



Lottery and Lottery Scholarship

Revenue from the various games offered by the New Mexico lottery support tuition scholarships for most state college undergraduates from New Mexico. In its first 22 years, the Lottery Authority, a quasigovernmental agency supported by lottery revenue, collected more than \$2.5 billion in gross revenues, with about a third 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.

Lottery Scholarship Fund

From its creation in 1996 to 2018, the authority transferred \$740 million to the legislative lottery scholarship fund. During that time, nearly 117,000 New Mexico students received 450,000 awards. About 56 percent of students receiving an award earned a postsecondary credential.

The scholarship is available to New Mexico students at the 24 state colleges who have graduated from 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. 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.

Since 2009, the authority has been required to transfer 30 percent of proceeds to the scholarship fund, a mandate op-

ponents say makes it difficult to increase sales through higher prize payouts, retailer incentives, advertising, and other approaches.

Games

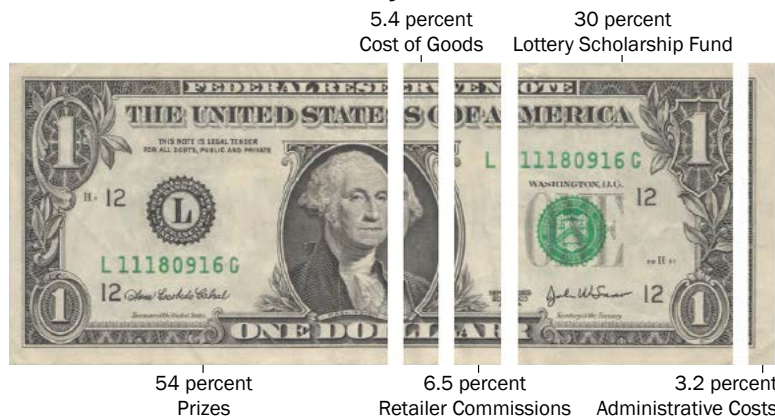
The largest of New Mexico’s five lottery drawing games, Powerball, is played in 44 states and the U.S. Virgin Islands.

The jackpot starts at \$40 million and grows until won. Mega Millions is played in the same territories, and the jackpot starts at \$15 million and grows until won. In addition to the New Mexico-only drawing games Hot Lotto, Roadrunner Cash, and Pick Three, the lottery also operates a rotating selection of instant-win scratcher games that feature various top prize amounts.

Generally, the drawing games generate about 40 percent of the typical annual gross sales of \$132 million. Powerball typically earns about \$27 million a year. Instant win scratcher games, with an average of \$78 million a year in sales, generate about 60 percent of gross sales.

The size of the prize is the key determinant in driving sales. The larger the prize, the more tickets sold. In January 2016, a Powerball jackpot of \$1.56 billion spurred the highest volume of monthly Powerball sales up to that date – more than \$18 million.

Distribution of Lottery Revenue Since 1996



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 www.nmlottery.com/about/news/annualreports.
- For more information on the Lottery Scholarship Program, visit www.hed.state.nm.us/students/lotteryscholarship.aspx and www.nmlottery.com/about/scholarships.