



# Lottery and Lottery Scholarship

Revenue from the various games offered by the New Mexico Lottery Authority support tuition scholarships for most state college undergraduates from New Mexico. In the 10 years from 2010 through 2019, the authority, a quasigovernmental agency supported by lottery revenue, collected about \$1.4 billion in gross revenues, with about 30 percent of that going to the lottery scholarship fund and slightly over half going to prize winners. The remainder was spent on retailer commissions, administration, and cost of goods sold.

## Scholarship Fund

For the last decade, the authority has transferred between \$38 million to \$46 million a year to the legislative lottery scholarship fund. Since its creation in 1996, nearly 135 thousand students have attended New Mexico public colleges with the help of a lottery scholarship, according to the authority, and 82 thousand, or 61 percent, have graduated.

The scholarship is available to New Mexico students who have graduated from an accredited New Mexico high school or earned a GED certificate. While the scholarship is not available during a student's first college semester, most New Mexico colleges offer "bridge" scholarships to incoming freshmen. Students must maintain a 2.5 percent grade point average and enroll in at least 15 credit hours a semester, if attending a four-year school, or 12 hours, if attending a two-year school. Initially, students had to attend college immediately after graduation, however, since 2017, students have up to 16 months after graduation or discharge from military service to qualify.

Demand for the program, rising tuition costs, and the volatility of lottery income have forced the Legislature over the last decade to boost the program with nonlottery revenue, tighten eligibility, and reduce awards. Once equal to 100 percent of tuition costs, the value of the award is now based on where the student attends school: The award is a minimum of \$1,500 a semester at a four-year research university, \$1,050 a semester at a four-year comprehensive university, or \$380 a semester at a two-year community college or branch campus of a four-year school. Award amounts can increase if money is available in the scholarship fund. In 2021, the fund, subsidized with other revenue, supported scholarships equal to 100 percent of tuition.

Lottery proceeds were split between public school capital outlay and the scholarship fund from the creation of the authority in 1996 until 2001, when an amendment to the law allocated all proceeds to the tuition fund. Since 2009, the

authority has been required to transfer 30 percent of proceeds to the scholarship fund, a mandate opponents say makes it difficult to increase sales through higher prize payouts, retailer incentives, advertising, and other approaches.

## Games

The largest of New Mexico's six lottery drawing games, Powerball, is played in 45 states, Washington D.C., Puerto Rico, and the U.S. Virgin Islands. The jackpot starts at \$20 million and grows until won. The jackpot for Mega Millions, played in all the same states and territories except Puerto Rico, starts at \$40 million, although it was temporarily reduced during the pandemic, and grows until won. Lotto America, which replaced Hot Lotto, is played in 13 states and has a starting jackpot of \$2 million. In addition to the New Mexico-only drawing games—Roadrunner Cash, Pick Three, and Pick Four—the authority runs the instant-win scratcher games with various top prizes and the hybrid FastPlay, which combines elements of instant-win and drawing games.

Generally, instant-win scratcher games generate about 60 percent of the typical annual gross sales of \$140 million. Among the drawing games, Powerball typically earns between \$20 million and \$25 million, with Mega Millions slightly under that. The other drawing games together generally generate slightly under \$20 million.

The size of the prize is a key determinant in driving sales. The larger the prize, the more tickets sold. In 2016, a Powerball jackpot of \$1.56 billion helped push total New Mexico ticket sales to \$154 million, but sales dropped \$30 million in 2017, with demand for Powerball tickets and scratchers down.

### For More Information:

- The New Mexico Lottery Act is Section 6-24-1 through 6-24-22 NMSA 1978.
- The Lottery Authority annual reports are available at <https://www.nmlottery.com/lottery-info/annual-reports/>.
- For more information on the Lottery Scholarship Program, visit [www.hed.state.nm.us/students/lotteryscholarship.aspx](http://www.hed.state.nm.us/students/lotteryscholarship.aspx) and [www.nmlottery.com/about/scholarships](http://www.nmlottery.com/about/scholarships).