

‘Hope for Arkansas’ no hope at all: The Proposed Arkansas State-Run Lotteries Amendment

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The woefully misnamed “Hope for Arkansas” state-run lotteries amendment being proposed by Arkansas Lt. Governor Bill Halter holds out nothing but false hope for Arkansans.

The odds of winning a lottery jackpot are famously poor, millions-to-one. Lotteries, like all gambling where bets are made against “The House,” are designed to ensure that the majority of bettors lose much more than they ever win, so that “The House” can turn a profit. It’s no secret the games are always designed to ensure that the majority of gamblers lose.

It’s an industry of empty promises for all but a tiny fraction of players. It’s a cruel joke on those who will play the most—lesser educated and lower income Arkansans. We might expect this from profit-driven Vegas casino owners who are in the business of quickly separating people from their money, but not the Arkansas state government.

Additionally, proponents “hope” there will be more money for higher education, but the experience of other states proves otherwise. Once lotteries go in, state funds that had previously been dedicated to education get pulled away to something else.

In many cases, education sees no gain at all. When public schools or colleges start receiving lottery money, lawmakers see this as a chance to move funding previously dedicated to education to other state budget items. A recent study by The Tax Foundation found that “Lottery revenues do not always benefit the programs for which they are earmarked, and voters may feel deceived when they approve lotteries for education only to find that legislators shuffle funds and their states’ public education systems do not benefit significantly.”

Halter has traveled the state trying to connect the dots between college funding and improving the state’s economy. He says the key to lifting our economy is by having more college graduates living in Arkansas. But Arkansas doesn’t have enough jobs for its current graduates.

The issue is not how many college graduates live in Arkansas, but the need for competitive employment in Arkansas for those with a college degree. Until Arkansas becomes home to more business and industry, we won’t see an increase in the number of college graduates in our state, no matter how many scholarships we give out.

Halter paints a picture of vast numbers of students sitting out college because they can’t afford it, but research proves otherwise.

A study by the University of Georgia on that state’s HOPE lotteries scholarship program found that only 4 out of 100 recipients of the HOPE Scholarship funds would not have

been able to obtain a college education without the HOPE program. 96% said they could have afforded college tuition without the HOPE Scholarship money. A recent study in Tennessee found that a whopping 70% of recipients of lottery scholarship funds dropped out before their fourth year of college.

It is clear that funding is not the primary barrier to obtaining a college degree, as proponents of the Arkansas lotteries would have us believe.

Finally, state run lotteries amount to a 70% tax on every dollar spent. Studies show that on average, only 30 cents of every dollar gambled on a lottery ticket makes it to the intended "cause." The rest goes to pay to run the thing.

That means in order to raise enough money for one year's tuition at the University of Arkansas (\$14,000, based on 2008 estimates), over \$46,000 would need to be gambled and lost (i.e., drained out of Arkansas' economy) for just one student to attend college for just one year.

Start doing the math on just 15 students for one year: \$690,000 lost. Want to get those students all the way through four years? \$2,760,000 lost! That's \$840,000 worth of education for the cost of almost \$3 million. How can anyone think that's a good idea?

Well, there is one group that thinks it's a good idea. The company that the state will contract to run the lotteries stands to make a fortune, as they have in every other state. Companies like Italian-owned (and scandal-ridden) GTECH, one of the main contractors of state lotteries in the nation, stand to make millions if the proposal passes. That means even the money we claim is "staying in Arkansas" might not even stay in the country.

The state-run lotteries proposal doesn't add up. Only a tiny fraction are winners. Hardly any new students receiving college degrees. Less money budgeted for higher education. No greater number of college graduates living in Arkansas. Only 30 cents of every dollar making it to a student. Out-of-state companies enjoying a windfall of our lost dollars.

We all agree that something must be done about the rising costs of college tuition, but Halter's state-run lotteries proposal only brings more headache. Arkansas needs real solutions, not false hope. It's clear why Arkansans have voted down lotteries every time they've shown up on the ballot. We need to do it again in November, and vote against Amendment 3, the state-run lotteries amendment.