



Put Students First in Lottery Bill

By Kristina G. Fisher

For the fourth consecutive year, the New Mexico Lottery is pushing legislation to repeal the guarantee that at least 30 percent of lottery revenues must go to college scholarships.

This fight goes back more than a decade. Prior to 2007, the Lottery was not required to deliver any amount to the scholarship fund. The Lottery had to pay out at least 50 percent of revenues as 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, during its first decade, only about 23 cents of every dollar bet on the Lottery reached the scholarship fund. Another 55 cents was used for prizes, and 22 cents went into overhead and administrative costs, almost as much as reached the scholarship fund.

Fortunately, in 2007, the legislature enacted the 30 percent guarantee to scholarships, based on a proposal by Think New Mexico.

The 30 percent guarantee has been a resounding success: the Lottery has delivered more money to the scholarship fund every year since the 30 percent guarantee was enacted than it did in any year before. The scholarship fund received an average of an additional nearly \$9 million a year. Meanwhile, the lottery's operating costs fell to 14 to 16 percent.

The students' gain was a loss for the multinational gaming corporations that contract with the lottery to print Scratcher tickets and run multistate games like Powerball. Their contracts were significantly reduced when the 30 percent guarantee was enacted. For example, one contract decreased by about \$5 million a year, money that went directly to scholarships.

So it is not surprising that these lottery vendors have hired at least five powerful lobbyists to try to roll back the 30 percent guarantee so that they can negotiate more lucrative contracts. In each of the past three years, the bills pushed by these lobbyists have failed to pass the legislature.

However, something different happened with this year's bill, House Bill 147, which like its predecessors was introduced by the Lottery and its vendors to repeal the 30 percent guarantee.

The afternoon of Feb. 10, House Bill 147 was re-written on the House floor so that it puts the interests of students first. Thanks to leadership

from legislators across the political spectrum, three pro-student amendments were added to the bill on strong bipartisan votes.

First, Rep. Jason Harper (R-Rio Rancho) passed an amendment capping the Lottery's annual operating costs at 15 percent. This amendment makes sure that the lottery won't go back to spending 22 percent on administrative costs and vendor contracts.

Then, Rep. Matthew McQueen (D-Santa Fe) passed an amendment to make sure that students will continue to receive at least \$40 million a year. The scholarship fund has received at least \$40 million a year in nine of the last ten years, thanks to the 30 percent guarantee.

Finally, Rep. Alonzo Baldonado (R-Los Lunas) passed an amendment requiring that unclaimed prize money must go to the scholarship fund in addition to the \$40 million floor. (Unclaimed prizes average \$1 to 3 million a year.)

It was very telling that the Lottery opposed all three amendments as "unfriendly" even though the Lottery claims to be acting in the best interests of students.

Thanks to these amendments, students will receive at least \$40 million a year for scholarships, plus \$1 to 3 million in unclaimed prizes, and if the Lottery ever fails to deliver that amount, the 30% guarantee automatically returns. In addition, Lottery operating costs are capped at the current level so that any growth in the Lottery will go to students, not gaming companies.

Since House Bill 147 now puts the interests of students first, we are encouraging the Senate to pass the bill in its amended form.

However, it appears that the Lottery and its vendors are lobbying the Senate to strip out the House amendments that protect students.

The New Mexico Lottery's statutory mandate is to "provide the maximum amount of revenues" for scholarships at the state's public universities. You can help make sure the Lottery stays true to this core purpose by visiting www.thinknewmexico.org and urging your legislators and the governor to pass House Bill 147 with all three pro-student amendments intact.

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