Fix Will Keep Lottery Scholarships Working

More opportunities for higher education are a sure bet for New Mexico’s economy, according to Gov. Bill Richardson. He proposes expanding eligibility for the lottery scholarship and paying for it by increasing the state’s share of lottery proceeds to 30 percent, up from the current 24 percent.

The increased share could come out of the lottery’s relatively high overhead, according to a Think New Mexico study. The organization found that the state lottery pays more for administration (19.6 percent) than most other states and that New Hampshire, North Dakota and West Virginia get more than 30 percent of lottery proceeds.

Fred Nathan of Think New Mexico says the state could cut overhead by renegotiating the lottery online vendor’s percentage, reducing the base 6 percent retailers’ commission to 5 percent and ending a lottery reserve fund that racks off 2 percent.

Less overhead and more state revenue would allow even broader eligibility for the scholarships that some 38,000 students have used since 1997. Richardson would extend the benefit to students at tribal colleges, dependents of military personnel stationed outside New Mexico and discharged troops returning home. On the last, lawmakers should ascertain the aid wouldn’t overlap with GI Bill and National Guard tuition assistance already available.

The governor also proposes relaxing the mandate that scholarship recipients go straight from high school to college. That incentive may be driving students to campus before they’re ready, aggravating the university drop-out rate.

All-in-all, the governor’s proposal has merit, but a prime selling point is that it would help address projections that the program could fall $18 million short of projected needs by 2011.

The Legislature should fine-tune one of its most popular and most effective programs to ensure scholarships are there for today’s mid-schoolers.