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Robin M. Martin,

Editor and Publisher

Robert M. McKinney,

Editor and Publisher, 1949-2001

William W. Waters,
Editorial Page Editor

Robert Dean,
Managing Editor

202 E. Marcy St. • Santa Fe, N.M. 87501

OUR VIEW

Lottery reform needed for scholarships' sake

There's no good reason why the beneficiaries of the New Mexico Lottery — our state's college students — should be shortchanged by millions of dollars a year.

The reasons we pay our lottery's operator more than other states of our size pay are *bad* ones: We're living up to our reputation as the stupidest state, or some smart folks are getting, uh, special favors for the deal New Mexico made with GTech.

The Lottery Success Scholarship fund today is running at a slight surplus. But as more students discover the scholarships as the key to college doors, it'll be running in the red. Five years from now, it's likely to carry an \$18 million deficit, says Think New Mexico, the action-oriented public-policy organization which has led the efforts at full-day kindergarten and the end of sales tax on food, among other accomplishments.

Now Think thinks the state should be driving a harder bargain with GTech, whose contract expires in two years.

For starters, asks the group, why not demand 30 to 35 percent off the top of the lottery take for scholarships, and let the devil take the hindmost? Today, less than a quarter of the money reaches our kids. In Georgia, Kentucky, Louisiana, North Carolina and Oklahoma, lottery beneficiaries get 35 percent. Operating costs, real and imagined, are one reason the scholarships are slighted; a 56-percent payback rate is another, and a 6-percent cut for the stores selling lottery tickets is still another.

Why not trim the stores' take to 5 percent, suggests Think, and tell GTech to make other cuts in its operating costs. The company seems to get by in other states on less than the 20 percent it says it's spending on its New Mexico operation. That includes a "reserve fund" which has fudged its way up to \$1.3 million. Where does that money go? The lottery doesn't categorize those expenses, but by law it's allowed to be used for ticket-seller incentives, promotional giveaways, compulsive-gambler rehabilitation and whatever else the lottery board "deems necessary to maintain the integrity and meet the revenue goals of the Lottery."

The lottery's operating costs could be reduced to 15 percent without its contractor suffering unduly. Think New Mexico advocates the kind of administrative and legislative changes that would create a fairer balance between GTech's and students' share of the loot.

Ideally, says the think tank, the lottery contract would be re-bid — with real competition, which mysteriously disappeared when GTech got the job back in 1996. In 2002, its contract was extended. No other bids were sought. If that didn't raise legislative eyebrows, the lottery's approaching deficit should.

Sen. Michael Sánchez, D-Belén, led the effort at establishing a state lottery. He was prompted by the soaring cost of college tuition, which was putting higher education beyond the reach of low- and middle-income working families.

The Success Scholarships are all their name implies: 38,000 students, many of them the first of their families to go to college, have benefited from them. But when demand for those scholarships outstrips the amount available, state law says they'll be whittled down. When that happens, some good kids could find college unaffordable — their dreams ended at an early age.

Sánchez, the Senate's majority leader, should use his leadership position to begin lottery reform now — and make his dream of accessible college really count.