

# Vox

## 4 ways the lottery preys on the poor

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You hear it a lot: The lottery is a tax on people who are bad at math.

"I actually laugh a lot of times when I see that," said Adam Osmond, 48, who owned two Connecticut bodegas that sold lottery tickets. "People who gamble know the numbers."

When Powerball jackpots get high enough, like now, media coverage increases. People who normally don't play start buying tickets. It drives up the jackpot even higher. Then eventually someone wins. We go on with our lives.

But some people keep playing the lottery, and some of us think it's because they're bad at math. Except that's not it at all.

The lottery relies on these people to make money. These are people Osmond saw at his store every day, buying thousands of dollars in tickets. The worst addicts are people like him, who work at package stores and buy a ticket here or there until they win — maybe a few hundred bucks. Then they want to feel that sensation again, so they buy another, and another.

They know the odds, better than you or I.

These are the people Osmond pinpointed when he obtained a database from the Connecticut Lottery containing 21 years' worth of winners. What did he find?

They are largely poor, largely minorities, and often addicts.

The lottery preys on these people.

The demographics of lottery players are similar nationwide trends, so I'm going to use Connecticut data to illustrate lottery disparities — partially because it gives us a more granular view of who buys tickets, but also because Connecticut has some of the richest neighborhoods and some of the poorest.

Osmond hasn't played in eight years and now runs a recovery group. He shared the data with me a year ago when I covered Connecticut, and we talked again this week when the Powerball jackpot topped \$1.5 billion.

Note: I only have winner data, not data on ticket purchases. But since the lottery is random and this is a big data set, it gives a decent idea of where tickets are being bought.

### **1) Most lottery tickets are bought in poor neighborhoods**

People in wealthy neighborhoods don't buy lottery tickets — at least not for the daily games. People in poor neighborhoods play much more frequently. Here's how median incomes in Connecticut zip codes compare with how often people in those zip codes win. Notice how the very wealthy neighborhoods rarely touch the lottery:

Nationwide, people who make less than \$10,000 spend on average \$597 on lottery tickets — about 6 percent of their income.

Sure, part of this is likely because poorer neighborhoods tend to be located closer to urban areas, where there are more package stores. But even in Connecticut, where there are plenty of poor neighborhoods in the suburbs and wealthy ones in the cities, it's the poorer areas that produce the most winning tickets — and whose residents, therefore, are playing most often.

### **2) Most lottery tickets are bought in places with more minorities**

Nationwide, African Americans spend five times more on lottery tickets than white people. In Connecticut, places with high nonwhite populations tend to have far more lottery ticket sales than places with smaller nonwhite populations.

Towns that have higher minority populations also tend to have high unemployment rates and high rates of children eligible for free or reduced lunch.

### **3) Powerball isn't the problem. It's the smaller games.**

A much more economically diverse population plays the Powerball versus the daily games — especially when the jackpots are higher.

But Osmond says that when he ran his stores, he'd see people come in and start with a Powerball ticket, which is drawn twice a week and has long odds. But they wouldn't win, so they'd play the Pick 3 or Pick 4, which is drawn twice a day with prizes from a few hundred to a few thousand dollars. Then they'd play the scratch tickets, which they could play constantly.

"The more you play, the more you're going to win," he said. "Winning is what gets to people who play a lot. When you are down, you are always thinking that you gotta play more. Even if you get ahead and get ahead, you're going to put it back."

In Connecticut, and other states around the nation, these smaller games have been on the rise, as some states rely more and more on these repeat gamblers.

"Most addicts need a hit more often," Osmond said, as to why Powerball pales in comparison to daily and instant games.

"State lotteries have a business model that's based on getting up to 70 to 80 percent of their revenue from 10 percent of the people that use the lottery," anti-gambling advocate Les Bernal told the Pew Charitable Trusts.

#### **4) A lot of people in financial trouble think it's the only way to accumulate money**

One in five Americans believe the lottery is the only way they can accumulate a significant amount of savings.

This might indicate that people are bad at math, but it's also a sign of desperation.

During the Great Recession, more than half the states in the US saw growth in lottery sales. Of the 42 states with lotteries, 25 saw a spike in instant and daily games.

In addition, one study found that 15 percent of millennials say the lottery is their retirement plan. It's easy to mock, but the authors of the study wrote that there are several very real challenges millennials say they face. One is that they'll have to care for their parents financially. Another is that they feel Social Security will provide them no meaningful income by the time they retire. Last, the survey found 28 percent believed they wouldn't be able to retire when they want — and another 28 percent believe they will never be able to retire.

In short, the lottery preys on vulnerable people

Think of the lottery this way: A lot of people voluntarily put money into a pot, and it is redistributed, at random, to just a few people. But if you're already desperate and unable to afford even the most basic needs, then that tiny probability of digging yourself out of a hole is better than nothing.

It's like a Hail Mary. It probably won't work, but you feel like it's your only option.

Why do states allow their poorest residents to do this to themselves?

The lottery is a huge source of income for many states. In Connecticut, where Osmond lives, the state is close to legalizing Keno, which is a lottery game that draws a winner every five minutes. For a state with projected budget deficits, it is estimated that the game would bring in \$30 million in revenue for the state next fiscal year.

That's about 2 percent of the \$1.5 billion Powerball jackpot.