N.C. bill keeps 'education' in lottery for now

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RALEIGH, N.C. The North Carolina Education Lottery is keeping the "education" in its name - at least for now.A bill debated Wednesday by a House judiciary committee and aimed at reeling in advertising for the state-run lottery originally directed the lottery to stop using the word "education" in its advertising.

But the bill's chief sponsor said he would pull that prohibition because he didn't want to make the cost of such a rebranding drag down the bill, which he said is designed to bring more truth to what's at stake when people scratch tickets or pick numbers. Rep. Paul Stam, R-Wake, suggested the "education" label could be revisited in other legislation this year.

Stam has said the "education" label misleads people to think the games will solve all state education funding needs. The state is spending $11 billion on public education this year.

It would cost the lottery as much as $8 million to remove "education" from all of its marketing materials, including signs, play slips at the state's 6,700 lottery outlets and even vending machines, lottery executive director Alice Garland said after the debate, which is expected to resume next week.

"There's almost no piece of our business that doesn't involve our name," Garland said, adding the "best way to let the citizens of North Carolina know where the lottery money goes is to have 'education' in the name."

The lottery, which began selling tickets seven years ago this month, sold nearly $1.6 billion in tickets during the last fiscal year and transferred almost $460 million in net profits.

Nearly all the money has been spent on class-size reduction in early grades, pre-kindergarten programs for at-risk children, public school construction and college student aid. But the lottery, which came into being by a razor-thin margin in the House and Senate in 2005, still has plenty of critics, including some who voted for the games at the time.

Wednesday's measure still would prohibit lottery ads or sponsorships with universities and require ads to include the odds of winning a game's largest prize, not the overall odds of winning a prize.

"This is the state of North Carolina doing this advertising and I think that we have an obligation to be honest," Stam told the committee.

The lottery also would have to remove references to auditors assisting in nightly drawings because, Stam argued, the announcement leaves the impression with the bettor "that there's something on the up and up about what they're doing." But the lottery is a bad bet, he said.

"It's not on the up and up. The whole thing is a scam," Stam added, suggesting the odds are better with the Mafia, casinos or video poker.

The bill has more than 50 co-sponsors and received little opposition in the committee except for Rep. Mickey Michaux, D-Durham, who suggested Stam was trying to prevent resident from making their own choices about lottery spending. Do "you really think the people of North Carolina are dumb?" Michaux asked Stam. "What you're trying to do in this bill is to regulate people's actions."

Stam, who opposed the lottery in 2005 and would ultimately like to see the lottery repealed, said potential players should receive full disclosure about what's at stake.

"If they get true information they will act in a different way than if they get false information," Stam said. "It's not a matter of how smart or dumb they are. It's the information that they receive."

The bill also directs the University of North Carolina system to develop optional instructional materials for the public schools that explain the probabilities of winning games and to study who plays the state lottery based on social and economic factors and which locations sell more.