

Title: **Lottery bill is a bad gamble for students**
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Lottery bill is a bad gamble for students

Responsible parents would never gamble with their child's college savings account. Yet that is precisely what the New Mexico Lottery is proposing to do with the Lottery Scholarship, which serves as the college fund for many New Mexico students from low and middle income families.

The Lottery is attempting to pass Senate Bill 355, which would eliminate the requirement that a minimum of 30 percent of lottery revenues be dedicated to the scholarship fund. This requirement was enacted in 2007, based on a proposal by Think New Mexico.

Prior to that time, there was no minimum percentage that the lottery had to deliver to the scholarship fund. The lottery was required to dedicate at least 50 percent of revenues to prizes, but once that requirement was met, the Lottery paid its operating costs and sent whatever was left over to the scholarship fund.

As a result, scholarships received an average of only 23.76 percent of lottery revenues a year from 1997-2007.

Fortunately, the legislature enacted the 30 percent requirement, and it has resulted in an additional \$9 million a year going to the scholarship fund.

Despite this track record of success, the Lottery has brought Senate Bill 355 to repeal the 30 percent minimum and replace it with a requirement that, in future years, the Lottery deliver no less than the amount it delivers in 2015.

The Lottery claims that reallocating some percentage of revenues away from scholarships and toward prizes will result in an increase in lottery ticket sales, which will increase total revenues by enough that the scholarship fund will receive more dollars even as its percentage of revenues decreases.

However, the problem is that the Lottery's proposal would effectively cap the dollars going to scholarships at the current level. After all, Lottery management would have no incentive to deliver one cent more to scholarships than they delivered in 2015, no matter how much revenue the lottery brings in.

In his testimony in favor of Senate Bill 355 before the Senate Corporations Committee, the Lottery CEO stated that one of the Lottery's contracts with an outside vendor is coming up for renewal, and the new contract will likely award the vendor about \$4-6 million more than the current contract.

Lottery math is a zero sum game. Every dollar that goes to the vendors — multinational gaming companies — is a dollar that is not going to scholarships.

When the 30 percent requirement was enacted in 2007, the Lottery was forced to re-bid its biggest contract and reduce the percentage of lottery revenues going to the vendor from 8.5 percent to 1.8 percent, saving \$35 million over the life of the contract.

The most fundamental problem with Senate Bill 355 is that the students are being asked to bear all the risk. Lottery vendors,

retailers, and the CEO himself are compensated based on the total revenues raised by the lottery, not the dollars being sent to scholarships.

So if this gamble increases total revenues but fails to deliver more money to students, the vendors, retailers, and the CEO all still come out ahead. Only the students lose.

We believe that if the lottery wishes to increase the dollars available for prizes, it should do so by lowering its relatively high operating costs, not going after the scholarship fund.

The New Mexico Lottery's statutory mandate is to "provide the maximum amount of revenues" for scholarships at the state's public universities. Retaining the requirement that a minimum of 30 percent of lottery revenues be dedicated to college scholarships is essential to keeping the Lottery true to its purpose.

That is why student governments at the University of New Mexico, New Mexico Tech, and Highlands University, among others, have approved resolutions opposing any legislation that would repeal the 30 percent requirement.

We hope you will stand with them and urge legislators to act in the best interests of students, not lottery vendors.

Please visit www.thinknewmexico.org and ask your legislators and the governor to vote no on Senate Bill 355 and prevent the Lottery from gambling with the college fund of New Mexico's students.

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