

Behind the Jackpot

## **The \$50 Ticket: A Lottery Boon Raises Concern**

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With the popularity of traditional lotteries waning across the country, many states are turning to instant games priced at \$20, \$30 and as high as \$50 to lure new players and raise revenue.

Scratch-off tickets, for example, now account for more than 75 percent of lottery sales in Texas, which this year became the first state to introduce a \$50 scratch-off game.

But critics in Texas and elsewhere say games promising this kind of instant gratification are more likely to contribute to the kind of problem gambling that is usually associated with fast-paced casino betting, and they are now trying to limit them.

They say the games take particular advantage of the most vulnerable members of society, including the poor and members of minority groups.

“Scratch-off tickets are to the lottery what crack is to cocaine,” said State Senator Eliot Shapleigh, a Democrat who represents El Paso.

In Massachusetts, a third of the calls to the state’s 24-hour gambling addiction hot line come from lottery players, the majority of whom play instant games, according to Margot Cahoon, a spokeswoman for the state’s Council on Compulsive Gambling.

Industry leaders agree that the future of the lottery business now depends on instant games with bigger prizes. The \$50 Texas game, for example, offers thousands of instant prizes ranging from \$50 to \$50,000, with a few exceptional prizes as high as \$5 million. But they say the games are not aimed at compulsive gamblers and are not intended to be addictive.

“It used to be lotteries would offer \$1, \$2 and \$5 tickets but the growth is in \$10 and \$20,” said Ernest L. Passailaigue, director of the South Carolina lottery and president of the North American Association of State and Provincial Lotteries.

The higher value games certainly appeal to people like Larry Hardy, who nearly every day walks from his central Houston rooming house to a nearby [Chevron](#) station to work odd jobs and buy scratch-off lottery tickets.

He has won \$200 several times with a game called “Break the Bank,” but Mr. Hardy, who relies on \$600 a month in federal disability payments to support himself, still spends \$30 to \$40 a week on the elusive dream of hitting it big.

“I feel at times I shouldn’t play again,” Mr. Hardy said, “but the reason I play is I really need \$20, \$30, \$40 or maybe \$50.”

States are now considering even more potentially addictive offerings. A Florida government report this year on how to enhance lottery revenue suggested that the introduction of video lottery terminals there could raise more than \$1 billion a year. But the report acknowledged these games “are considered to be more addictive than traditional lottery games and could contribute to a problem of pathological gambling.”

Just who plays the lottery — and how much — has always been a contentious issue. As lotteries have expanded their offerings, most states have emphasized statistics showing overall participation in any type of game, which typically matches the demographics of the population.

Academic experts on the lottery, however, say this kind of analysis is misleading because it does not make a distinction between those who play once or twice a year players and daily or weekly bettors.

“Surveys usually stop with the question: ‘Have you played in the last month?’” said Philip J. Cook, a professor of public policy at [Duke University](#). “They don’t plumb the questions about depth of play, which the lotteries have chosen to obfuscate because they see themselves as vulnerable on this issue politically.”

The introduction of the \$50 ticket in Texas — and evidence that blacks and Hispanics individually spend much more than whites on the lottery — has spurred criticism from legislators in heavily minority neighborhoods, like the one in Houston where Mr. Hardy lives.

“I didn’t think I’d be this concerned but it’s harming people,” said Garnet Coleman, a Democrat who represents a majority black district in Houston in the state legislature. “When I go to get a pack of cigarettes or a soda I’m in line behind people playing the lottery. They’re not buying one ticket or five tickets. They’re buying \$50 or \$75 worth and this is in my district, which is limited-income.”

Unlike most states, Texas is required by law to provide detailed demographic information on lottery participation — data that backs up Mr. Coleman’s argument. In 2006, according to a University of North Texas survey commissioned by state lottery officials, the typical black player spent \$70 a month on the lottery, compared with \$47 for Hispanics and \$20 for whites.

The demographic differences were especially sharp when it came to scratch-offs. Players with a high school degree or less typically buy \$20 a month worth of scratch-off tickets, compared with \$10 for college graduates. Similarly, players with an annual income of less than \$12,000 spent 33 percent more a month than those with incomes above \$100,000.

Mr. Passailaigue, the president of the state lotteries association, does not dispute that certain games appeal more to minorities and low-income people but he said these groups were not being singled out and the trend should not worry state lottery officials.

“It’s more cultural in nature,” he said. “Some people think it’s O.K. to go and play golf and bet on each hole.”

While golfers might have more disposable income than many scratch-off bettors, Mr. Passailaigue argued the reality was, “Culturally, people have experienced different ways not only to amuse themselves but to gamble. It’s been that way for a long time in this country.”

Whatever the reasons, state lottery officials and the companies they hire to run the games appear to be concentrating on the heaviest players.

The [Scientific Games Corporation](#), which dominates the scratch-off market and counts states like Texas and Massachusetts as clients, advises lottery managers to increase jackpots to lure players, according to a report supplied by the company to the Texas Lottery Commission and obtained by The New York Times under an Open Records Act request.

“But like any ‘tool,’ an increased payout is only useful when used in the right way,” the report cautions. Describing what it calls “chatter,” or midsize prizes, Scientific Games concludes, “Better to increase the number of chatter prizes in a game aimed at heavy players so that they see more of the prizes they are playing for and will communicate their excitement to others, creating a buzz for the game.”

This approach seems to be working. In Massachusetts, which Mr. Passailaigue considers a forerunner in developing higher-priced tickets with bigger payouts, 70 percent of the state lottery’s \$4.6 billion in revenue comes from instant games.

In Texas, the \$50 scratch-off was introduced after higher-value denominations of \$20, \$25 and \$30 proved popular. The success of these and other instant games helped the state increase total lottery sales in four of the last five years.

Meanwhile, the popularity of its more traditional lotto offerings has sagged and the percentage of Texans playing any game has fallen from 70 percent a decade ago to about half today. Lottery officials in Texas credit the rapid success of the \$50 game, introduced in May, with helping it avoid a sharp drop in sales during the 2007 fiscal year. For the \$50 game, the odds range from 1 in 6.67 for a \$50 prize to 1 in 1.2 million for the top \$5 million jackpot.

As for the criticism from legislators and others that such games appeal most to compulsive gamblers or low-income players, a spokesman for the Texas Lottery Commission, Bobby Heith, said, “We value and respect those concerns very much but our job is to run the lottery, to generate as much revenue as possible, as responsibly as possible.”

In Texas, urban liberal Democratic politicians like Mr. Coleman and Mr. Shapleigh of El Paso now find themselves aligned with the Christian Life Commission, the public policy division of

the Baptist General Convention of Texas, as well as traditional conservatives like Robert F. Deuell, a Republican state senator from the suburbs east of Dallas. Four years ago, the Baptist group hired a former state lottery official to crunch the numbers and prepare reports intended for urban Democratic officeholders that detailed the high rate of play in their districts.

“We use the facts that are the most persuasive,” said Suzii Paynter, executive director of the advocacy group. “If it’s just a religious argument, people can pat you on the head.”

Mr. Deuell has opposed the lottery since he took office in 2003, but research from the anti-gambling group played an important role in Mr. Coleman’s change of heart, whose district has the highest rate of lottery spending in the Houston area. His constituents spend about 3 percent of their income on games, according to the anti-gambling group’s research.

“Ten years ago, I wasn’t opposed to the lottery,” Mr. Coleman said. “This has really made me take a second look at whether the state should be in the gaming business.”¶

The Baptist group has been fighting the lottery ever since it was introduced in Texas in 1991 by [Ann Richards](#), then the Democratic governor, and Ms. Paynter concedes the lottery will not be abolished overnight. “It’s a long fight, and a hungry industry,” she said.

Mr. Coleman does not support shutting down the Texas Lottery. But he shares Ms. Paynter’s goal of eliminating the \$50 scratch-off and similarly priced instant games. “If people want to play,” Mr. Coleman said, “they’re better off buying a dollar ticket and calling it a day.”

Ron Nixon in Washington and Thayer Evans in Houston contributed reporting.