

# Memo

The House Appropriations Committee (D)



TO: House Democratic Members and Interested Parties  
 FROM: Rep. Joseph Markosek, Chairman  
 SUBJECT: Lottery Fund Surplus  
 DATE: February 13, 2013

This week, House Democratic Leader Dermody plans to introduce a bill that would guarantee more than \$120 million in additional state funding for senior programs next fiscal year – more than double Gov. Corbett’s commitment – without the need to privatize the Pennsylvania Lottery.

Gov. Corbett proposes to increase Lottery funding for senior programs by more than \$50 million in his 2013/14 budget, under a *privately* managed Lottery. This sounds like a win for our seniors at first, but in comparison, funding for senior programs increased by more than \$120 million in 2012/13, under the *publicly* managed Lottery.

The additional \$70 million in funding would be paid from the Lottery Fund’s surplus. The surplus currently stands at about \$187 million (in addition to \$75 million held in reserve), and it is projected to grow to more than \$200 million by the end of the next fiscal year (in addition to \$50 million held in reserve).

See Gov. Corbett’s 2013/14 proposed budget, Page C9.2:

Our plan to add \$70 million to senior programs would maintain a sizeable surplus in the Lottery Fund (of about \$130 million), plus the \$50 million held in the fund’s reserve.

For historical comparison, the Lottery Fund surplus in 2009/10 was \$101 million, with no money held in reserve.

Again, we can increase funding for senior programs by more than double the amount the governor is proposing without turning management of our Lottery over to a foreign company. We have the money in the Lottery Fund to do it.

<b>Lottery Fund</b>			
<b>Financial Statement</b>			
	(Dollar Amounts in Thousands)		
	2011-12 Actual	2012-13 Available	2013-14 Estimated
Beginning Balance	\$ 158,985	\$ 188,316	\$ 187,360
Reserve from Previous Year	0	75,000	75,000 *
<b>Total Beginning Balance</b>	<b>\$ 158,985</b>	<b>\$ 263,316</b>	<b>\$ 262,360</b>
<b>Receipts:</b>			
Gross Ticket Sales	\$ 3,480,891	\$ 3,684,118	\$ 3,961,000
Less Field Paid Prizes and Commissions	-1,965,468	-2,057,187	-2,218,000
Transfers and Earnings	178,177	189,300	188,900
Net Revenue Estimate	\$ 1,693,600	\$ 1,796,231	\$ 1,911,900
Prior Year Lapses	12,802	0	0
<b>Total Receipts</b>	<b>\$ 1,706,402</b>	<b>\$ 1,796,231</b>	<b>\$ 1,911,900</b>
<b>Funds Available</b>	<b>\$ 1,865,388</b>	<b>\$ 2,050,547</b>	<b>\$ 2,174,260</b>
<b>Expenditures:</b>			
Appropriated	\$ 1,602,072	\$ 1,797,187	\$ 1,923,457
Current Year Lapses	0	0	0
Estimated Expenditures	-1,602,072	-1,797,187	-1,923,457
<b>Reserve for Current Year</b>	<b>\$ -75,000</b>	<b>\$ -75,000</b>	<b>\$ -50,000 *</b>
<b>Ending Balance</b>	<b>\$ 188,316</b>	<b>\$ 187,360</b>	<b>\$ 200,803</b>