Editorial

Don't Like Those Odds

There are two sarcastic phrases coined in the 1980s, which are even more apropos today: Trust me, I'm with the government and I'm with the government, and I'm here to help.

The same can be said for the New Mexico Lottery Commission and its Chief Executive Officer David Barden. The Commission faces the daunting task of increasing lottery ticket sales in a state with a stagnant (in some places sinking) economy. We don't envy them that job but sincerely wish them luck because that pool of money provides funding for the state's college scholarships.

The last big idea to come from the Commission was to double the ticket price from $1 to $2. It proved to be a slight improvement.

The primary goal of the lottery is to pay college scholarships at in-state colleges and universities. From its inception in 1997, until legislation passed in 2007 forcing 30 percent of proceeds go to scholarships, the lottery paid 23.7 percent of revenue to higher education.

Since 2007 the lottery has shown a steady increase in funds aimed at paying tuition for New Mexico high school graduates who meet the minimal criteria to qualify for assistance.

Think New Mexico Executive Director Fred Nathan has done extensive homework on the difference between the lottery commission proceeds before the 2007 legislation and after. He states, the mandatory 30 percent has resulted in an additional $50.66 million going to lottery scholarships—about $9 million a year over and above what would have been provided had the lottery continued to deliver only 23.76 percent of revenues.

Barden's newest idea is to introduce legislation in 2015 that would lift the 30 percent requirement for scholarships so higher payouts can be promised, drawing more players. In the vein of playing the lottery, this is a gamble at best.

Nathan said in a letter to Gov. Susana Martinez the lottery would have to increase sales 29 percent to maintain today's scholarship level and provide bigger payouts. Increase sales 29 percent in one year? Those are long odds and that would only put us where we are now.

Some states have done this successfully, where an adequate population is available to be snookered into buying a ticket for a one in 175 million chance at winning.

Most states remain locked in a percentage of proceeds formula to ensure their state's youth have a shot at college.

A second point Nathan makes is the New Mexico lottery's administrative costs run about 8.6 percent, almost double most state lotteries. He said Oklahoma's runs about 2.5 percent.

Finally there's the issue that Barden's annual bonus is tied to revenues, not scholarships. If he can boost revenue, he gets a bonus. Costs, payouts and scholarships don't enter the equation. It seems less altruistic that Barden is trying to increase scholarships when his bonus is considered.

That sends the message Barden isn't here to help and we shouldn't trust his revenue boosting scheme.

There are many problems with the state's lottery. The requirements to receive scholarships are pretty low, admitting to college many high school students not nearly prepared. Costs aren't getting lower and with stagnant sales, the piggy bank just won't continue to fund all the freshmen coming into the higher education system.

We agree, cutting administrative costs and perhaps working on their marketing may help increase the amount flowing to scholarships. The legislature has struggled with the lottery scholarships every legislative session since sales began slumping. It's not a problem that will go away soon. However, gambling education on higher lottery sales is a sucker's bet and one New Mexicans would do well to steer clear of.