

A group that seeks results

I've always been wary of think tanks. They're full of ideas — usually based on their political ideology, whether conservative or liberal.

And they don't really do much to advance their proposals.

Fortunately, in New Mexico, we have a think tank that operates differently.

Santa Fe-based Think New Mexico calls itself a "results-oriented think tank serving New Mexicans." And this group isn't kidding.

This group, which includes both Republicans and Democrats as board members, picks a subject and focuses on it. Then it comes up with real-world solutions and lobbies our state Legislature to make needed changes.

This group has a record of success. You can credit Think New Mexico for studying full-day kindergarten and then aggressively pushing the idea. Now, largely because of the group's efforts, full-day kindergarten is a fact of life in New Mexico.

Think New Mexico also found the sales tax on food abhorrent. It looked at what other states we're doing and found that only a few poor states still taxed food. Again, the group aggressively lobbied the Legislature, and now, the food tax is a thing of the past.

Just recently, Think New Mexico released a report on the state of the New Mexico Lottery and its proposal

for making sure more of the proceeds go toward scholarships for New Mexico college students.

While the lottery seems as if it's doing fine now, it is headed for real problems. Here's what Think New Mexico found:

For starters, our lottery spends far more than most states on administration — 19.6 percent of revenues. Only four states — Arizona, Iowa, South Dakota and Montana — spend more than we do.

Yes, small states will naturally spend more on administration because of economies of scale (for example, receiving volume discounts). But as Think New Mexico points out, some small states — Vermont, Maine, New Hampshire and Idaho — are spending less than we do on administration.

If the lottery dropped administrative expenses to 15 percent of revenues, that would mean \$6.3 million more for scholarships annually — in other words, 2,000 more scholarships per year.

As it stands, 24 percent of lottery revenues are going to scholarships, while some states, including relatively small ones, require that 30 or 35 percent be dedicated for such purposes. And New Mexico's percentage for scholarships is projected to decline over the next five years.

Think New Mexico recommends that the state Legislature require a minimum of 30 percent go to scholarships.

Some might suggest cutting the percentage going for lottery prizes. However, Think New Mexico points out that when Texas lowered what it

paid to players from 60 percent to 50 percent in 1997, it saw a decline of 30 percent in sales. People were apparently discouraged from participating.

So how can the lottery reduce its administrative expenses? Think New Mexico points to the highly questionable contract with its online vendor, Gtech. While New Mexico pays Gtech 8.5 percent of its online revenue, other small states pay from 2 to 5 percent to similar vendors. Why does Gtech get this much in New Mexico? Think New Mexico points out that this firm was the sole bidder in the mid-1990s. In 2002, the lottery extended the contract by another five years, rather than opening the state's contract for online sales to competition.

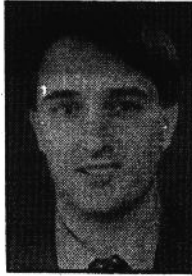
Think New Mexico quotes a 1996 Fortune Magazine story, "In New Mexico, where Gtech was the only bidder, the company was able to submit a bid millions higher than if it had faced real competition."

Think New Mexico also recommends that the lottery reduce the commissions paid to lottery retailers; our state pays higher than most. However, the group noted that this may be politically difficult.

Think New Mexico's report is eye-opening. Let's hope our legislators take a close look at it and make needed changes.

Most new jobs these days require a college education, and it's important we make it accessible to all who want one.

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