



2022-23 REPORT

Receipts and Expenditures of Lottery Proceeds

California Community Colleges Chancellor's Office | Sonya Christian, Chancellor



California
Community
Colleges

SONYA CHRISTIAN
Chancellor

April 29, 2024

The Honorable Gavin Newsom
Governor of California
State Capitol
Sacramento, CA 95814

**RE: California Community Colleges Receipts and Expenditures of Lottery Proceeds
for Fiscal Year 2022-23**

Dear Gov. Newsom:

Pursuant to Section 24.60 of the Budget Act of 2022, please find enclosed the summary of lottery receipts and expenditures as reported by our local community college districts for the 2022-23 fiscal year.

If you have any further questions on this report, please contact Vice Chancellor of College Finance and Facilities, Wrenna Finche at wfinche@cccco.edu.

Sincerely,

A handwritten signature in black ink that reads "Sonya Christian".

Sonya Christian,
Chancellor

Enclosure: Report

2022-23 RECEIPTS AND EXPENDITURES OF LOTTERY PROCEEDS FISCAL YEAR

Prepared By

California Community Colleges Chancellor's Office
College Finance and Facilities Planning Division

CALIFORNIA COMMUNITY COLLEGES RECEIPTS AND EXPENDITURES OF LOTTERY PROCEEDS FISCAL YEAR 2022 23

Control Section 24.60 of the Budget Act of 2022 requires the California Community Colleges Chancellor’s Office to report to the Governor and Legislature the amount of lottery funds received by community college districts and the purposes for which those funds were expended.

California community college districts receive a pro rata share of the lottery based on prior-year student workload measure, full-time equivalent students (FTES). For 2022-23, districts received a total of \$364.7 million in lottery revenues (unrestricted and restricted). Total FTES in 2021-22 was 1,137,244¹ providing approximately \$321 of lottery revenue per FTES. These proceeds, plus the beginning balance of \$147.0 million provide a total of \$511.8 million of lottery revenue to districts throughout the fiscal year. In 2022-23, community colleges spent \$322.3 million of the available lottery funds, resulting in an ending balance of \$189.5 million (see Table 1). For a further breakdown of receipts and expenditures, see Tables 2 and 3.

In September 2020, significant legislative strides were made with the passing of Senate Bill 820 (the budget Omnibus bill) and Assembly Bill 2884. These bills not only refined the definition of “instructional materials” but also widened the scope of lottery fund applications. The revised definition now includes crucial resources like laptops and hotspots for students, teachers, and faculty, alongside provisions for basic student necessities such as housing and food assistance, as well as direct student aid. During the 2022-23 fiscal year, the effects of these legislative changes became apparent as districts reported utilizing \$1.7 million (as detailed in Table 4) in accordance with the expanded instructional materials framework.

Furthermore, in the preceding fiscal years of 2019-20 and 2020-21, districts experienced a significant influx of over \$4.7 billion in one-time federal funding, primarily designated for direct student aid. A portion of this funding was also allocated for institutional operations and support. To meet federal stipulations regarding fund utilization timelines, most districts prioritized the expenditure of federal stimulus funds while simultaneously preserving lottery funds for future allocation. However, with the gradual depletion of federal stimulus funds, lottery revenue funds are anticipated to emerge as a vital resource.

Table 1: 2022-23 Lottery Balance Summary

Source	Unrestricted	Restricted (Prop 20)	Total
Adjusted Beginning Balance	\$14,576,002	\$132,461,701	\$147,037,703
Lottery Proceeds	247,900,485	116,812,294	364,712,779
Total Lottery Funds Available	262,476,487	249,273,995	511,750,482
Less Total Expenditures	245,202,752	77,092,228	322,294,980
Ending Balance, June 30, 2023	\$17,273,735	\$172,181,767	\$189,455,502

¹ Final 2021-2022 FTES reported as of October 18, 2023

Table 2: 2022-23 Lottery Expenditures–Unrestricted

Expenditure Type	Instructional Activities	Support Activities	Other Activities ¹	Total	Percent of Total
Salaries and Benefits	\$13,161,021	\$56,471,949	\$594,103	\$70,227,073	29%
Supplies and Materials	279,158	2,327,548	408,947	3,015,653	1%
Operating Expenses and Services	7,709,201	148,439,506	9,288,236	165,436,943	68%
Other Expenses ²	2,652,718	3,867,794	2,571	6,523,083	2%
Total Expenditures	\$23,802,098	\$211,106,797	\$10,293,857	\$245,202,752	100%

Table 3: 2022-23 Lottery Expenditures–Proposition 20 (Restricted)

Expenditure Type	Instructional Activities	Percent of Total
Supplies and Materials	\$51,916,535	67%
Operating Expenses and Services	10,510,093	14%
Other Expenses	14,665,600	19%
Total Expenditures	\$77,092,228	100%

Table 4: 2022-23 Expanded Uses of Proposition 20 Lottery Funds

Expenditure Type	Instructional & Support Restricted
Instructional Supplies and Materials: For laptops, hotspots, internet devices	\$30,000
Noninstructional Supplies and Materials: For basic needs - food	34,058
Noninstructional Supplies and Materials: For basic needs - housing	-
Other Outgo: Direct Aid to Students	1,682,434
Total Expenditures	\$1,746,492

1 Other Activities include community services, ancillary services, auxiliary operations, etc.

2 Other Expenses include additional equipment, library books, etc.

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