

GEORGIA HISTORICAL SOCIETY

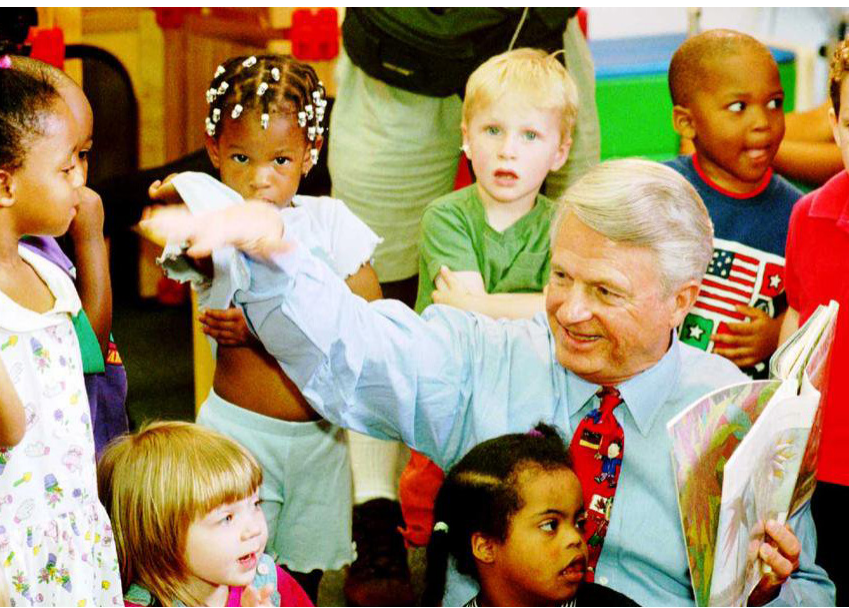


# GEORGIA BUSINESS HISTORY INITIATIVE

*Sharing the Stories of the Businesses that Built Georgia*











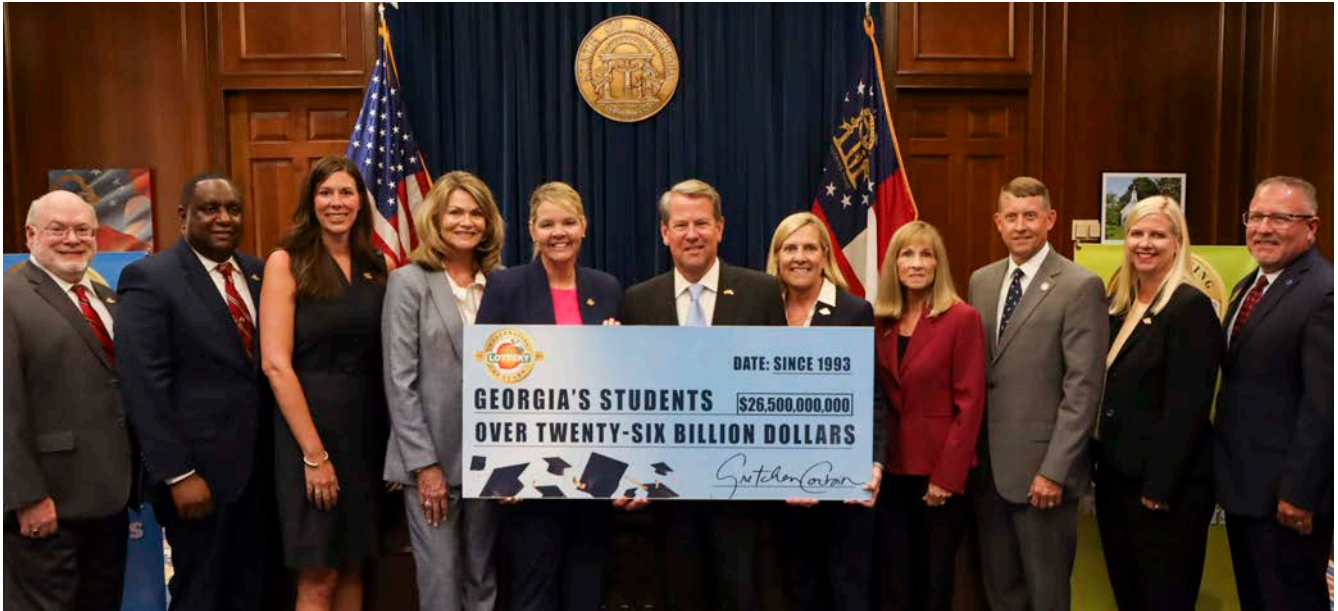
# GEORGIA LOTTERY CORPORATION

## A PROFILE IN GEORGIA'S BUSINESS HISTORY

Beginning with the sale of its first ticket on June 29, 1993, the Georgia Lottery Corporation has supported education in Georgia. Since its creation, more than \$28 billion has supported pre-kindergarten to college-level students through lottery-funded pre-K programs, K-12 educational support, and HOPE scholarships. More than 96 percent of the company's revenue goes back into the community through the lottery winnings provided to players, funds to support education, and commissions to retailers who sell Georgia Lottery tickets, making the Georgia Lottery Corporation a significant part of Georgia's economy.

# GEORGIA LOTTERY CORPORATION

## A PROFILE IN GEORGIA'S BUSINESS HISTORY



## Origins & Purpose

In the spring of 1992, the Georgia General Assembly passed the Georgia Lottery for Education Act, leading to the establishment of the Georgia Lottery Corporation in November of that same year. The corporation was tasked with creating and facilitating a statewide lottery program for **entrepreneurial**, entertainment, and educational purposes.

- The program is entrepreneurial in that small and large businesses alike would have the opportunity to participate by selling lottery tickets, generating revenue for themselves and for the corporation.
- Lottery games are designed to be a form of entertainment for the public, with engaging marketing strategies to maximize participation.
- The main stated purpose of the lottery is educational in that the net proceeds of the lottery games are legally bound through the legislative act to “support improvements and enhancements for educational purposes and programs” that would benefit students in Georgia, from pre-kindergarten through college. The programs supported by the lottery are designed to **supplement** traditional education funding, by providing additional funding for students and families beyond that provided either by government support or other sources.

Since its inception, the Georgia Lottery has provided funding for more than 2.1 million students to attend higher education institutions in Georgia through the HOPE Scholarship program. By supporting pre-kindergarten programs, more than 2 million four-year olds have benefitted from this early education opportunity. In addition to these specific programs, lottery funds have supported capital and technology improvements for schools throughout the state.

## Major Events That Shaped the Company

The first **lottery** tickets went on sale in Georgia on June 29, 1993, and within five months, the first-year revenue goals were met. Reaching the goal of \$463.5 million meant that Georgia surpassed Florida for the most successful first-year lottery.

Within the first year, the Georgia Lottery introduced six games: four instant games (ex. Georgia Millionaire) and two draw games (ex. CASH 3). In its 30 years, the opportunities to participate in the lottery have grown to eleven draw games and more than 60 instant scratch games, leading to more revenue for Georgia's educational goals.



## Primary Source Investigation

### 50-27-2 Legislative findings and declarations

It is found and declared by the General Assembly:

(1) That net proceeds of lottery games conducted pursuant to support improvements and enhancements for educational purposes and net proceeds shall be used to supplement, not supplant, existing resources for educational purposes and programs;

(2) That lottery games are an entrepreneurial enterprise and the Georgia Lottery Corporation is a public body, corporate and politic, known as the Georgia Lottery Corporation, and shall exercise comprehensive and extensive powers as generally exercised by corporations in the course of their entrepreneurial pursuits;

(3) That lottery games shall be operated and managed in a manner that provides continuing entertainment to the public, maximizes revenues, and ensures that the games are operated with integrity and dignity and free of political influence; and

(4) That the Georgia Lottery Corporation shall be accountable to the General Assembly and to the public through a system of audits and reports.

*Excerpt from Georgia Lottery for Education Act*

The Georgia Lottery Corporation was created through legislation approved by the Georgia General Assembly. Read about [“The Life of a Law”](#) in the state of Georgia to answer these questions.

1. Where do the ideas for laws originate?
2. What branch of government creates laws?
3. What is the process by which a bill (the written plan for a law) works its way to the governor's desk?



The first HOPE scholarships were awarded in the fall of 1993. Originally, this needs-based scholarship was available to students graduating high school with a B average or higher with an annual household income of less than \$66,000. This financial aid put attending one of Georgia's state colleges or universities within reach for many who would otherwise not be able to consider college. The requirements to qualify for the scholarship program changed, making this opportunity available to a wider range of students.



In October 2000, Governor Roy Barnes and the Georgia Lottery staff celebrated the five hundred thousandth HOPE scholarship recipient. Seven years later, in January 2007, Georgia passed the milestone of 1 million HOPE scholarship recipients. In the first fourteen years, the HOPE scholarship impacted an average of 58,800 students per year, providing the resources necessary to pursue their goals in higher education.

In addition to supporting the continuing education goals of high school students, the Georgia Lottery has prioritized preparing the youngest students to enter public school. Beginning in 1992, Georgia initiated the Pre-K Program to provide various programs for at-risk four-year-olds across the state. Georgia's lottery-funded Pre-K Program soon expanded to include all Georgia four-year-olds. The lottery funds were first used in the 1993-1994 school year to provide more than 8,700 students with services through Georgia's Pre-K Program.

By the time of the Lottery's 30th anniversary celebration in June 2023, more than \$26.5 billion had been raised to support the stated educational programs.

The Georgia Lottery Corporation has continued to support public education, not only through the HOPE Scholarship and Georgia Pre-K Program, but also through capital projects, and computer and technology upgrades for educational institutions as an investment in Georgia's future.





## Returns to Education



**MORE THAN \$26.8 BILLION**

for the students of Georgia

**\$14 BILLION**

awarded to 2.1 million HOPE recipients

**\$8.9 BILLION**

appropriated for more than 2 million Pre-K students

**MORE THAN \$1.8 BILLION**

to capital outlay and technology grants through Fiscal Year 2001

## CASE STUDY

# LOTTERY SUPPORT FOR PUBLIC EDUCATION IN THE UNITED STATES & GEORGIA

In the United States today, 45 states plus the District of Columbia participate in government-sponsored lotteries. In many of these cases, the lottery is a mechanism through which states can supplement public education without increasing taxes.

The lottery as we know it today is fairly recent, with the first modern state-run lottery established in New Hampshire in 1963. With no state **income or sales tax**, the New Hampshire legislature implemented the process to help support various educational programs. Of the states that currently hold a lottery, the primary stated goals are directly tied to supporting education.

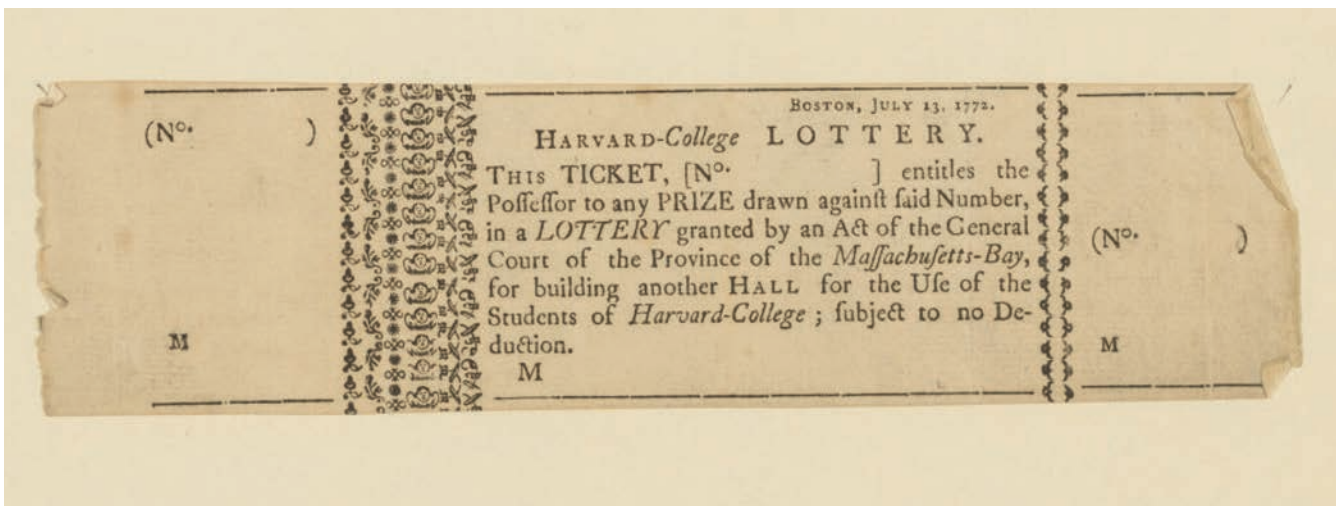


## Primary Source Investigation

### A Comparison of Lottery Tickets, Then & Now

Take time to really look at the various lottery tickets. What can you learn from what you see?

- Can you find a date on the tickets? If so, when was the ticket produced?
- From what you see on the tickets, can you tell their purpose?
- Overall, what can you infer from the information included on each ticket?



Courtesy of the Harvard University Archives





Taxes – local, state, and federal – are generally used to fund things that pertain to the “collective good,” such as infrastructure, the salaries of public servants, and public education. Public schools receive funding for all levels of government for various functions. Local taxes often fund the physical school buildings and property; state taxes may support the salaries of educators and pay for instructional materials; federal taxes allow for the implementation of breakfast/lunch nutrition programs. Lottery funds are intended to support good causes outside of the elements paid for through taxes.

Using lotteries to finance projects related to education has a long history in America, beginning in the colonial era. In fact, several of today’s **Ivy League** schools (like Harvard) implemented lotteries, usually to help build the infrastructure of the schools.



Many states now utilize the funds from government-run lotteries to provide book-end support for students beginning their formalized education in pre-K programs or continuing on to college.

## What are taxes and what do they support?



Historically, taxes create the pool of money from which the government pays its obligations and provides for the public good. This happens at the local, state, and federal levels. Here are some things funded through public tax dollars.

- Local taxes: libraries, police, firefighters, EMS
- State taxes: state parks and highways, the salaries of our state legislators and teachers
- Federal taxes: the military, national museums, infrastructure, social services, compensation for government employees in all branches of government, including Congress, the President, and the Supreme Court justices

The Georgia Lottery Corporation was formed in 1993 specifically to provide support to Georgia residents through financial assistance for college-bound students and pre-kindergarten programs, and by making sure schools have the infrastructure and technology to meet the demands of education today.

### The HOPE Scholarship

As the cost of pursuing post-secondary education increases, the financial assistance available through state lotteries provides a way for students to seek affordable options. Not only does one need to consider the tuition costs, but also room and board, books and lab materials, and transportation. These costs have traditionally put college out of reach for many students and families.

Supported by the Georgia Lottery Corporation, the HOPE (Helping Outstanding Pupils Educationally) Scholarship was introduced in 1993. The scholarship provides four full years of tuition to students who meet the **eligibility criteria**. Since its inception, Lottery-supported opportunities for financial assistance have expanded to include grants for diplomas, certifications, and other alternative educational pathways.

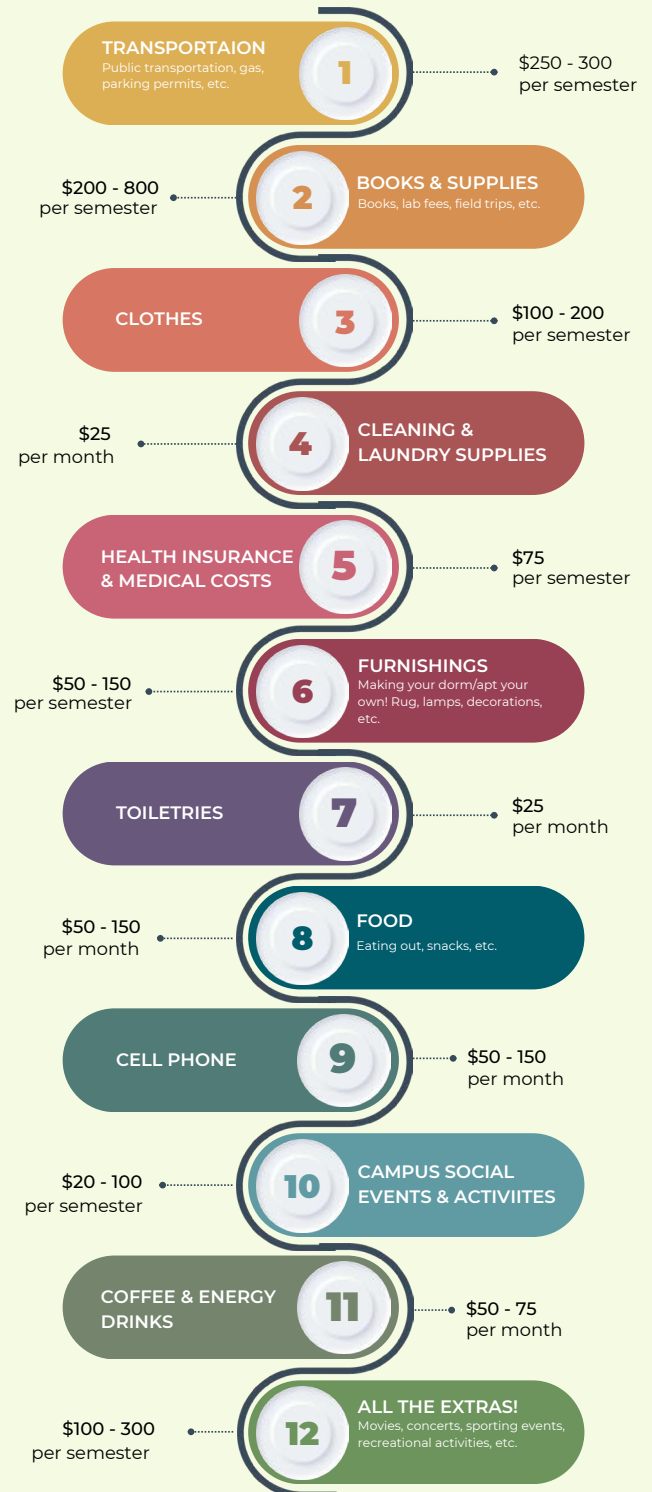
### What does college really cost?

Scholarships and grants will often cover tuition, but there are additional costs to attend college that should be factored in.

The University System of Georgia has a good [tool to estimate](#) the costs of tuition, room, and board. Using that, and this infographic of estimated costs, create a budget for your first year of college. BestColleges provides a [worksheet](#) to start creating your plan.

## HIDDEN COSTS OF COLLEGE

Beyond tuition, room, and board, don't forget about these things!





The HOPE Scholarship and the **Zell Miller** Scholarship are both merit-based opportunities, providing financial assistance toward tuition for students planning to attend post-secondary school in the state of Georgia.



### Who was Zell Miller and why is there a scholarship named after him?

Following service in the Marine Corps, Zell Miller worked as an educator and later served as mayor of Young Harris, state senator, lieutenant governor, and as governor of Georgia from 1991 – 1999. During his governorship, he advocated strongly for the creation of the HOPE Scholarship. After leaving the governor's office, Miller taught at Young Harris College, Emory University, and the University of Georgia. Miller served as a U.S. Senator from Georgia from 2000 to 2005. Read more about him at [New Georgia Encyclopedia](#).

Students enrolled in a school in the University System of Georgia or the Technical College System of Georgia who maintain a 2.0 or 3.5 GPA may be eligible to apply for the HOPE or Zell Miller Grant. Fields in which the number of jobs outweigh the number of qualified workers, such as the automotive and aviation industries, engineering, or cybersecurity, are considered strategically important. Students pursuing these options may be eligible for the HOPE Career Grant.

The HOPE High School Equivalency Examination Grant is a potential avenue for Georgia students who did not graduate from high school in the traditional manner and plan to pursue an alternative means to receive their high school diploma.

All of these opportunities assist students in obtaining post-secondary education in a financially responsible way.

Over the past two decades, the number of Georgians with a bachelor's degree or higher has steadily increased to its current 31 percent, in part due to the HOPE scholarship making college more affordable for students who call Georgia home.

### What is the difference between a scholarship and a grant?

A scholarship is usually merit-based, awarded on the basis of academic achievement or extracurricular activity. A grant is primarily given on the basis of financial need. Some scholarships address both merit and financial need. Unlike a loan, scholarships and grants do not need to be repaid.





### Georgia's Pre-K Program

Georgia's voluntary pre-K program is managed by the Georgia Department of Early Care and Learning and funded by the Georgia Lottery. This program is open to four-year-olds to prepare them for kindergarten. Children learn essential socialization skills and foundational strategies that will enable them to be successful in elementary school.

### What is pre-K?

In the United States, formal schooling begins at the age of five in kindergarten. Many parents choose to enroll their children in some form of formal program, whether public or private, prior to kindergarten. Over time this has been called nursery school, preschool, or pre-kindergarten. Depending on the type of program, it may be more or less structured and the age of eligibility for children may differ.

Programs such as these typically provide an opportunity for structured play and collaborative learning, preparing children for the more formal environment of school. In a pre-kindergarten program, students are

introduced to concepts and activities that will be expected when they reach kindergarten.

Many states, including Georgia, offer voluntary pre-K at no cost to eligible students. This is a central component of the Georgia Lottery's support with funding available to public schools, public or private **non-profit**, or private **for-profit** organizations through an application and certification process. Several studies have demonstrated that participation in a pre-K program can positively influence a student's trajectory throughout school and into adulthood. Recent research published in the *American Economic Review* cited several long-running studies that show the positive impact on the long-term education and economic success of students who were enrolled in pre-kindergarten programs, specifically Head Start.

Georgia's state-run pre-K program, "Bright From the Start," offers four-year-olds the opportunity to get a head start on their formal schooling, setting the stage for both educational and economic achievement.

By investing in students, the Georgia Lottery Corporation is helping to secure a strong foundation for Georgia's future success.





## Vocabulary

**Criteria** - A standard on which a judgment or decision may be based.

**Eligibility** - Fitness or suitability to be chosen, selected, or allowed to do something.

**Entrepreneurial** - Having to do with the creation and development of economic ventures.

**For-profit** - Established, maintained, or conducted for the purpose of making a profit.

**Income tax** - A tax on the income of an individual or a business.

**Ivy League** - Of, relating to, or characteristic of a group of long-established eastern U.S. colleges and universities widely regarded as high in scholastic and social prestige.

**Lottery** - A drawing of lots in which prizes are distributed to the winners among persons buying a chance.

**Needs-based** - A designation based on financial need (Federal Student Aid, <http://studentaid.gov>).

**Non-profit** - Not conducted or maintained for the purposes of making a profit.

**Profit** - A valuable return; the excess of returns over expenditure in a transaction or series of transactions.

**Revenue** - The total income produced by a given source.

**Sales tax** - A tax levied on the sale of goods and services that is usually calculated as a percentage of the purchase price and collected by the seller.

**Supplement** - Something that completes or makes an addition.

**Tuition** - The price or payment for instruction.

## Activity 1: Taxation and the Georgia Lottery

Read the following excerpts from the *Georgia Revenue Primer for State Fiscal Year 2024* ([full text](#)). Using the text, complete the activities and questions.

### Introduction

Georgia's 2024 fiscal year (FY) runs from July 1, 2023, through June 30, 2024. The total available funding to the state is \$55.9 billion. That includes \$32.4 billion in state funding, \$17.9 billion in federal funding.

### Georgia's Funding Sources (edited)

- **General Funds** –\$30.8 billion, which includes money raised by income taxes, sales taxes and various other taxes and fees.
- **Federal Funds** –\$17.9 billion in federal funds.
- **Agency Funds** –\$5.5 billion in revenue include tuition and fees from colleges and university system research funds, in addition to regulatory fees and revenue raised directly by individual state agencies.
- **Lottery Funds** –\$1.5 billion in revenue are dedicated to pre-Kindergarten programs and scholarships for higher education.

The \$30.8 billion General Fund is 55 percent of Georgia's budget. Approximately 97 cents of every dollar is spent on the core priorities listed below:

- Pre-K-12 Education (38 cents)
- Health Care (21 cents)
- Higher Education (15 cents)
- Transportation (7 cents)
- Corrections, Juvenile Justice and Re-entry (9 cents)
- Debt Service (4 cents)
- Department of Human Services (3 cents)

Of the \$17.9 billion of Federal Funds, which is 32 percent of Georgia's budget, \$4.5 billion is spent on education:

- \$2.6 billion for Pre-K-12 education, which includes school nutrition programs, services for students from families with low incomes and support for students with disabilities.
- \$1.9 billion to support Georgia's Universities and Technical Colleges.



## Activity 1: Taxation and the Georgia Lottery, continued

### Activities & Questions

Based on the provided information, where does the majority of the state's revenue come from? Give some examples from your own experience.

In which category does the state spend the most money?

Why do you think this is so?

Create a graphic that pictorially shows how the 97 cents is divided.

Of the \$48.7 billion between these two funding sources (General Fund and Federal Funds), approximately how much is specifically dedicated to education?

Based on the case study, how is the \$1.5 billion in Lottery Funds applied? How is this different than what is included in the General and Federal Fund categories?



## Activity 2: Reading the Georgia Lottery Graphic

Based on the Georgia Lottery graphic on the next page, complete the following activities.

Create a graphic chart that illustrates the section, "Where the Money Goes."

In the section, "Returns to Education," calculate:

1. The average amount provided to each HOPE scholarship recipient.
2. The average amount provided per pre-K student.

What is the increase in profits from FY94 to FY23?

If \$4.24 million is raised each day for education, how much is raised per month (based on a 30- day month)?





## RETURNS TO EDUCATION

Approximately  
**\$30 billion**  
 for the students of Georgia

**\$14.9 billion**  
 awarded to 2.1 million HOPE recipients

**\$8.9 billion**  
 appropriated for more than  
 2 million Pre-K students

More than **\$1.8 billion** to capital outlay and technology grants through Fiscal Year 2001

## IMPACT ON GEORGIA'S ECONOMY

### Prizes

**\$3.85 billion**  
 in FY23

Over  
**1,425**  
 GLC millionaires  
 and  
**\$63 billion**  
 in prizes since inception

### Economic Development:

HOPE scholarships and grants have helped create a more educated workforce in Georgia and an attractive place for both employers and employees.

### Retailers

More than  
**8,400**  
 Georgia Lottery retailers statewide

**80%**  
 small businesses

### Employment

**370**  
 Georgians in 8 offices across the state

**50,000**  
 clerks from lottery retail partners  
 employed across the state

## WHERE THE MONEY GOES (FY23)

### Prizes

**64.9%**

**Education**  
**25.5%**

### Retailers

**5.4%**

### Vendors Fees & Gaming Expenses

**3.2%**

### Operating expenses

**1.0%**

96 cents of every dollar returned to the citizens of Georgia with the remaining 4 cents going to vendor and operating expenses

## U.S. and WORLD RANKINGS

2023 La Fleur's World Almanac (Excluding VLTs)

### U.S. Rankings

- #2 in total per capita sales
- #2 in instant per capita sales
- #2 in per capita returns to beneficiaries

### World

- #2 in instant per capita sales
- #4 in total per capita sales
- #11 in instant sales
- #14 in total sales

## SALES AND PROFITS (FY23)

Number of tickets  
 sold per day =

**5.6 million**

Average raised for education  
 each day =

**\$4.24 million**

**FY94 Profits =**

**\$362 million**

**FY23 Profits =**

**\$1.516 billion**

## GAMES

**11**  
 draw games

**60-65**  
 instant games (approximate)

Play at [www.galottery.com](http://www.galottery.com)  
 or download the mobile app



Information reflects data collected through April 2024

## Georgia Standards of Excellence addressed throughout this document:

- Information Processing Skills K-12: SSIPS6; SSIPS12
- Middle School Social Studies: SS8E2-3; SS8CG2; L6-8RHSS3

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Founded in 1839, the Georgia Historical Society is the premier independent statewide educational and research institution responsible for collecting, examining, and teaching Georgia and American history. Founded in 1839, the Georgia Historical Society is the oldest continuously operating historical society in the South and one of most prestigious in the nation.

Making the past relevant to the present is at the core of our mission. Through our award-winning public programs, publications, teacher training, and research services, we aim to use the power of our shared history to offer all Americans new and deeper perspectives on the past and present.

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### **What We Believe**

We believe in the value of history.

We believe that public knowledge of our past is fundamental to our future.

We believe our shared history is what binds us together as Americans.



Each year the Georgia Historical Society selects iconic companies in our state to be honored through the Georgia Business History Initiative.

By showcasing these companies, GHS seeks to teach Georgia students, citizens, and tourists alike about the pivotal role of Georgia's leading businesses in the economic, cultural and social development of Georgia and the United States.

