

LOTTERY RESERVES

Georgia's lottery laws require the establishment of two reserves that are funded as a percentage of lottery collections to avoid disruption in programs should collections fall short of annual appropriations.

The Shortfall Reserve Subaccount was included in the original law and required that an amount be set aside each year equal to 10% of the total lottery proceeds deposited into the Lottery for Education Account for the preceding year. If net funds in the account are not sufficient to meet appropriations, funds shall be drawn from the reserve to make up the shortage.

Funds have been set aside for the reserve each year and totaled \$69,167,200 on June 30, 2002.

The lottery law was amended during the 1994 legislative session to require that a Scholarship Shortfall Reserve Subaccount also be maintained within the Lottery for Education Account.

The scholarship reserve law requires that the subaccount be fully established over five years at a rate of 10% a year until the reserve equals 50% of the amount of scholarship proceeds disbursed during the preceding year.

Lottery surplus available at the end of FY 1995 was sufficient to meet immediate needs in the Amended FY 1996 budget and left enough funds to fully fund the scholarship reserve in its first year. The State Auditor, at the request of the Governor, fully funded the Scholarship Shortfall Reserve Subaccount from the 1995 surplus. The subaccount balance on June 30, 2002 totaled \$134,004,202.

The two lottery reserves as of June 30, 2002 total as follows:

Shortfall Reserve Subaccount	\$69,167,200
Scholarship Shortfall Reserve Subaccount	134,004,202

TOTAL LOTTERY RESERVES	\$203,171,402

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