

# POLICY NOTES

## Education, Income, and Race Influence Lottery Play in Georgia

*Joseph McCrary and Thomas J. Pavlak*

The Carl Vinson Institute of Government recently completed a research project for the Georgia General Assembly analyzing the economic impacts of the Georgia lottery. As part of that study, a telephone survey of a random and representative sample of Georgia's population (803 respondents) was conducted in the fall of 2000. In addition to ascertaining how Georgians feel about the lottery, the purpose of the survey was to explore who actually plays the lottery and who benefits from lottery-funded programs. This note summarizes the major findings of this research and identifies for state policymakers several steps that can be taken to reduce the regressive effects of lottery-funded programs.

*The survey results show overwhelming support for the Georgia lottery (77.9 percent of respondents favor it), mainly because lottery revenues are earmarked for educational programs.*

Research has demonstrated that lotteries are regressive; that is, citizens with less income tend to spend a greater percentage of their income on lottery products than do higher-income citizens. We found that the rate of play across income categories is relatively constant, indicating that income is not related to whether an individual has purchased a lottery ticket in the past year. However, there is a relationship between income and the types of games played: lower-income persons are more likely to play lottery games that are drawn more frequently than are higher-income persons (e.g., Instant Games, Pick 3, Pick 4). Our study found no statistical relationship between income and the play of Lotto and Big Game (both of which have several draws weekly).

*There is a relationship between income and the types of games played: lower-income persons are more likely to play lottery games that are drawn more frequently than are higher-income persons.*

Our research generally supports the findings of earlier studies that lottery play is related to education and race. Respondents with more education, especially those with postgraduate education, were least likely to have purchased a lottery ticket in the past year. For each game, as education increased beyond "some college," the percentage of respondents reporting that they had purchased a ticket in the last year decreased significantly. Although the rate of lottery play by blacks appears to be no different from that among whites and those of other races, play of specific games does vary by race. In Georgia, blacks are much more likely than players in other racial categories to have played Instant Games, Pick 3, Pick 4, Fantasy 5, and Keno.

The intensity of lottery play also varies by race and education. Nearly half (49 percent) of respondents were classified as nonplayers; that is, they had not purchased a lottery ticket in the previous year. Forty-three percent of respondents were classified as casual players, having purchased lottery tickets either several times a year or monthly and spent an average of less than \$10 per week on lottery tickets. Only 8 percent of the respondents were classified as active players; they reported spending more than \$10 per week on lottery tickets and played the lottery at least once per week. A logistic regression analysis found that blacks, males, and those who had not finished high school or those with a high school diploma or GED are more likely to be active lottery players than are nonblacks, females, and those who have an education above the high school level.

The benefits of two programs funded by the Georgia lottery—the prekindergarten and HOPE scholarship programs—are distributed differently. The prekindergarten program disproportionately benefits blacks and persons who play the lottery, whereas the HOPE program significantly benefits nonblacks and the more highly educated. Black respondents were more

likely to send their children to a lottery-funded prekindergarten program than were nonblack respondents. Furthermore, active lottery players, who are disproportionately black, were the most likely to send their children to a lottery-funded prekindergarten whereas nonplayers were least likely. This finding contradicts earlier studies that have found that those who play the lottery most frequently are least likely to benefit from its programs.

The results of this survey offer some evidence that the HOPE scholarship is an effective program, helping to enable those without the financial means to attend a postsecondary institution and to retain students in the state who otherwise would have gone to college elsewhere. Just over half of the respondents (51.5 percent) indicated that the HOPE recipient decided to remain in Georgia because of the HOPE scholarship, and more than a quarter of HOPE recipients (27.2 percent) would not have been able to attend a college or technical school without the HOPE scholarship (see the table).

As this and previous research has demonstrated, as a source of state revenue, the Georgia lottery is regressive. Furthermore, the distribution of the benefits of lottery-funded programs tends to increase the inequities. Fairness of the state's lottery may be served by relatively minor policy adjustments such as the following:

- Lottery funds could be used to supply additional educational services to those who are behind their peers, either in the lower grades or at the college level. Programs such as after-school tutoring, remedial classes, and other educational programs that address existing deficiencies by stimulating learning in those students who have fallen behind may do more to alleviate regressivity by “leveling the playing field.”
- Georgia could reduce minimum grade requirements for the HOPE scholarship for those whose incomes fall below a certain threshold. This reduction may allow more students to attend college, where they may reach their potential.
- Georgia could implement means testing in the HOPE scholarship program for four-year colleges, including a sliding scale of support and an income threshold.

Impacts of the HOPE Scholarship Program		
Type of Institution	Percent indicating the recipient remained in Georgia because of receiving HOPE	Percent indicating HOPE recipient would not have attended post-secondary institution without HOPE
Public college	48.6	26.7
Private college	56.0	14.3
Technical school	56.4	37.5
<b>All institutions</b>	<b>51.5</b>	<b>27.2</b>

*Although the rate of lottery play by blacks appears to be no different from that among whites and those of other races, play of specific games does vary by race.*

*The prekindergarten program disproportionately benefits blacks and persons who play the lottery, whereas the HOPE program significantly benefits nonblacks and the more highly educated.*

## Select Sources

McCrary, Joseph L., Stephen E. Condrey, Myra Moore, Christopher Cornwell, David Mustard, Jack Hamilton, Tom Tanner, and Jason Fleury. 2001. *The Georgia lottery: Participation, revenue generation, and benefit distribution*. Carl Vinson Institute of Government, University of Georgia. Athens.

McCrary, Joseph L., and Thomas J. Pavlak. 2002. *Who plays the Georgia lottery? Results of a statewide survey*. Carl Vinson Institute of Government, University of Georgia. Athens.

National Gambling Impact Study Commission. 1999. *National gambling impact study commission report*. <http://www.ngisc.gov>.

## Contacts for More Information

*Authors (706-542-2736)*

Joseph McCrary  
joemccrary@attbi.com

Thomas J. Pavlak  
pavlak@cviog.uga.edu

Research and Policy Analysis Division  
Carl Vinson Institute of Government  
University of Georgia

*Series Editor (706-542-2736)*

Richard W. Campbell  
Carl Vinson Institute of Government  
University of Georgia  
campbell@cviog.uga.edu