

Lottery Fund Guidelines

OVERVIEW

CSU lottery policy is aligned with the provisions cited in the California State Lottery Act of 1984, Section 8880 of the California Government Code (see Section 7.0 Resources). This Systemwide Policy, Procedures and Guidance document is consistent with policy established for the fiscal management of lottery funds in Executive Order 1000, Delegation of Fiscal Authority and Responsibility, dated 2007 and updates written guidance for lottery fund allocations and use prepared by the CSU Systemwide Budget Office (CSUBO).

Instructional Purpose

Government Code 8880.5 (m) declares California legislative intent that “all funds allocated from the California State Lottery Education Fund be used exclusively for the education of pupils and students.” This code section further states the following restriction on the use of lottery funds “... no funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other non-instructional purpose.”

The intent of lottery funds is to provide monetary support aligned with an instructional purpose for the education of pupils and students. Currently, components of the CSU operating budget that serve an instructional purpose are principally represented within five "Program" categories used by the State of California to determine the CSU marginal cost of instruction: INSTRUCTION (Program Group 01), ACADEMIC SUPPORT (04), STUDENT SERVICES (05), INSTITUTIONAL SUPPORT (06), and OPERATIONS AND MAINTENANCE OF PLANT (07). The instructional component is also supported by the program area SCHOLARSHIPS AND FELLOWSHIPS (08) which provides institutional grants, waivers, scholarships and stipends that facilitate and supplement the education of CSU students. Thus, lottery-funded instructional costs may cross any of these six program categories, but, when expensed, must principally reflect costs directly related to educational programs, services or supplies that benefit students.

Supplemental

Government Code Section 8880.1 declares the intent of the People of the State of California that “net revenues of the California State Lottery shall not be used to substitute funds but rather shall supplement the total amount of money allocated for public education in California.”

The CSU receives “net revenues” from State Lottery Fund 0839, which is revenue from lottery receipts adjusted for expenses to administer the state lottery program. CSU allocates lottery revenue received from the state to campuses and system-managed programs after an annual allowance for Chancellor’s Office (CO) expense related to the management of CSU Lottery Education Fund allocations from the state has been identified in the annual lottery budget approved by the Board of Trustees. As such, no costs are incurred by the CO Operating Fund for services, products and facilities related to the Lottery Education Fund

Lottery Fund Guidelines

CSU lottery fund allocations to campuses and system-managed programs supplement the instruction and instructional-related expenditures of the CSU Operating Fund. The chancellor is delegated authority by the Board of Trustees to utilize any and all lottery fund allocations received from the state to fulfill or adjust the approved annual lottery budget expenditure plan, as well as instructional and instructional-related activities consistent with the mission of and supplemental to funds allocated to the CSU Operating Fund. The chancellor shall report on how unallocated receipts were used in compliance with this authority as part of the annual lottery expenditure report to the Board of Trustees.

Construction of Facilities

CSU defines the restriction on the use of lottery funds for “construction of facilities” to include all expenses that support building or renovation of a facility, structure, or space. Equipment and supplies that complement the construction of a building and are used for instructional purposes that benefit the education of students within a facility are not restricted and may be funded with lottery revenue. These include but are not limited to instructional technology such as audio-visual equipment, computing equipment, chalkboards or smart-boards, as well as student desks, acoustical materials, and seating. Additionally, “construction of facilities” does not prohibit the pledge of lottery funds to secure the payment of debt obligations issued by the Trustees of the CSU (see Education Code 89770).

Financing Research

CSU defines “financing research” as financial support for any independent or group activity by faculty, staff, students or external parties to CSU that involves investigation or experimentation aimed at the discovery and interpretation of facts, revisions of accepted theories or laws, or the application of new or revised theories or laws. The definition of “financing research” does not include expenses that support student travel or attendance to a research symposium, conference or sponsored program that is directly related to student education.

FUND SPECIFICS

Except as otherwise noted for the CO annual administrative allowance, the activity funded must represent a bona fide educational experience for students, or result in the development of materials to be used with students, or lead to the development of a program or course.

The following is a non-comprehensive list of how lottery funds cannot be used:

Substitution/Supplanting

Lottery funds shall not be used to substitute funds but rather shall supplement the total amount of money allocated to the CSU Operating Fund. Lottery funds may be used within Lottery Fund to augment and supplement state-funded educational programs for students.

Rate of Compensation

Lottery Fund Guidelines

Lottery funds shall not be used to finance increases in the contracted rate of state-funded compensation paid through the CSU Operating Fund to existing staff.

Faculty Salaries for State Funded Classroom Instruction

Lottery funds shall not be used to pay faculty salaries or salary-related expenses for state-funded classroom instruction. Lottery funds may be used (within Lottery Fund) for expenses related to the development or enhancement of state-funded classroom instruction and educational programs for students.

Merit Based Pay for State-Funded Service Activities

Lottery funds may not be used for meritorious state-funded service (e.g., to finance general employee compensation increases or to distribute monetary awards such as bonuses, stipends, grants, honoraria).

Lottery funds may be used to augment and supplement compensation for lottery-funded activities. An example includes but is not limited to the provision of supplemental pay for faculty participating in the Pre-Doctoral Program. Any payment made to faculty or staff for contracted lottery fund services from the lottery fund must meet the criteria for lottery (instructional purpose) and must be in accordance with collective bargaining agreements, as applicable. When appropriate, approvals should be obtained prior to the start of assigned work being funded with lottery revenues including consultation with the Systemwide Human Resources office to ensure the proper payment method is utilized.

PRINCIPLES

It is appropriate to allocate funds to enhance student education based on needs and opportunities unique to individual campuses, as well as needs and opportunities common to most, if not all, of the campuses and the CSU system as a whole. All determinations of lottery revenue usage, whether by campus presidents, the chancellor, or the Board of Trustees, will employ the following principles:

Creation of Endowment Accounts

The creation and/or maintenance of campus lottery endowment accounts may not occur.

Program Expenditures

Lottery funds allocated to campuses are governed by state law and CSU lottery policies. Funds will be allocated for instructional activities to achieve maximum impact in enhancing education. This means that lottery revenue should be used to "supplement" instruction and education beyond the expected level of state support and should not be used to replace programs and activities receiving state funds. Great care should be exercised to ensure that lottery revenue usage is clearly consistent with the intent of the California State Lottery Act of 1984 (CA Government Code Sec. 8880).

Lottery Fund Guidelines

Campus-Based Program

Campus-Based Program funds represent a small but significant funding source that permit campuses and the CSU in general to fund instructional activities which lead to the enhancement of the quality of campus life. By using this discretionary funding source, campus authority and managerial discretion is increased. The use of Campus-Based Program funds allows campuses maximum flexibility in meeting unique campus needs. In keeping with past lottery revenue budgets, such funds are allocated to achieve maximum impact in enhancing instruction. Traditionally, projects receiving Campus-Based Funds have included the purchase of new instructional equipment, instructional equipment replacement, curriculum development, scholarships, and the acquisition of new library materials including periodicals, serials, monographs, and costs related to faculty early retirement programs.

In Fiscal year 2000/01, campus budgets previously designated for **Access and Academic Development**, **CSU Scholarship Program for Future Scholars**, and **Teacher Recruitment** were consolidated as part of Campus-Based Program allocations. This change was made in order to give campuses more flexibility and control while maintaining the CSU's efforts to increase outreach and teacher recruitment. It is expected the campuses will continue funding these important activities.

Chancellor's Doctoral Incentive Program (CDIP)

Through the Chancellor's Doctoral Incentive Program (CDIP), the California State University (CSU) provides financial assistance in the form of a student loan to a limited number of individuals pursuing doctoral degrees. The program seeks to provide loans to doctoral students who are interested in applying and competing for CSU instructional faculty positions after completion of the doctoral degree.

The CDIP Program is a competitive program directed by the California State University but open to doctoral students at accredited universities across the country. The program provides loans to students to complete doctoral study in selected disciplines of particular interest and relevance to the CSU.

Doctoral students in the program are sponsored by CSU tenure-track faculty. CSU faculty sponsorship is intended to establish early relationships between CSU academic departments and program participants, to encourage the students during their doctoral studies, and to provide experiences that will stimulate interest in a teaching career in the CSU.

This program provides financial support of up to \$10,000 per year to a total of \$30,000 within 5 years. A major incentive for loan recipients to seek teaching positions in the CSU is that loans are forgiven at a rate of 20 percent for each year of full-time teaching in the CSU subsequent to completing the doctorate and successfully competing for a faculty position.

Lottery Fund Guidelines

The CSU Summer Art Program

California State University **Summer Arts** began in 1986 as a dance program housed on the campus of CSU Long Beach. The program moved to Cal Poly San Luis Obispo, then Humboldt State, then CSU Long Beach again, then CSU Fresno and most recently, CSU Monterey Bay.

CSU Summer Arts is a multidisciplinary system-wide program offering academic credit plus a festival in the visual, performing, and literary arts.

The academic component offers two-week residency courses for undergraduates, graduates, and professionals in creative writing, dance, music, film, video, theatre, performance, visual arts, design, arts education, and new technology.

Students from throughout the California State University system, as well as from other colleges and universities throughout the nation, are encouraged to apply, as are practicing teachers, arts professionals, and serious amateurs in various arts areas. Scholarships are available to those who qualify. All courses are coordinated by members of the CSU faculty and are taught by guest artists at the top of their fields.