

PROPOSITION 20 LOTTERY FREQUENTLY ASKED QUESTIONS (FAQS)

Applicable Legislation

1. How did SB 820 (September 20, 2020) affect the use of Prop 20 funds?

[Senate Bill 820](#) expands and clarifies the definition of “instructional materials” in Government Code section 8880.4.1(b), which specifies that instructional materials “include, but are not limited to, laptop computers and devices that provide internet access for use by pupils, students, teachers, and faculty as learning resources”.

2. How did AB 2884 (September 29, 2020) affect the use of Prop 20 funds?

[Assembly Bill 2884 \(Chapter 294/Statutes of 2020\)](#) expands the uses of funds to include **housing and food assistance** for community college students. Housing and food assistance could include, but is not limited to, grants to students, housing vouchers, direct payments or reimbursements for housing, efforts to increase enrollment in CalFresh, and provision of food pantries or free meals.

Colleges are encouraged to work with the Financial Aid Office to ensure that direct aid is included in the student’s financial aid package and that all aid received does not exceed the cost of attendance.

3. Will the Budget and Accounting Manual (BAM) be changed to reflect the SB 820 and AB 2884?

Yes. The following is the language proposed in the updated draft of the BAM which will be presented to the Chancellor’s Office Board of Governors in 2024:

Proceeds of Proposition 20 Lottery funds shall only be used for **instructional materials** which may be printed or nonprinted, and may include textbooks, technology-based materials, educational materials, additional or replacement equipment (see Object Code 6400 for guidance on equipment) and tests (Ed. Code, § 60010(h)). Instructional materials include, but are not limited to, laptop computers, and devices that provide internet access for use by pupils, students, teachers, and faculty as learning resources (Gov. Code § 8880.4.1). Government Code section 8880.4 expanded the uses of student basic needs to include housing and food assistance.

No funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other noninstructional purpose” (Gov. Code § 8880.5). Amounts expended from lottery revenues are excluded from the calculation of the Current Expense of Education for the purposes of determining compliance with the Fifty Percent Law (Ed. Code, § 84362 and 5 C.C.R. § 59200 et seq.).

Allowability of Lottery Funds

4. What are allowable expenditures?

- Instructional materials: materials used by pupils and their teachers as a learning resource and help pupils acquire facts, skills, or opinions to develop cognitive processes:
 - Laptops and hotspots for students, teachers, and faculty as a learning resource, internet devices
 - May be printed or non-printed, textbooks, technology-based materials, other educational materials, and tests.
- Basic instructional materials: materials that are designed to be used as a principal learning resource and meets, in organization and content, the basic requirements of the intended course
- Technology based materials: basic or supplemental instructional materials designed for use by pupils and teachers as learning resources and that require the availability of electronic equipment in order to be used as a learning resource.
 - Includes but not limited to software programs, video disks, compact disks, optical disks, video and audiotapes, lesson plans, and databases
- Supplies and Materials
 - Software
 - Books, magazines and periodicals
 - Subscriptions
 - Textbooks
 - Instructional materials printing
 - Instructional supplies including Library Media, Audio Visual
 - Instructional food supplies
 - Instructional tests
- Other operating expenses
 - Software licensing fees
- Capital Outlay Expenditures
 - Library books
 - Library books replacement
 - Library Magazine and Periodicals
 - Library Nonprint media
 - Instructional software

5. What basic needs can be funded?

The Chancellor's Office shared a memo [FS 20-11 Expansion of Allowable Uses](#) on November 13, 2020. Based on the statutory language, the legislative intent is to provide authority for lottery funds to be used for basic needs, specifically housing and food insecurities.

- Housing and food assistance includes grants to students, housing vouchers, direct payments or reimbursements for housing, efforts to increase enrollment in CalFresh, and provision of food pantries/meal programs or free meals.

6. Can Lottery Funds be used for housing and food assistance for Community College students?

Yes, under Assembly Bill 2884 (Chapter 294/Statutes of 2020), funds can support housing, food assistance, and meal programs. Documentation is required to demonstrate the need and proper use of funds.

7. Can Prop 20 Lottery Funds be used for student athlete per diem meals?

Yes, if student-athletes are experiencing food insecurity. Documentation must show food need and appropriate use of the funds.

8. Can Prop 20 Lottery Funds be used to pay for testing fees?

Yes, testing fees can be covered under object code 4300 for instructional supplies, as they are part of the required materials for courses.

9. Can Prop 20 Lottery Funds be used for Early College Initiative (ECI) or Dual Enrollment Students?

Yes, funds can support these students as long as expenditures align with allowable guidelines.

10. Can Lottery Funds be used to purchase operational or faculty-use software?

No, funds cannot cover software that is not directly used by students.

Reporting Lottery in CCFS-311

11. Why are we required to report the basic needs (food and housing) in 4400 object code under instructional activity code?

Prop 20 funds are restricted revenue (8680 State Non-Tax Revenues), AB 2884 authorizes the allocation for housing and food assistance for community college students to remove housing and food insecurity barriers. Since the change was enacted, the CO needed to capture the information in the Fiscal Portal: CCFS-311 to use when this information is requested from external oversight agencies; therefore, a section was created in the CCFS-311 to capture that information under the lottery section of the report.

NOTE: We are currently revisiting this information with the ACBO committee members to identify a better way to report this information.

12. What expenditures are collected through the Unrestricted Lottery and Restricted (Proposition 20) Funds Supplementary report?

The following activities codes may be used to record the following object codes using *unrestricted* lottery revenue:

- Instructional Activities (0100-5900), Support Activities (6000-6700; 6800-7390)
 - May be used in the following expenditures:
 1. Academic Salaries, 1000
 2. Classified Salaries, 2000
 3. Employee Benefits, 3000
 4. Supplies & Material
 - a. Software, Books, Magazines, & Periodicals
 - b. Instructional Supplies & Materials
 - i. Laptops, hotspots, internet devices
 - c. Non-instructional Supplies & Materials

- i. Basic Needs: Food & Housing
- 5. Other Operating Expenses & Services
- 6. Capital Outlay
 - a. Library Books
- 7. Equipment
 - a. Equipment – Additional
 - b. Equipment – Replacement
- 8. Other Outgo
 - a. Direct Aid to Students

The following activities codes may be used to record the following object codes using *restricted (Prop 20)* lottery revenue:

- Instructional Activities (0100-4900), Support Activities (7390)
 - May be used in the following expenditures:
 - 1. Supplies & Material
 - a. Software, Books, Magazines, & Periodicals
 - b. Instructional Supplies & Materials
 - i. Laptops, hotspots, internet devices
 - c. Non-instructional Supplies & Materials
 - i. Basic Needs: Food & Housing
 - 2. Other Operating Expenses & Services
 - 3. Capital Outlay
 - a. Library Books
 - 4. Equipment
 - a. Equipment – Additional
 - b. Equipment – Replacement
 - 5. Other Outgo (only for Activity Code 7320)
 - a. Direct Aid to Students

13. Can a district report the purchase of library books in activity code 6120 and restricted Prop 20 funds?

No, districts use activity code 6120 for operation expenditures of the general college/district library. Restricted Prop 20 funds should be used for instructional materials. The costs of department libraries and reference books primarily for the use of instructors and staff are recorded within the appropriate instructional activities.

14. How should a digital library for student use be coded?

- Activity 6120 Library: General administrative/instructional support
 - Object 6300 Library Books: For the purchase of library books, periodicals, non-print media, electronic services.
 - Object 4100 Noninstructional Supplies and Materials: Non-instructional supplies (useful life < 1 year).
 - 9300 Capital Assets: Capital assets (long-term purchases)

Lottery Calculation

15. How is lottery allocation determined?

The Chancellor's Office provides the State Controller's Office (SCO) with two Full-Time Equivalent Student (FTES) reports in October, prior year final FTES numbers and current year estimate. The SCO uses these reports, along with enrollment from the K-12 systems, to calculate lottery allocations to K-12 and community colleges in the counties.

16. What exact FTES is used in the reports provided to SCO?

The district-sorted FTES reports provided to SCO include all Chancellor's Office adjustments such as any emergency conditions allowances, any FTES audit adjustments, or statutory adjustments. FTES report includes both resident and nonresident. The reports for prior year include final recalculation (recal) of FTES, and current year estimated FTES report as of October. Recal is typically due by November 1, and districts must submit their data by October 1st or 2nd to include it in the SCO reports.

In March 2020, due to the COVID-19 pandemic, the Chancellor's Office provided a protection that allowed districts to use FTES levels prior to the emergency. This protection will expire in 2022-23 but will be included in the FTES reported to the SCO in October 2024. FTES reported to the SCO in October 2025, will not include COVID-19 ECA protected amounts. Starting 2020, districts who were not opted in to the COVID-19 ECA, had reported FTES (with adjustments stated above) sent to the SCO. Districts who were opted in to the COVID-19 ECA, had those protected amounts used. The COVID-19 ECA only protected resident FTES, but some current year estimates unintentionally adjusted the nonresident FTES. FTES reports provided to the SCO in October 2023, only protected resident FTES.

17. What happens if there are differences between the estimated and final FTES reports provided to the SCO?

The SCO will adjust the allocation if districts estimate amounts are different compared to their final amounts.

18. When does the Fiscal Standards Team send out Quarterly Lottery Reminders?

The State Controller's Office (SCO) distributes Lottery apportionment quarterly. The Fiscal Standards team sends out reminders every quarter according to the timeframe below:

- First Quarter around late December to early January
- Second Quarter around late March to early April
- Third Quarter around late June to early July
- Fourth Quarter around late September to early October