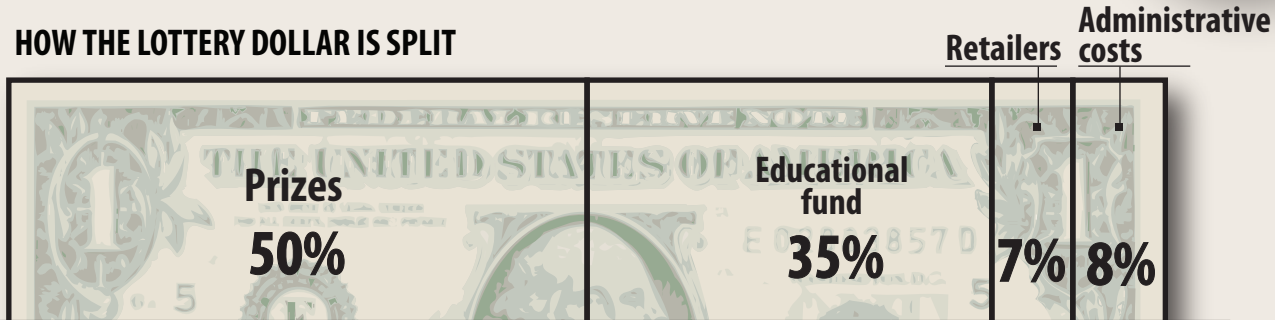




The North Carolina Education Lottery is returning money to state public schools, though not as much as predicted when it began in 2005. Last year, the total fell short of the state's goal by about \$85 million. Still, local school systems see an injection of a few million dollars each year to fund at-risk pre-kindergarten programs, add teachers, build schools and fund scholarships for students that qualify for Pell Grants.

**HOW THE LOTTERY DOLLAR IS SPLIT**



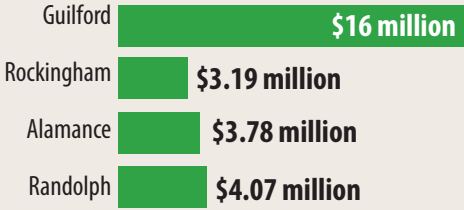
**WHAT DO OUR SCHOOLS GET?**

From 2006-07 sales, the lottery expected to transfer \$400 million to public schools, but could give only \$315 million from the lottery proceeds of \$866 million, according to Pam Walker, spokeswoman for the lottery. More than half of those proceeds paid for \$513.7 million in prizes, and administrative costs totaled \$41.7 million, according to the North Carolina Office of the State Auditor. Another \$8.5 million in revenue came from investments the lottery has made, minus another \$3.9 million in miscellaneous expenses. Here's how the education funds break down locally. Lottery scholarships are not determined by a formula, Walker said:

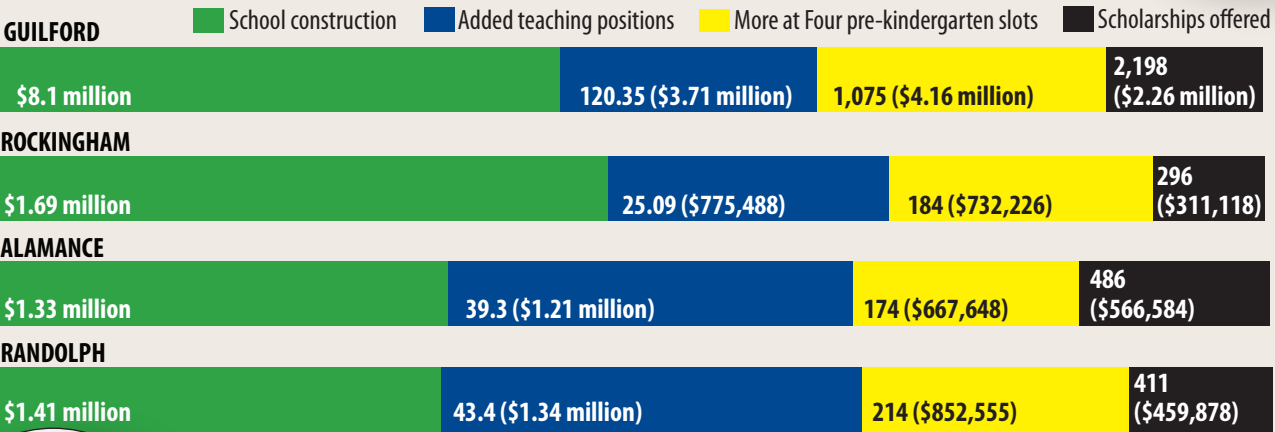
**ANNUAL BUDGETS FOR SCHOOL SYSTEMS, 2007-08:**



**FUNDS RECEIVED FROM THE LOTTERY IN 2007:**



**WHAT THE LOTTERY FUNDS PAY FOR**



Source: North Carolina Education Lottery

