

Anniston Star

Bob Davis: Whole lotto college for our neighbors

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The ongoing Don Siegelman legal saga is a reminder of a missed lottery opportunity for Alabama.

The federal corruption case against the former governor centered on a contribution made to Siegelman's pro-lottery war chest. Prosecutors claimed and a jury agreed that the contributor's loot came in exchange for a seat on a state medical board. The case is on appeal, but that's a story for another day.

Earnings — not from a lottery but rather from a state college fund — are on the minds of more Alabamians.

Last week at a hearing in Montgomery, scores of Alabama parents directed their ire at administrators of the state's Prepaid Affordable College Tuition (PACT) program. What was once thought to be a secure route to paying for college is on unsteady ground. PACT lost almost half its value since 2007, meaning 48,000 Alabama families who thought college costs were covered aren't so sure anymore.

State Treasurer Kay Ivey, the official who along with 10 trustees oversees PACT, said, "The board members and I are dedicated to finding solutions."

For much of the 1990s, Siegelman touted a solution to affordable higher learning. He campaigned in 1998's gubernatorial race on delivering to Alabama what neighbor Georgia already had — a lottery that funded college scholarships for Georgia high-school grads.

A lottery modeled on Georgia's Hope Scholarships was the talk of Montgomery 10 years ago. But when placed before the voters in October 1999, 54 percent said "no."

As was discovered later, lottery opponents had a secret funding source — an Indian casino in Mississippi that feared a Bama lottery might be bad for business. "It wasn't a fair fight," Siegelman said last week. "The children of Alabama have been sacrificed to bolster the profits of out-of-state gaming interests."

Nonetheless, the reasons against a state-run lottery are significant. Lotteries tend to extract from low-income earners what meager spending cash they have in exchange for overblown promises of winning fabulous riches. Typically over time, states create ever more shrill marketing campaigns just to keep folks playing their lucky numbers.

All that puts a state in an unattractive position.

However, saying "yes" has its advantages. Among them:

- Keeping lotto money at home. Alabamians don't fund their own lottery, but they do help out with those in neighboring states. A review of top lotto ticket sellers in Florida, Tennessee and Georgia reveals that many of the hottest outlets are within a few miles of the Alabama state line.
- Generating big bucks for higher ed, according to the lotteries' annual reports. Since 1993, Georgia's lottery has helped more than 1.2 million students with \$4.5 billion in college tuition. In 12 years, Florida's lottery put \$2.3 billion toward the college tuitions of 400,000 students. In the fourth year of Tennessee's version, 68,000 students have been helped with \$286 million in scholarships.
- Increasing enrollment. Georgia, for example, has seen applications to its colleges rocket through the roof. At the same time, applications for Hope Scholarships rose 20 percent in the past year, according to state officials.
- While it's not economically prudent, lottery receipts tend to go up during hard times. Over the past six months, 25 state lotteries report sales are rising. A down market injures Alabama's investment-smart tuition program and boosts pure-luck lotteries. Go figure.

If things had worked out differently in '99, Alabama's story would have been about a lottery putting kids in college instead of the unpleasant news of a tuition program that's seen its assets slip from \$899 million to \$484 million in two years.

An Alabama lottery/scholarship program would have been a game-changer. Tens of thousands more state residents would be able to afford college. Locally, Jacksonville State might not be struggling to reach the 10,000-student enrollment and instead would be looking for room to educate 15,000. The big-time improvements JSU seeks would be easier with Alabama's version of a Hope Scholarship.

All this would have been good for students, state colleges and over time all residents, who would reap benefits from a better-educated state.

Instead, the state, whip-sawed by a weak economy, is in an era of decline, less money for education and anything else Alabama needs to thrive.

Last week, Kimble Forrester, state coordinator for Alabama Arise, reminded me that recessions in 1991 and the early part of this decade spurred reformers to improve the state tax code.

"Both times, taxes would have been higher at the top and lower at the bottom, with an overall increase to improve education," Forrester said. "Both times, the business community had both strong champions and strong opponents.

"It's interesting that the most energy we're seeing this time is either on a revenue-neutral plan that will neither increase nor decrease education funding, or on gambling revenue that wouldn't provide even a 1-percent increase in education funding," he said.

Alabama chose another path from its neighbors in 1999. It said "no."

Problem is, it hasn't said "yes" to a more viable and lucrative funding proposal for college students in the intervening 10 years. Instead, we're stuck with an inadequate tax system that afflicts the afflicted and comforts the comfortable.

Gambling on that weak and unworkable system to improve the state is the worst bet of all.