

From: *North Carolina Policy Watch* (www.ncpolicywatch.com)

## Hope and hard luck

By [Sarah Ovaska](#)

### Poorest counties lead state in per capita lottery sales

*For an interactive graphic of per capita lottery sales in North Carolina, click [here](#).*

Tony's Friendly Mart, its walls plastered with winning lottery and scratch tickets, offers glimpses of hope for regular customers trying to get ahead in a community besieged by poverty.

The gas station convenience store, a small BP station on the edge of Kinston's downtown, is the fourth-biggest retailer in the state for the N.C. Education Lottery.

But it's also in Lenoir County, one of North Carolina's more economically depressed areas where 23.5 percent to the population lives under the poverty line and nearly one in 10 people are out of work.

Counties like Lenoir and cities like Kinston are where the lottery is doing the best when it comes to per capita sales, and also where poverty rates are the highest in the state, according to an NC Policy Watch investigation.

In Lenoir County, enough scratch-off and lottery tickets were sold to account for \$423.92 worth of scratch and lottery ticket purchases for every adult in the county during the 2009-10 fiscal year.

Statewide, that per capita number dropped to \$200.11 for every adult North Carolinian.

High per capita sales are concentrated in the eastern part of the state, but also climb in counties with high populations living in conditions of poverty, defined as a household of four living on less than \$22,000 a year.

Out of the 24 most impoverished North Carolina counties, all but two have per capita sales that exceed the \$200.11 statewide figure.

The desire to win is evident inside of Tony's on Kinston's Martin Luther King Jr. Boulevard. On a recent weekday afternoon, a steady stream of customers lined up to buy lottery tickets and the occasional tank of gas, soda or pack of cigarettes.

Subtle signs point to the struggles that some are having, with a hand-lettered sign on the door greeting customers with news that that "No Food Stamps Accepted Here" and a billboard outside the store encouraging customers to "Get Smart With Your Money" and pay a cut of money to a storefront check cashing business instead of a using a bank.

Ahmed Zanta, a manager at Tony's, said business picks up every day before the 3 p.m. and 11:22 p.m. drawings for Pick 3, a numbers game where players stand to win up to \$500.

"We sell them all day long," Zanta said.

Some come twice a day, like Nikita "Heavy" Coleman, who plays the Pick 3 game regularly and estimates he spends \$30 a day, or nearly \$11,000 a year on the lottery.

"I'm losing right now," Coleman said. "But I'm trying to hit it big."

If he hits it big, he plans to invest in the struggling soul food restaurant he opened up eight months ago.

But the most he's ever won is \$500.

Down the street from Tony's, Bishop J.P. Chapman of the Rhema Word Christian Center says Kinston was devastated when the textile industry left, and then never recovered from floods in the late 1990s. He's helping run programs that fund scholarships money for Kinston youth to attend college, in hopes they'll come back to help the city.

He sees his parishioners and residents of the city look to the lottery as a way out, and a way to dream about a better life. He doesn't have issues with the lottery, joking that winners just need to pay their tithe, but has found that it dismantles the lives of some.

"They're spending money, some get hooked on it and every dime they get goes to the lottery," Chapman said. "It's sending them deeper and deeper into poverty."

## **THE POOR MAN'S TAX?**

The N.C. Education Lottery was created in 2005, after Gov. Bev Perdue cast the deciding vote in her former role as lieutenant governor to thrust the state into the world of gambling.

Since then, the lottery has turned over more than \$1 billion to state educational programs to fund early education programs, scholarships for needy students and construction of new schools. But it's done so while chipping away at the percentage it gives to education each year. State law initially called for 35 percent of the lottery's revenue to go to education, but a loophole has allowed that percentage to drop to 29 percent with lottery officials pumping the extra money into prizes in order to increase revenue.

Critics have worried that some of the money has gone to replace funding that was already there, and hasn't gone to fund additional programs that otherwise wouldn't be funded. The state legislature also dipped into the lottery revenues for non-educational purposes for the first time this summer, when it told lottery officials to set aside \$35 million to go to Medicaid funding.

This week, lottery officials also announced their sales have been down, and expect to send \$40 million less than expected to fund education.

It's hard to know what drives lottery sales, and who its frequent customers are.

While opponents of the state-run lottery have said that funding educational programs through the games would amount to a tax on the poor, the state lottery has never done any studies on who buys its tickets, and why.

The agency does not do any demographic data on its customers, said Alice Garland, the lottery's director, out of caution that it could be construed as the lottery trying to target a particular group.

"We've never tried to target any group or any players," Garland said. "Our philosophy is that we'd like to get as many people that play a little bit as we can."

She thinks that players cut across the spectrum of North Carolina, and bases that observation on the people who come to the lottery headquarters in Raleigh to pick up the big prizes. She also thinks significant amounts of people often buy tickets outside their home counties, while on vacation or when traveling on some of the state's major thoroughfares like Interstates 95, 85 and 40.

But Garland said she has no data to back up her observations, and no plans to conduct any studies to see who is winning and playing the lottery.

Some states do conduct regular studies on their customer base, including Texas and the neighboring state of South Carolina.

The lottery, when it passed in 2005, had concerted opposition in the state Republican Party, which will be in charge of both houses of the state Legislature for the first time in more than a century.

It's unclear whether the lottery could be an early or eventual target for the new Jones Street regime. Calls seeking comment about the lottery to state Reps. Thom Tillis and Paul "Skip" Stam as well as state Senate leader Phil Berger were not returned.

Garland, the lottery director, thinks the lottery will fare well, given that the \$3.7 billion gaping hole in the state budget needs to be filled. And the lottery does send money, more than \$400 million, to help fund early education, scholarships and school construction.