \$66,000, however, by 1995 Georgia adjusted the scholarship to be purely merit based. See Barlament, *supra* note 5.

46. See Chen, *supra* note 5, at 13.

47. *Id.* at 9.

South Carolina's lottery history begins in 1998 with the gubernatorial election between incumbent David Beasley and Democratic candidate Jim Hodges. Hodges latched onto the Georgia Lottery idea, and successfully capitalized on both voter popularity of lottery implementation and education funding reform by claiming a state lottery could solve South Carolina's education woes.⁴⁸ Education funding was a key platform for the candidates that year because of South Carolina's struggles with low high school student retention rates and low bachelor's degree attainment.⁴⁹ Additionally, the beginnings of the *Abbeville v. State* case reflected the frustration with subpar educational funding. Hodges's support for the state lottery hinged on the premise that the lottery would serve as the solution to voter requests for more education funding—increased education funding that would be achieved not by raising taxes but by replicating Georgia's lottery-funded HOPE program.⁵⁰ During his campaign, Hodges continually referred to his proposed state lottery as a “voluntary tax” to combat criticism that lotteries act as a “regressive tax” on low-income state residents.⁵¹ Hodges's focus on replicating Georgia's lottery allocation was a political tactic to garner more support from hesitant voters and legislators. By providing funding towards scholarships, higher income voters were more likely to support the lottery's implementation.⁵²

Despite criticism and hesitation surrounding the lottery, Democratic candidate Jim Hodges defeated Republican incumbent David Beasley,⁵³ and the South Carolina Education Lottery Act was enacted in 2001.⁵⁴ Hodges's election strategy to focus on scholarship funding served as a catalyst for many of the issues surrounding the current lottery allocation scheme and contributed to the inequitable distribution of lottery funding we see today.

The SCEL Act defines a lottery as “a game of chance,” including instant tickets, on-line lottery games, and drawing numbers.⁵⁵ The costs of

48. See Bachman, *supra* note 6, at B1.

49. Linda S. Ghent & Alan P. Grant, *Are Voting and Buying Behavior Consistent? Evidence from the South Carolina Education Lottery*, 35 PUB. FIN. REV. 669, 674 (2007).

50. See Bachman, *supra* note 6, at B1.

51. Henry Eichel, *Hodges Betting Lottery will be Boon to Election*, STATE (Columbia, SC), Feb. 1, 1998, at B3; Joan Kirchner, *Little Help for Lottery Losers Georgia Slow to Warn of Addiction*, STATE (Columbia, SC), May 25, 1998, at A1; Ghent & Grant, *supra* note 49, at 670.

52. See Daprile, *supra* note 13.

53. Joseph S. Stroud & Michael Sponhour, *S.C. Bets on Hodges 'Historic' Upset Built on Education, Lottery*, STATE (Columbia, SC), Nov. 4, 1998, at A1 (attributing Hodges' historic win to strong African American voter turnout, strong public support for the lottery, and Hodges's ability to win majority swing counties in South Carolina).

54. S.B. 496, 2001-2002 Gen. Assemb., 114th Sess. (S.C. 2001).

55. S.C. CODE ANN. § 59-150-20(7) (2010 & Supp. 2021). Currently, South Carolina has two categories of lottery games: terminal games and scratch-offs. *How to Play*, S.C. EDUC. LOTTERY, <https://www.sceducationlottery.com/Games/HowToPlay> [https://perma.cc/SYH5-

advertising, printing, and prizes are deducted from the total sales of lottery games.⁵⁶ After expenses, approximately 25% of total lottery sales are allocated towards education funding.⁵⁷ The SCEL Act states, “The net proceeds received . . . must be deposited . . . in a fund . . . entitled the ‘Education Lottery Account.’”⁵⁸ Lottery net proceeds, including any investment earnings from the fund, must be used for educational purposes and programs as allocated by the General Assembly.⁵⁹

Notably, lottery funding must be used to supplement, not supplant, existing educational funds.⁶⁰ The SCEL Act stipulates that the state of South Carolina must give at least the same proportion of funds to education as was given prior to the lottery’s enactment.⁶¹ The goal of this stipulation is to ensure that South Carolina continues to fund new educational programs rather than use the lottery as a means of budget replacement.

The SCEL Act also dictates that appropriations shall be paid to fund all eligible applicants for three merit-based scholarships.⁶² Merit scholarship eligibility is determined by a student’s grade point average and standardized test scores.⁶³ Among the three state-sponsored scholarships, the Palmetto Fellows scholarship has the most stringent eligibility requirements and is the highest value scholarship offered by South Carolina.⁶⁴ The Legislative Incentive for Future Excellence (LIFE) scholarship has the second highest value and the second most stringent eligibility requirements.⁶⁵ The Helping

24T9]. Terminal games allow the consumer to pick numbers from zero to nine with the option to either match a specific number order or any order for a chance at prize money. *Id.* Ticket costs range from fifty cents to three dollars. *Id.* Scratch-off tickets require the player to scratch a thin covering on the ticket to reveal if they have won a prize; the requirements to win are detailed on the ticket. *Id.* The cost of scratch-off tickets ranges from one dollar to ten dollars. *Id.* All lottery tickets must be purchased with cash, and the purchaser must be eighteen years or older. *Id.*

56. § 59-150-20.

57. *Education FAQs*, S.C. EDUC. LOTTERY, <https://www.sceducationlottery.com/FAQ/Education> [<https://perma.cc/4XJP-LYPK>].

58. § 59-150-340.

59. § 59-150-350.

60. *Id.*

61. *See id.* But see Cindy Ross Scoppe, Opinion, *The Big Lottery Lie: \$2.5 Billion, and Counting*, STATE (Columbia, SC), Aug. 7, 2018, at 8.

62. § 59-150-350.

63. § 59-104-20; § 59-149-10; § 59-150-370.

64. *See* § 59-104-20; § 59-150-350; *see also* S.C. COMM’N ON HIGHER EDUC., INFORMATION AND ELIGIBILITY REQUIREMENTS FOR THE PALMETTO FELLOWS SCHOLARSHIP [hereinafter PALMETTO FELLOWS SCHOLARSHIP INFORMATION & ELIGIBILITY], https://www.che.sc.gov/CHE_Docs/studentservices/palmetto_fellows_brochure.pdf [<https://perma.cc/QR8V-TC9P>] (explaining that Palmetto Fellows may receive up to \$6,700 their first year, with that amount increasing to \$7,500 for the following three years.).

65. *See* § 59-149-10; S.C. COMM’N ON HIGHER EDUC., INFORMATION AND ELIGIBILITY REQUIREMENTS FOR SC LIFE SCHOLARSHIP AND SC HOPE SCHOLARSHIP [hereinafter SC

Outstanding Pupils Educationally (HOPE) scholarship is an additional merit scholarship offered to South Carolina students but is only available for a student's first year in college.⁶⁶ Along with the three merit scholarships, the SCEL Act also assists in funding need-based grants for eligible students⁶⁷ and Lottery Tuition Assistance programs to assist in funding a student's attendance at a two-year institution.⁶⁸ However, while need-based grants account for a mere 6% of SCEL scholarship revenue allocation,⁶⁹ merit-based scholarships account for 78% of scholarship funding.⁷⁰

SCEL funds are also allocated by the South Carolina General Assembly to K–12 schools to fund school infrastructure requirements, including school bus maintenance, updated technology, and other pressing infrastructure needs.⁷¹ The General Assembly can also fund elementary and middle school reading, math, science, and social studies programs,⁷² but it has not done so since fiscal year 2014–2015.⁷³ The largest K–12 expenditure is typically for the purchase of instructional materials followed by technology.⁷⁴ K–12 is often advertised by the SCEL as a main aspect of lottery appropriations,⁷⁵ but

LIFE SCHOLARSHIP & SC HOPE SCHOLARSHIP INFORMATION & ELIGIBILITY], https://www.che.sc.gov/CHE_Docs/studentservices/LIFE_Hope_Brochure.pdf [https://perma.cc/UZ77-8JYB] (providing scholarship eligibility requirements).

66. See § 59-150-370; SC LIFE SCHOLARSHIP & SC HOPE SCHOLARSHIP INFORMATION & ELIGIBILITY, *supra* note 65 (the HOPE Scholarship is designed to be a bridge for students to qualify for the larger LIFE Scholarship following the student's first year attending an eligible institution. The scholarship cannot exceed the cost of tuition or \$2,800 for the academic year).

67. See S.C. COMM'N ON HIGHER EDUC., SOUTH CAROLINA NEED-BASED GRANT [hereinafter S.C. NEED-BASED GRANT], https://www.che.sc.gov/CHE_Docs/studentservices/needbased/NBG_Q&A.pdf [https://perma.cc/DAA8-CRA6] (explaining that the South Carolina Need-Based Grant students receive \$2,500 a year, and a student may receive the Need-Based Grant for a maximum of eight terms. To apply, an individual must complete the FAFSA).

68. S.C. COMM'N ON HIGHER EDUC., LOTTERY TUITION ASSISTANCE [hereinafter LOTTERY TUITION ASSISTANCE], https://www.che.sc.gov/CHE_Docs/studentservices/ltap/LTAP_QA_2021.pdf [https://perma.cc/DE43-Q973]; see also S.C. COMM'N ON HIGHER EDUC., LTAP GENERAL ELIGIBILITY REQUIREMENTS, <https://www.che.sc.gov/Students,FamiliesMilitary/LTAP/LTAPGeneralEligibilityRequirements.aspx> [https://perma.cc/DDR2-SSHU] (describing eligibility requirements).

69. S.C. DEP'T OF ADMIN., *supra* note 16.

70. *Id.* LIFE scholarships, the second highest scholarship award amount available, makes up 74% of the total amount allocated to lottery funded scholarships. See *id.*

71. *Id.*

72. *Id.*

73. *Id.*

74. *Id.*

75. See, e.g., *Playing for Fun is a Win for Education*, S.C. EDUC. LOTTERY, <https://www.sceducationlottery.com/EducationWins> [https://perma.cc/8CNL-JAXZ] (showing the amount of money disbursed to the K–12 Education Programs); *About the South Carolina Education Lottery*, S.C. EDUC. LOTTERY, <https://www.sceducationlottery.com/Lottery> [https://perma.cc/UL54-MLUA] (“Educational programs for K–12 students also received more

the actual SCEL funding allocation for K–12 programs demonstrates that they are not a major focus of the program.⁷⁶

In North Carolina, the supreme court took a different approach and required the state legislature’s compliance with its decision in *Leandro v. State of North Carolina*.⁷⁷ Similar to the South Carolina Supreme Court’s 1999 *Abbeville* decision, the North Carolina Supreme Court required its state legislature to provide adequate support to lower income counties to achieve a “sound basic education in . . . public schools.”⁷⁸ North Carolina Governor Michael Easley believed passing the North Carolina Education Lottery (NCEL) could satisfy the *Leandro* decision’s requirements.⁷⁹

The pressure to comply with the *Leandro* decision was instrumental in focusing lottery proposals on K–12 funding and need-based awards rather than merit-based scholarships.⁸⁰ However, the North Carolina lottery struggled to gain traction because of similar criticism to the South Carolina lottery. Namely, the lottery would simply become a new regressive tax on low-income North Carolinians.⁸¹ While the prospect of designating lottery proceeds towards need-based recipients helped mitigate some of the criticism, it was not enough to garner the necessary support to pass.⁸²

During Governor Easley’s 2004 reelection campaign, he once again proposed the idea of a state lottery to assist in mitigating education funding shortfalls during North Carolina’s economic downturn.⁸³ In 2005, with the threat of a \$1 billion budget shortfall, the lottery bill passed the House and was introduced in the Senate.⁸⁴ Democratic leadership worried the bill would fail in the Senate, so the bill was introduced when two Republican senators, believed to oppose the lottery bill, were absent, and the lottery bill passed with a tie-breaking vote from the Lieutenant Governor.⁸⁵ Compared to South Carolina, there was more reluctance to pass a lottery bill in North Carolina, and animosity continued to surround the bill years after its passage.⁸⁶ North

than \$39 million in lottery proceeds.”). For example, in fiscal year 2018–2019, K–12 funding was 3.7% of total funding, with 67% of funding allocated for merit-based scholarships and 4% need-based scholarships. S.C. DEP’T OF ADMIN., *supra* note 16.

76. See *infra* Appendix C: South Carolina Education Lottery K–12 Funding and Per Capita Return from Funding.

77. Erik C. Ness & Molly A. Mistretta, *Merit Aid in North Carolina: A Case Study of a “Nonevent”*, 24 EDUC. POL’Y 703, 717 (2010).

78. *Leandro v. State*, 488 S.E.2d 249, 255–56 (N.C. 1997).

79. Ness & Mistretta, *supra* note 77, at 717.

80. Ness & Mistretta, *supra* note 9, at 506–07.

81. Ness & Mistretta, *supra* note 77, at 716.

82. *Id.* at 721–23.

83. Ness & Mistretta, *supra* note 9, at 505.

84. *Id.* at 496–97.

85. *Id.* at 497, 507–08.

86. See *id.* at 507–08.

Carolina's attempts at implementing a state lottery greatly impacted how the state chose to allocate its lottery proceeds. If not for the *Leandro* decision requiring the legislature to increase funding in public schools, and the threat of a budget shortfall pushing legislators to compromise on need-based allocation by lottery critics, North Carolina may never have allocated lottery funds primarily towards K–12 expenditures and need-based scholarships.

The North Carolina Education Lottery (NCEL) statute not only provides a general guide for how lottery funds should be allocated but also allows for discretion.⁸⁷ Similar to South Carolina, roughly 25% of all lottery revenues are allocated towards education funding. Additionally, the North Carolina lottery statute does not offer the same safeguards as the South Carolina lottery statute—North Carolina's statute does not include a section requiring the supplementation of educational funding rather than supplanting it.⁸⁸ Overall, North Carolina's lottery statute is considerably more lenient than South Carolina's Lottery Act. This has important impacts on South Carolina. First, it could be more difficult for South Carolina to alter how lottery revenues are distributed. Likely, South Carolina would have to take legislative action to alter its distribution. On the other hand, South Carolina's stricter requirements for lottery appropriations can act as a safeguard against funds being used to supplant educational funding rather than supplement it. Supplanting has become a complaint against how North Carolina has chosen to appropriate some lottery funds.⁸⁹

The main method North Carolina uses to determine each county's needs for lottery-based education funding is through a "tier" system established by statute.⁹⁰ North Carolina uses each county's unemployment rate, population, household income data, and property tax data to rank counties in one of three tiers, with Tier 1 being the most economically distressed.⁹¹ This assists in North Carolina's goal to prioritize needier counties over more stable counties to receive additional funding.⁹² For K–12 lottery funding allocations, the

87. N.C. GEN. STAT. ANN. § 18C-162 (West, Westlaw through S.L. 2021-162 of 2021 Reg. Sess. of Gen. Assemb.). Much of the language from the statute's early days has been removed, and the General Assembly is no longer required to allocate specific percentages of the lottery fund to class-size reduction, construction, or scholarships. Walter H. Hart et al., *An Analysis of the North Carolina Education Lottery, 2007-17*, 46 J. EDUC. FIN. 47, 56 (2020).

88. *See id.*; S.C. CODE ANN. § 59-150-350(C)(2) (2010 & Supp. 2021).

89. Molly Osborne Urquhart, *What Percentage of North Carolina's Education Lottery Money Goes to Education?*, EDNC (Aug. 6, 2019), <https://www.ednc.org/north-carolina-education-lottery-money-goes-to-education/> [<https://perma.cc/Q2VW-B88M>].

90. N.C. DEP'T OF COM., 2018 NORTH CAROLINA DEVELOPMENT TIER DESIGNATIONS (2018). South Carolina has a tier system as well designating the economic development of their counties; however, the tiers determine a business's eligibility for tax credits for job creation in those counties. S.C. DEP'T OF REVENUE, SC INFORMATION LETTER #20-33, at 1–2 (2020).

91. N.C. DEP'T OF COM., *supra* note 90.

92. *See id.*

largest expenditure is for non-instructional personnel followed by school construction.⁹³

Unlike SCEL scholarships, NCEL scholarships do not look to prior academic achievement for eligibility. To determine eligibility for NCEL scholarships, students must complete a Free Application for Federal Student Aid (FAFSA).⁹⁴ Lottery scholarships are directly linked to Federal Pell Grants⁹⁵ and are meant to supplement Pell Grants by awarding more in Education Lottery Scholarships to students receiving less from the Pell Grant.⁹⁶ The goal is to ensure that North Carolina students eligible for any amount of Pell Grant funds will receive a similar amount in need-based lottery scholarship aid.⁹⁷ North Carolina appears to strive for equity among its needier students by correlating scholarships to Pell Grant eligibility.

South Carolina and North Carolina have had similar histories leading to the implementation of a lottery, but each state has chosen to tackle the issue of educational funding in different ways. Each state's allocation approach greatly impacts the distributional effects on the states' citizens as will be shown below.

III. ANALYSIS

Lotteries have long been regarded as a regressive tax on lower income citizens because they are more likely to spend a larger portion of their income on lottery tickets than higher income citizens.⁹⁸ In South Carolina, because lower income citizens are less likely to see a significant return on their lottery spending due to failing to meet the merit scholarship requirements, these citizens effectively subsidize scholarships for the children of higher income citizens. North Carolina better allocates lottery revenues to the residents who participate in the lottery by focusing on K–12 and need-based programs rather than merit scholarships. This Part explores the current structure of lottery spending and lottery returns from both the SCEL and the NCEL to determine how South Carolina could better distribute lottery revenues to minimize the inequities of the lottery's regressive allocation.

93. FISCAL RSCH. DIV. OF THE N.C. GEN. ASSEMBLY, *supra* note 11.

94. N.C. Lottery, *How Do You Get an Education Lottery Scholarship?*, N.C. EDUC. LOTTERY (Oct. 29, 2018, 9:47 AM), <https://nclottery.com/NewsBlogDetails/2018/10/29/How-do-you-get-an-Education-Lottery-Scholarship> [<https://perma.cc/EL48-NPSU>].

95. E-mail from Traci Mitchell, RDS and Grants Manager, College Foundation, Inc. (Feb. 11, 2022, 12:02 PM EST) (on file with the *South Carolina Law Review*).

96. *Id.*

97. *Id.*

98. Todd A. Wyatt, *State Lotteries: Regressive Taxes in Disguise*, 44 TAX LAW. 867, 883 (1991); *see also* Ness & Mistretta, *supra* note 9, at 495.

A. Lottery Sales

An examination of lottery spending at a county level in both North Carolina and South Carolina demonstrates the disparities between higher and lower income counties. The lottery data from both states show that lower income residents spend a significantly larger portion of their income on the lottery than higher income residents.⁹⁹ In 2018, South Carolina counties Allendale and York had the highest and lowest poverty rates, respectively.¹⁰⁰ Allendale's citizens spent 60% more per capita than York's citizens on lotteries.¹⁰¹ This divide extends across South Carolina when comparing the ten counties with the lowest poverty rates to the ten counties with the highest poverty rates;¹⁰² the counties with the highest poverty rates spent on average 87% more per capita on the lottery than counties with the lowest poverty rates.¹⁰³

North Carolina's statistics demonstrate a similar pattern. A comparison of Bladen and Union Counties, which have the highest and lowest poverty rates in North Carolina, respectively,¹⁰⁴ shows that Bladen County residents spent 104% more per capita on the lottery than Union County residents.¹⁰⁵ Similar to South Carolina, when comparing the ten counties with the lowest poverty rates to the ten counties with the highest poverty rates,¹⁰⁶ the higher poverty rate counties spent on average 64% more on the lottery than the lower

99. See *infra* Appendix A: South Carolina Lottery Sales by County.

100. *South Carolina Poverty Rate by County*, INDEXMUNDI, <https://www.indexmundi.com/facts/united-states/quick-facts/south-carolina/percent-of-people-of-all-ages-in-poverty#chart> [<https://perma.cc/55EJ-6MNU>]; *South Carolina Median Household Income (in 2018 Dollars), 2014–2018 by County*, INDEXMUNDI, <https://www.indexmundi.com/facts/united-states/quick-facts/south-carolina/median-household-income#chart> [<https://perma.cc/L9SD-HHGM>].

101. See *infra* Appendix A: South Carolina Lottery Sales by County.

102. *South Carolina Poverty Rate by County*, *supra* note 100; *South Carolina Median Household Income (in 2018 Dollars), 2014–2018 by County*, *supra* note 100.

103. See *infra* Appendix A: South Carolina Lottery Sales by County; *Population Estimates by County 2010–2020, 2000–2009*, S.C. REVENUE & FISCAL AFFS. OFF., <https://rfa.sc.gov/data-research/population-demographics/census-state-data-center/population-estimates-counties> [<https://perma.cc/2ZWN-LDM7>].

104. *North Carolina Poverty Rate by County*, INDEXMUNDI, <https://www.indexmundi.com/facts/united-states/quick-facts/north-carolina/percent-of-people-of-all-ages-in-poverty#chart> [<https://perma.cc/9ZLS-JNG5>]; *North Carolina Median Household Income (in 2018 Dollars), 2014–2018 by County*, INDEXMUNDI, <https://www.indexmundi.com/facts/united-states/quick-facts/north-carolina/median-household-income#chart> [<https://perma.cc/G9RY-3SR2>].

105. Lottery Sales by County FY 2018-2019, North Carolina Educ. Lottery (obtained through N.C. Freedom of Information Act (FOIA)); *North Carolina Poverty Rate by County*, *supra* note 104.

106. *North Carolina Poverty Rate by County*, *supra* note 104.

poverty rate areas.¹⁰⁷ Therefore, in North Carolina—just as in South Carolina—the lowest income citizens spend more on the lottery than citizens with the highest income.

In both states, the data shows that the current state education lotteries are in fact a form of regressive taxation. Lower income citizens bear a larger burden in providing the lottery revenues that will be allocated to educational programs and scholarships.¹⁰⁸ Because the lowest income counties spend more per capita on the lottery, those counties will need to receive a greater amount of lottery-based educational funding to have an impactful return on their spending in comparison to higher income counties.

B. Scholarships and Grants Received by Each County

In South Carolina, one of highest income counties, Greenville County, received the most scholarships and scholarship funding. On the other hand, the county with the lowest median income, Allendale County, received the least number of scholarships and funding.¹⁰⁹ By population, Greenville County is larger,¹¹⁰ and more students in the county receive scholarships. However, when comparing the number of scholarships received in proportion to population levels, both Greenville and Allendale Counties received a similar number of scholarships.¹¹¹ But the number of scholarships received is not the real issue. Rather, the *amount* of lottery scholarship funding received is what matters. On a per capita basis, Greenville County received 70% more in lottery scholarship funding than Allendale County. Thus, while the number of scholarships received by students in Greenville and Allendale Counties were roughly equal, Greenville's students received more money due to the county's ability to earn a larger percentage of the higher awarding merit scholarships.

This is a common occurrence. Higher income counties received proportionately more merit aid from education lottery scholarships in South

107. Lottery Sales by County FY 2018-2019, *supra* note 105; *North Carolina Poverty Rate by County*, *supra* note 104.

108. Taylor, *supra* note 35, at 173. Why is it that lower income residents are more likely to spend more on the lottery than higher income residents? Some research points to the theory that lower income individuals are more likely to play the lottery because they are the class most likely to dream and hope of drastic wealth increase, and most likely to feel dissatisfied with their current class position. Higher income individuals are less likely to feel a need to play the lottery because they feel less tension in their current standing. Jens Beckert & Mark Lutter, *Why the Poor Play the Lottery: Sociological Approaches to Explaining Class-Based Lottery Play*, 47 SOCIOLOGY 1152, 1155 (2012).

109. *South Carolina Poverty Rate by County*, *supra* note 100. See *infra* Appendix B: South Carolina Scholarships Awarded by County.

110. *Population Estimates by County 2010-2020, 2008-2009*, *supra* note 103.

111. See *infra* Appendix B: South Carolina Scholarships Awarded by County.

Carolina in 2018.¹¹² A comparison of the ten counties with the highest incomes and the ten counties with the lowest incomes illustrates a simple fact: nearly half (48%) of the lottery scholarships awarded to higher income counties are the Palmetto Fellows and LIFE scholarships, the merit scholarships with the highest award amounts.¹¹³ This is in direct contrast with lower income counties, where approximately one-third of the lottery scholarships awarded (34%) are Palmetto Fellows and LIFE scholarships.¹¹⁴ The Palmetto Fellows and LIFE scholarships are purely merit based, and more higher income students meet the merit scholarship requirements.

Why does this happen? Studies show that a student's academic achievement has a positive correlation to income; therefore, students from households with a higher income typically attain higher academic achievement.¹¹⁵ This correlation can be attributed to the fact that higher income areas are, on average, better funded areas, which are directly associated with academic success such as tutoring, high teacher retention, and facility maintenance.¹¹⁶ A lack of funding in these academic success factors—which are considered indicators of an adequate education¹¹⁷—plague the low-income areas in South Carolina.¹¹⁸ Consequently, high-income counties have greater access to the funding necessary for academic achievement, which leads directly to increased merit scholarships. Lower income counties simply do not have the same resources and correspondingly receive fewer merit scholarships.

Analysis of education lottery funding in North Carolina shows a similar trend to South Carolina: higher income residents receive more lottery scholarship funding. However, North Carolina differs from South Carolina in two key aspects: there is only one type of lottery scholarship, and award amounts are based on need rather than merit. In 2018, Wake County, the highest income county, received the most lottery scholarships while the fifth lowest median-income county of Tyrell received the least.¹¹⁹ Wake County's per capita return on lottery scholarships is 31% higher than Tyrell's.¹²⁰ Additionally, the ten highest income counties average 22% more in per capita return on scholarships than the ten lowest income counties.¹²¹ This may be

112. See S.C. COMM'N HIGHER EDUC., SCHOLARSHIP RECIPIENTS BY COUNTY (2018) (calculations on file with author).

113. *Id.*

114. *Id.*

115. Taylor, *supra* note 35, at 173.

116. Hawthorne, *supra* note 2, at 764 n.33.

117. *Id.*

118. Bowers, *supra* note 17; see Fogle, *supra* note 19.

119. See *infra* Appendix D: North Carolina Lottery Sales for Tier 1 and Tier 3 Counties.

120. See *infra* Appendix D: North Carolina Lottery Sales for Tier 1 and Tier 3 Counties.

121. See *infra* Appendix D: North Carolina Lottery Sales for Tier 1 and Tier 3 Counties; *North Carolina Poverty Rate by County*, *supra* note 104.

due to how North Carolina has decided to award their need-based scholarships. Since North Carolina distributes need-based scholarships in relation to the Pell Grant, if a student receives the full amount available from the Pell Grant, that student will not receive a lottery-funded scholarship. However, if a student receives a portion of available Pell Grant funds, that student can receive a need-based scholarship to supplement the partial Pell Grant funds. Therefore, less needy students receive more in lottery-funded, need-based scholarships than the neediest students.

Although both North and South Carolina end up with similar statistics regarding the allocation of lottery-based scholarship funding, the states differ greatly in one key area. Of the total amount of funding appropriated by the NCEL, scholarships comprise only 3% of total lottery fund returns. Conversely, of the total amount of funding appropriated by the SCEL, merit-based scholarships comprise 67% of total lottery fund returns. As discussed hereinafter, North Carolina's choice to deprioritize lottery funding for scholarships results in a significant impact on lottery returns in low-income counties.

C. K-12 Lottery Funding

Allocation to K-12 funding sheds some light on how lottery allocation to lower income counties could be balanced if K-12 was made the priority. For example, Clarendon County has one of the highest poverty rates in South Carolina while York County has the lowest.¹²² As depicted in Appendix C, Clarendon residents received 193% more K-12 funding per capita than York residents.¹²³ Expanding the data set, the ten counties with the lowest incomes received 612% more K-12 funding than the ten counties with the highest incomes.¹²⁴ Unlike with merit-based lottery scholarships, South Carolina allocates more K-12 related funding to the lowest income counties. A potential reason for this is that the state contributes more per pupil funding to the lower income counties than to the higher income counties to make up for a deficiency in a county's local K-12 funding collected through local taxes.¹²⁵ While South Carolina allocates more K-12 lottery funding to poorer counties,

122. *South Carolina Poverty Rate by County*, *supra* note 100.

123. *See infra* Appendix C: South Carolina Education Lottery K-12 Funding and Per Capita Return from Funding.

124. *See infra* Appendix C: South Carolina Education Lottery K-12 Funding and Per Capita Return from Funding; *South Carolina Poverty Rate by County*, *supra* note 100.

125. *See generally* Lauren Camera, *In Most States, Poorest School Districts Get Less Funding*, U.S. NEWS (Feb. 27, 2018, 12:01 AM), <https://www.usnews.com/news/best-states/articles/2018-02-27/in-most-states-poorest-school-districts-get-less-funding> [https://perma.cc/FBV9-4ESQ] (describing how Illinois now allocates more funding to poorer districts rather than relying on property taxes to fund school districts).

this allocation accounted for only 3.7% of the total education lottery funding in the year 2018–2019.¹²⁶ Comparing K–12 funding to scholarship funding, South Carolina allocated 2,200% *more* towards scholarships than to K–12 expenditures that year.¹²⁷

North Carolina takes a somewhat different approach. In 2018, Tyrell County, the lowest income county in the state, received 9% more K–12 funding per capita than Wake County, the highest income county in the state. Expanding the dataset to the ten highest and lowest income counties in North Carolina, the ten lowest income counties averaged 17% more in K–12 funding than the highest income counties. Overall, North Carolina spent 2,700% more on K–12 funding than lottery scholarships, which was comprised of 95% of NCEL appropriations in 2018.¹²⁸ Compared to SCEL, the NCEL allocated 3,500% more to K–12 funding.¹²⁹

While South Carolina allocates more K–12 funding to lower income counties than higher income counties, this fails to compensate for the fact that a majority of the SCEL funding goes to merit-based scholarships. Over 80% of SCEL scholarship funding is allocated on a merit basis,¹³⁰ and, as demonstrated previously, merit-based scholarships are disproportionately awarded to higher income counties. South Carolina would better allocate funds to the lower income residents who fund the SCEL if South Carolina adopted North Carolina’s approach by allocating the majority of NCEL funds to K–12 funding.

D. Overall Returns Compared to Sales

In South Carolina, education lottery funding is allocated more or less equally. South Carolina’s ten highest income counties averaged only 1% more in lottery funding than the lowest income counties.¹³¹ In other words, the highest and lowest income counties received roughly the same amount in education lottery funding. However, as discussed previously, lower income counties often spend more of their income on the lottery compared to higher income counties.¹³² Thus, lower income counties are paying more to a system that gives them the same as those who pay less. To illustrate further, if Allendale County citizens spent 60% more per capita than York’s citizens on the lottery, a truly equal system would result in 60% more education lottery

126. See S.C. DEP’T OF ADMIN., *supra* note 16.

127. See *id.*

128. FISCAL RSCH. DIV. OF THE N.C. GEN. ASSEMBLY, *supra* note 11.

129. See *id.*; S.C. DEP’T OF ADMIN., *supra* note 16.

130. See S.C. DEP’T OF ADMIN., *supra* note 16.

131. See S.C. COMM’N HIGHER EDUC., SCHOLARSHIP RECIPIENTS BY COUNTY (2018) (calculations on file with author).

132. See *supra* text accompanying note 108.

funding for Allendale County. That, however, is not the case because South Carolina lottery funds are not distributed on the basis of lottery spending.

Additional examples abound. In 2018, the county that received the largest return in funding based off their per capita lottery spending was Pickens County with a return of 40% on what they spent on the lottery in the form of scholarships for K–12 funding.¹³³ Conversely, the county that received the least in return in 2018 was Jasper County, which received only 6% return of its per capita lottery spending.¹³⁴ Additionally, Jasper County spent 214% more per capita on the lottery than Pickens County but received 45% of the total lottery funding that Pickens County received.¹³⁵

Overall, the highest income counties in South Carolina spend proportionately less on the lottery than the lowest income counties but receive a higher rate of return on their lottery spending. The lower income counties that spend the most on the lottery effectively subsidize the highest income counties. This results in a less than ideal situation: the lowest income counties in South Carolina receive a significantly smaller return from the Education Lottery Fund, a program specifically designed to assist counties with the greatest need.¹³⁶

In North Carolina, there are outliers,¹³⁷ but education lottery funding appears to be allocated relatively according to need. In the aggregate, the lowest income counties in North Carolina, Tier 1 counties, received 161% more in total lottery funding than Tier 3 counties.¹³⁸ North Carolina counties that have the greatest need for education funding receive more funding than their wealthier peers—something South Carolina fails to accomplish with its current lottery funding structure.

If South Carolina were to incorporate the main aspects of North Carolina's Education Lottery, the resulting changes could significantly

133. See *infra* Appendix A: South Carolina Lottery Sales by County; see *infra* Appendix C: South Carolina Education Lottery K–12 Funding and Per Capita Return from Funding.

134. *Infra* Appendix A: South Carolina Lottery Sales by County; *infra* Appendix C: South Carolina Education Lottery K–12 Funding and Per Capita Return from Funding.

135. *Infra* Appendix A: South Carolina Lottery Sales by County; *infra* Appendix C: South Carolina Education Lottery K–12 Funding and Per Capita Return from Funding. Orangeburg County receive back \$70 per resident from the Education Lottery Fund. This is only a 9% return on the residents' per capita spending of \$804.68, the most of any county. *Infra* Appendix A: South Carolina Lottery Sales by County.

136. James Hodges, Governor, State of South Carolina, South Carolina Governor Inaugural Address (Jan. 13, 1999).

137. North Carolina has outliers that demonstrate a certain amount of inequity in education lottery funding as well. Graham County, with the lowest spending per capita on the lottery, received an 87% return in lottery funds. Nash County, with the highest spending per capita on the lottery, received the lowest percent return on lottery spending with a 10% return in lottery funds. See Appendix D: North Carolina Lottery Sales for Tier 1 and Tier 3 Counties.

138. See *supra* notes 90–93 and accompanying text.

mitigate inequality within the state's education funding system. If lottery funds were appropriated with a greater focus on K–12 schools, lottery returns would shift to benefitting the lowest income counties more than the highest income counties because the total return from the lottery will now primarily be K–12 funding. Additionally, South Carolina should adopt the need-based scholarship framework used by North Carolina rather than merit-based requirements to further close the gap between higher income counties receiving higher returns than lower income counties. Yet North Carolina's system is not without problems. In direct contrast to South Carolina, North Carolina's education lottery appropriations supplant the education budget rather than supplement. For example, while North Carolina's largest lottery fund line item—education-related, non-instructional personnel—was originally funded through the state's budget,¹³⁹ it is now almost completely funded through the lottery.¹⁴⁰ South Carolina's statutory mandate to supplement existing funding rather than supplant the education budget is a better alternative. By modeling SCEL appropriations after NCEL appropriations, funding purely need-based scholarships, and maintaining the requirement of supplementing rather than supplanting, South Carolina can begin to better the disparities in lottery distributions.

IV. CONCLUSION

South Carolina's emphasis on allocating education lottery funding towards merit-based scholarships does not have the appearance of bias; merit-based scholarships award students who meet the prescribed standards. The South Carolina General Assembly does not pick and choose which residents receive a scholarship and which do not, nor is there a set quota per county for receiving financial aid. The eligibility requirements for students are the same across South Carolina. While it is true that anyone can meet the requirements to receive a merit-based scholarship, not all students are properly prepared to achieve these requirements. Lower income county schools are more likely to struggle academically due to the positive correlation between household income and academic success.¹⁴¹

By prioritizing merit-based scholarships over K–12 funding, South Carolina reinforces existing inequities in educational funding. The lack of a minimally adequate education in many of these lower income counties

139. Molly Osborne Urquhart, *What Percentage of North Carolina's Education Lottery Money Goes to Education?*, EDNC (Aug. 6, 2019), <https://www.ednc.org/north-carolina-education-lottery-money-goes-to-education/> [https://perma.cc/Q2VW-B88M].

140. See FISCAL RSCH. DIV. OF THE N.C. GEN. ASSEMBLY, *supra* note 11.

141. See Lacour & Tissington, *supra* note 14, at 522, 527; Dahl & Lochner, *supra* note 14, at 1927.

effectively acts as a barrier to entry, limiting the number of students who can earn merit-based scholarships. Consequently, South Carolina should modify their education lottery program to focus on K–12 funding and offer need-based scholarships similar to those offered by North Carolina. By doing so, South Carolina would better align itself with the Education Lottery’s original goal of focusing on South Carolina’s neediest students and mitigate the disparities between the counties. After all, education is the great equalizer, and South Carolina owes its neediest students considerably more than minimally adequate education—especially if they are the ones paying for it.

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EDUCATION LOTTERIES OF THE CAROLINAS

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APPENDIX A:
SOUTH CAROLINA LOTTERY SALES BY COUNTY¹⁴²

County	Total Sales	Per Capita Sales
Abbeville	\$ 5,786,957.50	\$ 234.89
Aiken	\$ 57,462,901.00	\$ 338.61
Allendale	\$ 4,759,636.50	\$ 534.43
Anderson	\$ 54,181,864.50	\$ 270.63
Bamberg	\$ 8,782,046.50	\$ 614.64
Barnwell	\$ 12,731,897.00	\$ 601.98
Beaufort	\$ 57,985,263.50	\$ 305.89
Berkley	\$ 69,313,163.00	\$ 312.45
Calhoun	\$ 4,688,299.50	\$ 322.66
Charleston	\$ 151,662,717.50	\$ 372.67
Cherokee	\$ 25,560,576.50	\$ 446.88
Chester	\$ 15,906,780.50	\$ 492.76
Chesterfield	\$ 16,869,477.50	\$ 368.27
Clarendon	\$ 20,979,624.00	\$ 621.21
Colleton	\$ 20,238,801.50	\$ 536.40
Darlington	\$ 34,429,518.00	\$ 515.47
Dillon	\$ 12,764,154.50	\$ 418.37
Dorchester	\$ 45,894,594.50	\$ 284.46
Edgefield	\$ 11,117,447.50	\$ 409.47
Fairfield	\$ 11,454,878.50	\$ 511.56
Florence	\$ 72,527,101.50	\$ 524.44
Georgetown	\$ 25,543,843.00	\$ 408.95
Greenville	\$ 135,058,559.50	\$ 261.96
Greenwood	\$ 30,079,467.00	\$ 425.86
Hampton	\$ 11,247,995.00	\$ 579.32
Horry	\$ 126,115,971.50	\$ 365.89
Jasper	\$ 18,393,592.00	\$ 629.31
Kershaw	\$ 31,526,525.50	\$ 478.72
Lancaster	\$ 28,706,715.00	\$ 301.50
Laurens	\$ 26,645,584.00	\$ 398.56
Lee	\$ 8,973,013.50	\$ 519.60
Lexington	\$ 99,053,460.00	\$ 336.04
Marion	\$ 14,808,104.00	\$ 477.85
Marlboro	\$ 16,046,967.00	\$ 607.54
McCormick	\$ 4,178,303.00	\$ 443.70
Newberry	\$ 17,529,698.00	\$ 455.79

142. S.C. Educ. Lottery, Sales By County FY 2018–2019 (obtained through S.C. Freedom of Information Act (FOIA) (S.C. CODE ANN. § 30-4-10 (2010 & Supp. 2021))); *see also* *Population Estimates by County 2010–2020, 2000–2009, supra* note 103.

County	Total Sales	Per Capita Sales
Oconee	\$ 15,493,096.00	\$ 198.08
Orangeburg	\$ 70,092,880.50	\$ 804.68
Pickens	\$ 25,008,347.50	\$ 199.79
Richland	\$ 160,281,259.50	\$ 386.07
Saluda	\$ 6,608,827.00	\$ 325.03
Spartanburg	\$ 99,082,546.00	\$ 315.06
Sumter	\$ 63,488,686.50	\$ 596.04
Union	\$ 11,674,595.50	\$ 427.22
Williamsburg	\$ 16,388,541.50	\$ 530.25
York	\$ 91,224,298.00	\$ 332.71

APPENDIX B:
SOUTH CAROLINA SCHOLARSHIPS AWARDED BY COUNTY¹⁴³

County	Number of Scholarships or Grants	Value of Scholarships and Grants	Per Capita Value of Scholarships and Grants Awarded
Abbeville	198	\$ 2,148,140.00	\$ 87.19
Aiken	1091	\$ 12,188,660.00	\$ 71.82
Allendale	60	\$ 446,880.00	\$ 50.18
Anderson	1456	\$ 17,036,660.00	\$ 85.09
Bamberg	111	\$ 1,320,840.00	\$ 92.44
Barnwell	182	\$ 1,750,760.00	\$ 82.78
Beaufort	772	\$ 9,177,020.00	\$ 48.41
Berkley	1397	\$ 15,011,760.00	\$ 67.67
Calhoun	78	\$ 1,336,280.00	\$ 91.97
Charleston	1916	\$ 25,396,200.00	\$ 62.40
Cherokee	383	\$ 3,892,600.00	\$ 68.05
Chester	221	\$ 2,389,680.00	\$ 74.03
Chesterfield	342	\$ 3,522,040.00	\$ 76.89
Clarendon	191	\$ 2,175,040.00	\$ 64.40
Colleton	198	\$ 2,444,580.00	\$ 64.79
Darlington	403	\$ 4,920,960.00	\$ 73.67
Dillon	218	\$ 1,932,220.00	\$ 63.33
Dorchester	1221	\$ 13,287,840.00	\$ 82.36
Edgefield	169	\$ 2,053,180.00	\$ 75.62
Fairfield	155	\$ 1,403,780.00	\$ 62.69
Florence	936	\$ 11,547,760.00	\$ 83.50
Georgetown	395	\$ 4,257,360.00	\$ 68.16
Greenville	3274	\$ 44,065,280.00	\$ 85.47
Greenwood	576	\$ 6,524,500.00	\$ 92.37
Hampton	138	\$ 1,542,000.00	\$ 79.42
Horry	1671	\$ 21,111,260.00	\$ 61.25
Jasper	83	\$ 979,060.00	\$ 33.50
Kershaw	479	\$ 5,700,220.00	\$ 86.56
Lancaster	534	\$ 6,179,840.00	\$ 64.91
Laurens	428	\$ 5,016,460.00	\$ 75.03
Lee	101	\$ 1,044,220.00	\$ 60.47
Lexington	2111	\$ 27,067,420.00	\$ 91.83
Marion	164	\$ 1,825,720.00	\$ 62.85
Marlboro	173	\$ 1,653,600.00	\$ 58.92
McCormick	32	\$ \$591,820.00	\$ 62.61

¹⁴³ S.C. COMM'N HIGHER EDUC., SCHOLARSHIP RECIPIENTS BY COUNTY (2018); PALMETTO FELLOWS SCHOLARSHIP INFORMATION & ELIGIBILITY, *supra* note 64; SC LIFE SCHOLARSHIP & SC HOPE SCHOLARSHIP INFORMATION & ELIGIBILITY, *supra* note 65; LOTTERY TUITION ASSISTANCE, *supra* note 67; S.C. NEED-BASED GRANT, *supra* note 67; *see also Population Estimates by County 2010–2020, 2000–2009, supra* note 100.

County	Number of Scholarships or Grants	Value of Scholarships and Grants	Per Capita Value of Scholarships and Grants Awarded
Newberry	316	\$ 3,337,660.00	\$ 86.78
Oconee	412	\$ 5,084,820.00	\$ 65.01
Orangeburg	518	\$ 5,621,520.00	\$ 64.54
Pickens	740	\$ 9,838,940.00	\$ 78.60
Richland	2516	\$ 30,329,940.00	\$ 73.06
Saluda	124	\$ 1,419,680.00	\$ 69.82
Spartanburg	233	\$ 27,431,660.00	\$ 87.23
Sumter	441	\$ 8,576,140.00	\$ 80.51
Union	204	\$ 2,484,140.00	\$ 90.90
Williamsburg	210	\$ 2,644,180.00	\$ 85.55
York	1990	\$ 25,682,660.00	\$ 93.67

APPENDIX C:
SOUTH CAROLINA EDUCATION LOTTERY K–12 FUNDING AND PER
CAPITA RETURN FROM FUNDING¹⁴⁴

County	Total K–12 Funding	Per Capita Return on K–12 Funding	Total Per Capita Return on Scholarships and K–12 Funding
Abbeville	\$ 59,662.00	\$ 2.42	\$ 89.61
Aiken	\$ —	\$ —	\$ 71.82
Allendale	\$ 78,485.00	\$ 8.81	\$ 58.99
Anderson	\$ 227,847.00	\$ 1.14	\$ 86.23
Bamberg	\$ 118,907.00	\$ 8.32	\$ 100.77
Barnwell	\$ 103,124.00	\$ 4.88	\$ 87.65
Beaufort	\$ 217,597.00	\$ 1.15	\$ 49.56
Berkley	\$ 37,498.00	\$ 0.17	\$ 67.84
Calhoun	\$ 67,563.00	\$ 4.65	\$ 96.62
Charleston	\$ 59,363.00	\$ 0.15	\$ 62.55
Cherokee	\$ 165,882.00	\$ 2.90	\$ 70.95
Chester	\$ —	\$ —	\$ 74.03
Chesterfield	\$ 89,596.00	\$ 1.96	\$ 78.84
Clarendon	\$ 162,507.00	\$ 4.81	\$ 69.22
Colleton	\$ 52,757.00	\$ 1.40	\$ 66.19
Darlington	\$ 896,369.00	\$ 13.42	\$ 87.09
Dillon	\$ —	\$ —	\$ 63.33
Dorchester	\$ 123,798.00	\$ 0.77	\$ 83.13
Edgefield	\$ 204,524.00	\$ 7.53	\$ 83.15
Fairfield	\$ 89,709.00	\$ 4.01	\$ 66.70
Florence	\$ 458,163.00	\$ 3.31	\$ 86.81
Georgetown	\$ 60,000.00	\$ 0.96	\$ 69.12
Greenville	\$ 729,977.00	\$ 1.42	\$ 86.88
Greenwood	\$ 155,973.00	\$ 2.21	\$ 94.58
Hampton	\$ 58,776.00	\$ 3.03	\$ 82.45
Horry	\$ —	\$ —	\$ 61.25
Jasper	\$ 96,250.00	\$ 3.29	\$ 36.79
Kershaw	\$ 4,252.00	\$ 0.06	\$ 86.62
Lancaster	\$ —	\$ —	\$ 64.91
Laurens	\$ 40,151.00	\$ 0.60	\$ 75.64
Lee	\$ 242,041.00	\$ 14.02	\$ 74.48
Lexington	\$ 312,116.00	\$ 1.06	\$ 92.89
Marion	\$ —	\$ —	\$ 58.92
Marlboro	\$ 137,132.00	\$ 5.19	\$ 67.80

144. *District Revenue Information, Fiscal Year 2018–2019*, S.C. DEP'T OF EDUC. (2019), <https://ed.sc.gov/finance/financial-data/historical-data/district-revenue-information/> [https://perma.cc/A9FF-C28U]; see also *Population Estimates by County 2010–2020, 2000–2009*, *supra* note 103; *supra* Appendix B: South Carolina Scholarships Awarded by County.

County	Total K-12 Funding	Per Capita Return on K-12 Funding	Total Per Capita Return on Scholarships and K-12 Funding
McCormick	\$ 104,500.00	\$ 11.10	\$ 73.94
Newberry	\$ 72,987.00	\$ 1.90	\$ 88.68
Oconee	\$ 59,556.00	\$ 0.76	\$ 65.77
Orangeburg	\$ 493,047.00	\$ 5.66	\$ 70.20
Pickens	\$ 90,866.00	\$ 0.73	\$ 79.33
Richland	\$ 79,255.00	\$ 0.19	\$ 73.25
Saluda	\$ 20,000.00	\$ 0.98	\$ 70.81
Spartanburg	\$ 513,242.00	\$ 1.63	\$ 88.86
Sumter	\$ —	\$ —	\$ 80.51
Union	\$ 85,909.00	\$ 3.14	\$ 94.05
Williamsburg	\$ 221,825.00	\$ 7.18	\$ 92.73
York	\$ 449,905.00	\$ 1.64	\$ 95.31

APPENDIX D:
NORTH CAROLINA LOTTERY SALES FOR TIER 1 AND TIER 3 COUNTIES¹⁴⁵

County	Total Sales 2018	Per Capita Spending
Alleghany	\$ 1,310,063.00	\$ 117.38
Anson	\$ 6,770,780.00	\$ 272.17
Ashe	\$ 3,276,520.50	\$ 120.86
Bertie	\$ 7,095,386.50	\$ 372.93
Bladen	\$ 11,821,097.50	\$ 356.16
Brunswick	\$ 44,007,759.50	\$ 321.83
Buncombe	\$ 54,436,542.50	\$ 210.10
Cabarrus	\$ 45,901,595.00	\$ 217.19
Camden	\$ 1,651,478.00	\$ 154.20
Carteret	\$ 19,944,823.00	\$ 286.88
Caswell	\$ 4,003,536.00	\$ 176.38
Chatham	\$ 14,792,141.50	\$ 202.25
Cherokee	\$ 3,587,520.50	\$ 126.40
Chowan	\$ 4,358,802.00	\$ 310.70
Clay	\$ 971,657.00	\$ 87.23
Columbus	\$ 16,279,303.50	\$ 292.50
Durham	\$ 84,691,451.00	\$ 267.39
Edgecombe	\$ 26,828,811.50	\$ 515.89
Gates	\$ 1,660,180.00	\$ 143.45
Graham	\$ 657,682.50	\$ 77.52
Granville	\$ 20,536,145.50	\$ 341.61
Greene	\$ 4,978,671.00	\$ 236.94
Halifax	\$ 29,364,756.00	\$ 580.63
Haywood	\$ 10,776,317.50	\$ 173.89
Henderson	\$ 22,167,973.50	\$ 189.88
Hertford	\$ 10,092,981.50	\$ 426.60
Hyde	\$ 1,287,680.00	\$ 246.21
Iredell	\$ 43,673,199.00	\$ 244.76
Jackson	\$ 6,003,388.00	\$ 138.56
Johnston	\$ 49,186,520.50	\$ 242.69
Jones	\$ 2,121,458.50	\$ 220.14
Lenoir	\$ 27,019,789.00	\$ 482.70
Lincoln	\$ 20,437,284.50	\$ 243.97
Macon	\$ 5,592,133.50	\$ 158.48
Martin	\$ 10,221,720.50	\$ 450.87
Mcdowell	\$ 12,372,932.00	\$ 271.89
Mecklenburg	\$ 221,213,756.00	\$ 202.22
Mitchell	\$ 2,704,655.00	\$ 180.31
Montgomery	\$ 8,357,424.00	\$ 306.46

145. See Lottery Sales by County FY 2018–2019, *supra* note 105; *North Carolina Poverty Rate by County*, *supra* note 104.

County	Total Sales 2018	Per Capita Spending
Moore	\$ 26,175,186.00	\$ 265.25
New Hanover	\$ 61,902,010.50	\$ 266.50
Northampton	\$ 7,832,849.50	\$ 398.09
Orange	\$ 29,421,918.50	\$ 201.48
Pasquotank	\$ 16,319,757.50	\$ 411.71
Pender	\$ 17,025,748.50	\$ 273.89
Perquimans	\$ 2,414,302.00	\$ 179.88
Person	\$ 15,364,415.50	\$ 388.90
Richmond	\$ 16,589,752.50	\$ 369.59
Robeson	\$ 41,429,638.00	\$ 314.26
Scotland	\$ 14,798,545.00	\$ 425.12
Swain	\$ 2,122,761.50	\$ 149.02
Tyrrell	\$ 1,312,218.00	\$ 317.65
Union	\$ 41,179,778.00	\$ 174.56
Vance	\$ 24,262,072.50	\$ 544.21
Wake	\$ 236,394,600.50	\$ 216.42
Warren	\$ 4,849,586.00	\$ 244.84
Washington	\$ 5,674,921.50	\$ 478.53
Watauga	\$ 4,978,377.00	\$ 88.99
Yadkin	\$ 5,313,610.00	\$ 141.53
Yancey	\$ 3,097,241.50	\$ 173.00

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EDUCATION LOTTERIES OF THE CAROLINAS

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APPENDIX E:
NORTH CAROLINA SCHOLARSHIPS AWARDED FOR
TIER 1 AND TIER 3 COUNTIES¹⁴⁶

County	Number of Scholarships or Grants	Value of Scholarships and Grants	Per Capita Value of Scholarships and Grants Awarded
Alleghany	18	\$ 18,578.00	\$ 1.66
Anson	49	\$ 46,447.00	\$ 1.87
Ashe	58	\$ 66,597.00	\$ 2.46
Bertie	32	\$ 35,443.00	\$ 1.86
Bladen	69	\$ 69,312.00	\$ 2.09
Brunswick	232	\$ 235,234.00	\$ 1.72
Buncombe	618	\$ 695,623.00	\$ 2.68
Cabarrus	584	\$ 641,345.00	\$ 3.03
Camden	25	\$ 29,576.00	\$ 2.76
Carteret	153	\$ 165,161.00	\$ 2.38
Caswell	36	\$ 36,632.00	\$ 1.61
Chatham	112	\$ 128,196.00	\$ 1.75
Cherokee	72	\$ 76,989.00	\$ 2.71
Chowan	29	\$ 27,678.00	\$ 1.97
Clay	15	\$ 20,177.00	\$ 1.81
Columbus	135	\$ 150,854.00	\$ 2.71
Durham	610	\$ 686,824.00	\$ 2.17
Edgecombe	131	\$ 135,618.00	\$ 2.61
Gates	21	\$ 17,866.00	\$ 1.54
Graham	23	\$ 22,166.00	\$ 2.61
Granville	85	\$ 87,204.00	\$ 1.45
Greene	35	\$ 34,331.00	\$ 1.63
Halifax	106	\$ 103,127.00	\$ 2.04
Harnett	233	\$ 240,688.00	\$ 1.79
Haywood	163	\$ 174,316.00	\$ 2.81
Henderson	264	\$ 286,816.00	\$ 2.46
Hertford	49	\$ 56,745.00	\$ 2.40
Hyde	12	\$ 11,613.00	\$ 2.22
Iredell	478	\$ 529,675.00	\$ 2.97
Jackson	97	\$ 100,127.00	\$ 2.31
Johnston	457	\$ 484,783.00	\$ 2.39
Jones	25	\$ 21,021.00	\$ 2.18
Lenoir	156	\$ 171,859.00	\$ 3.07
Lincoln	206	\$ 219,830.00	\$ 2.62
Macon	76	\$ 74,537.00	\$ 2.11

146. See FISCAL RSCH. DIV. OF THE N.C. GEN. ASSEMBLY, *supra* note 11; *North Carolina Poverty Rate by County*, *supra* note 104.

County	Number of Scholarships or Grants	Value of Scholarships and Grants	Per Capita Value of Scholarships and Grants Awarded
Martin	64	\$ 70,351.00	\$ 3.10
McDowell	113	\$ 107,557.00	\$ 2.36
Mecklenburg	2550	\$ 2,683,466.00	\$ 2.45
Mitchell	30	\$ 8,162.00	\$ 0.54
Montgomery	78	\$ 22,153.00	\$ 0.81
Moore	198	\$ 66,313.00	\$ 0.67
New Hanover	697	\$ 258,466.00	\$ 1.11
Northampton	37	\$ 24,897.00	\$ 1.27
Orange	217	\$ 145,068.00	\$ 0.99
Pasquotank	92	\$ 34,909.00	\$ 0.88
Pender	138	\$ 61,095.00	\$ 0.98
Perquimans	23	\$ 11,075.00	\$ 0.83
Person	105	\$ 44,401.00	\$ 1.12
Richmond	124	\$ 46,314.00	\$ 1.03
Robeson	367	\$ 158,993.00	\$ 1.21
Scotland	89	\$ 48,669.00	\$ 1.40
Swain	51	\$ 11,531.00	\$ 0.81
Tyrrell	5	\$ 3,177.00	\$ 0.77
Union	608	\$ 215,176.00	\$ 0.91
Vance	93	\$ 59,567.00	\$ 1.34
Wake	2715	\$ 1,225,920.00	\$ 1.12
Warren	35	\$ 21,771.00	\$ 1.10
Washington	27	\$ 17,565.00	\$ 1.48
Watauga	162	\$ 79,621.00	\$ 1.42
Yadkin	97	\$ 30,223.00	\$ 0.81
Yancey	39	\$ 9,577.00	\$ 0.53

APPENDIX F:
NORTH CAROLINA EDUCATION LOTTERY K–12 FUNDING AND PER
CAPITA RETURN FROM FUNDING FOR TIER 1 AND TIER 3 COUNTIES¹⁴⁷

County	Total K–12 Funding	Per Capita Return on K–12 Funding	Total Per Capita Return on Scholarships and K–12 Funding
Alleghany	\$ 653,170	\$ 58.52	\$ 60.94
Anson	\$ 1,521,089	\$ 61.14	\$ 63.83
Ashe	\$ 1,477,490	\$ 54.50	\$ 57.74
Bertie	\$ 1,166,433	\$ 61.31	\$ 64.82
Bladen	\$ 2,119,767	\$ 63.87	\$ 66.92
Brunswick	\$ 5,318,050	\$ 38.89	\$ 41.31
Buncombe	\$ 10,919,058	\$ 42.14	\$ 45.66
Cabarrus	\$ 14,131,693	\$ 66.87	\$ 70.88
Camden	\$ 2,944,268	\$ 274.91	\$ 278.43
Carteret	\$ 3,391,876	\$ 48.79	\$ 51.81
Caswell	\$ 1,130,649	\$ 49.81	\$ 52.19
Chatham	\$ 3,656,664	\$ 50.00	\$ 52.57
Cherokee	\$ 1,408,430	\$ 49.62	\$ 53.24
Chowan	\$ 866,949	\$ 61.80	\$ 64.69
Clay	\$ 10,718,548	\$ 962.25	\$ 964.72
Columbus	\$ 3,723,966	\$ 66.91	\$ 70.62
Durham	\$ 12,823,046	\$ 40.48	\$ 43.70
Edgecombe	\$ 2,925,688	\$ 56.26	\$ 60.21
Gates	\$ 3,061,498	\$ 264.54	\$ 266.89
Graham	\$ 539,137	\$ 63.55	\$ 67.19
Granville	\$ 3,007,935	\$ 50.04	\$ 52.37
Greene	\$ 1,308,585	\$ 62.28	\$ 64.80
Halifax	\$ 2,808,129	\$ 55.53	\$ 58.90
Haywood	\$ 2,782,226	\$ 44.90	\$ 48.36
Henderson	\$ 5,085,203	\$ 43.56	\$ 46.87
Hertford	\$ 1,421,494	\$ 60.08	\$ 63.77
Hyde	\$ 299,901	\$ 57.34	\$ 60.52
Iredell	\$ 9,773,178	\$ 54.77	\$ 58.65
Jackson	\$ 1,373,342	\$ 31.70	\$ 34.93
Johnston	\$ 13,019,478	\$ 64.24	\$ 67.35
Jones	\$ 15,530,093	\$ 1,611.51	\$ 1,614.66
Lenoir	\$ 3,525,963	\$ 62.99	\$ 67.30
Lincoln	\$ 4,282,843	\$ 51.13	\$ 54.60
Macon	\$ 1,760,371	\$ 49.89	\$ 52.83

147. See FISCAL RSCH. DIV. OF THE N.C. GEN. ASSEMBLY, *supra* note 11; *North Carolina Poverty Rate by County*, *supra* note 104; *supra* Appendix D: North Carolina Lottery Sales for Tier 1 and Tier 3 Counties.

County	Total K-12 Funding	Per Capita Return on K-12 Funding	Total Per Capita Return on Scholarships and K-12 Funding
Martin	\$ 1,379,720	\$ 60.86	\$ 65.27
Mcdowell	\$ 2,495,123	\$ 54.83	\$ 57.93
Mecklenburg	\$ 58,014,121	\$ 53.03	\$ 56.61
Mitchell	\$ 764,401	\$ 50.96	\$ 52.05
Montgomery	\$ 1,946,281	\$ 71.37	\$ 72.99
Moore	\$ 4,590,723	\$ 46.52	\$ 47.86
New Hanover	\$ 11,060,766	\$ 47.62	\$ 49.85
Northampton	\$ 938,357	\$ 47.69	\$ 50.22
Orange	\$ 7,599,051	\$ 52.04	\$ 54.03
Pasquotank	\$ 2,340,990	\$ 59.06	\$ 60.82
Pender	\$ 3,912,029	\$ 62.93	\$ 64.90
Perquimans	\$ 688,377	\$ 51.29	\$ 52.94
Person	\$ 1,944,848	\$ 49.23	\$ 51.48
Richmond	\$ 3,107,348	\$ 69.23	\$ 71.29
Robeson	\$ 10,290,474	\$ 78.06	\$ 80.47
Scotland	\$ 2,782,992	\$ 79.95	\$ 82.74
Swain	\$ 941,013	\$ 66.06	\$ 67.68
Tyrrell	\$ 256,242	\$ 62.03	\$ 63.57
Union	\$ 16,213,100	\$ 68.73	\$ 70.55
Vance	\$ 2,465,285	\$ 55.30	\$ 57.97
Wake	\$ 62,588,990	\$ 57.30	\$ 59.54
Warren	\$ 1,022,365	\$ 51.62	\$ 53.81
Washington	\$ 765,015	\$ 64.51	\$ 67.47
Watauga	\$ 1,863,736	\$ 33.31	\$ 36.16
Yadkin	\$ 2,250,493	\$ 59.94	\$ 61.55
Yancey	\$ 917,441	\$ 51.25	\$ 52.31