

# Texas Lottery® Retailer Support

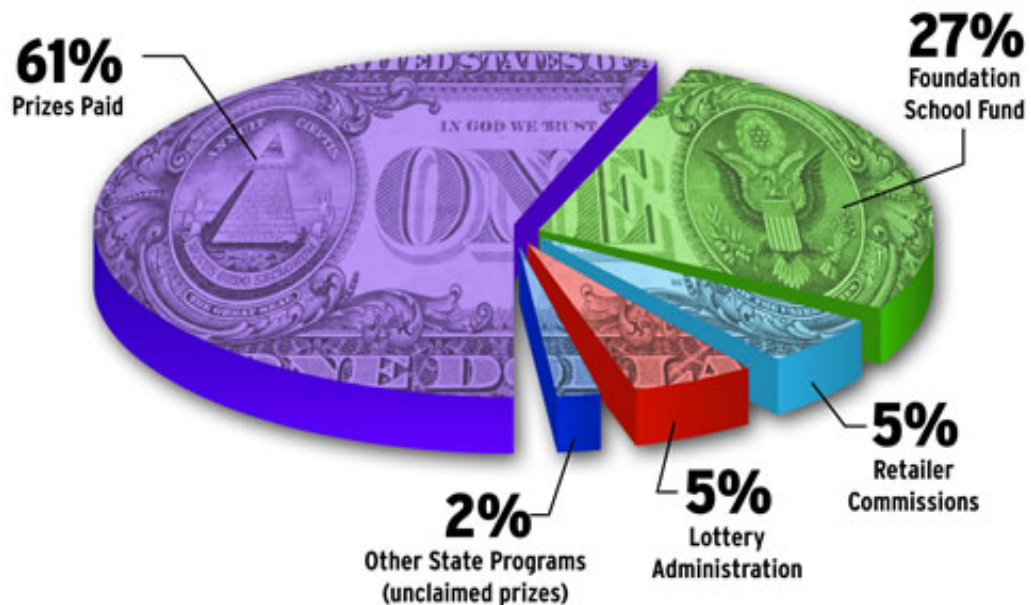
March 12, 2008

## Frequently Asked Questions – Foundation School Fund

### How does the Texas Lottery support education in Texas?

The Texas Lottery has generated well over \$15 billion for the state of Texas since the first ticket was sold in 1992. Prior to 1997, the proceeds were allocated to the General Revenue Fund. Since 1997, all Texas Lottery proceeds have been transferred to the Foundation School Fund to support public education in our state. The Texas Lottery has contributed more than \$10 billion to the Foundation School Fund, and of that total, more than \$1 billion was contributed in fiscal year 2007. Other Texas Lottery funds such as unclaimed prizes revert back to the State for programs authorized by the Texas Legislature.

### Where the Money Goes\*:



\*Information reflects FY '07 figures

The following is an excerpt from the Legislative Budget Board Fiscal Size-up 2006-07 biennium.

The statewide public education system serves approximately 4.3 million students in average daily attendance at 7,612 campuses located in 1,037 independent school districts and on 296 charter school campuses.

The Seventy-ninth Legislature, 2005, appropriated \$33.6 billion for public school programs and TEA administration during the 2006-07 biennium (see Figure 88).<sup>1</sup>

<sup>1</sup> Source: Legislative Budget Board, Fiscal Size-up 2006-07

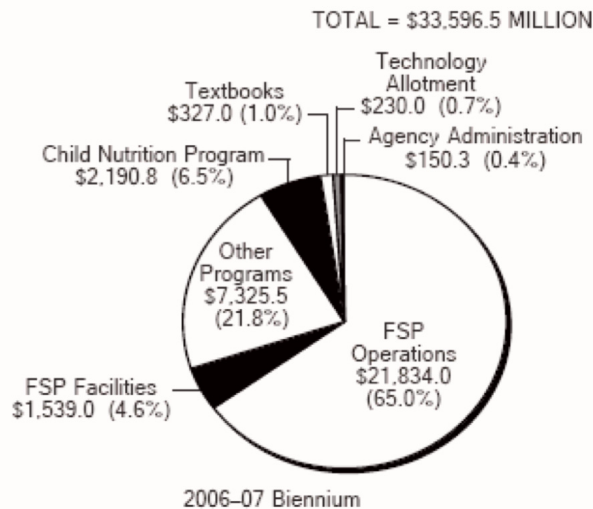


Excerpt from Legislative Budget Board Fiscal Size-up 2006-07 biennium (continued)

With the passage of House Bill 4, Seventy-fifth Legislature, 1997, net lottery proceeds became statutorily dedicated to public education and are deposited to the Foundation School Account. The Foundation School Account also receives the revenue from attendance credits purchased by local school districts under the current public school finance system. One-quarter of occupation taxes, such as the oil production tax, the natural gas production tax, and the gas, water, and electric utility tax, are constitutionally dedicated to public education. The revenue from these taxes is initially deposited to the General Revenue Fund, and then transferred to the Foundation School Account. Revenue from the account is distributed to school districts using Foundation School Program (FSP) formulas.

The FSP is the principal vehicle for distributing state aid to school districts. It comprises three tiers of funding mechanisms designed to allocate funding to school districts for operations and facilities in an equitable manner. The FSP represents the largest appropriation item for the Texas Education Agency.

**FIGURE 88  
TEXAS EDUCATION AGENCY APPROPRIATIONS  
BY FUNCTION, ALL FUNDS**



NOTES: FSP = Foundation School Program. Textbook amount does not include \$294.5 million directed to be spent on instructional materials for the 2006-07 biennium.

SOURCE: Legislative Budget Board.

The Gilmer-Aikin Act of 1949 created the modern Texas Education Agency. The agency comprises:

- an elected State Board of Education,
- an appointed State Board for Educator Certification,
- a gubernatorially appointed Commissioner of Education, and
- a staff of up to 797 full-time-equivalent positions for the 2006-07 biennium.<sup>1</sup>

<sup>1</sup> Source: Legislative Budget Board, Fiscal Size-up 2006-07



**For complete information contained in the documents cited, visit Web sites for the Texas Education Agency and the Legislative Budget Board at:**

**<http://www.tea.state.tx.us/school.finance/audit/resguide8/resourceguide/far.doc>**

**<http://www.tea.state.tx.us/school.finance/index.html>**

**Texas Education Agency  
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The Legislative Budget Board (LBB) is a permanent joint committee of the Texas Legislature that develops budget and policy recommendations for legislative appropriations for all agencies of state government, as well as completes fiscal analyses for proposed legislation. The LBB also conducts evaluations and reviews for the purpose of identifying and recommending changes that improve the efficiency and performance of state and local operations and finances.

**[http://www.lbb.state.tx.us/Fiscal Size-up/Fiscal Size-up 2006-2007 0106.pdf](http://www.lbb.state.tx.us/Fiscal%20Size-up/Fiscal%20Size-up%202006-2007%200106.pdf)**

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