

ARIZONA

With shoppers off the streets, jackpots are down and lottery revenues may be in decline

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Rebecca Garcia won the lottery last Tuesday, though it was her first time playing in weeks. She came away with \$50 from a winning scratcher ticket — but only after she donned a mask at a Phoenix gas station.

Anita Almaguer rarely plays at all nowadays. She used to stop regularly at her corner store in Avondale for lottery tickets. Now she's staying home, her hours and income both diminished.

Playing the lottery has always been a gamble. But now, it's more than money at stake — players risk their health in the ticket line, too.

"I'm just in and out," Garcia said of her Tuesday foray. "It's not that peace of mind anymore."

Many businesses have lost all their revenue. But most lottery retailers remain open for business, with gas stations, grocery and liquor stores listed as essential services under Gov. Doug Ducey's stay-at-home orders.

Even so, with many fewer people out and about, Arizona lottery sales in March and the first three weeks of April were down by 14% compared with the same period last year. That's nearly \$24 million in lost revenue.

Oddly, after a precipitous sales drop of 25 percent in March, lottery ticket sales rebounded in the first three weeks in April — up 5% year over year. The Arizona Lottery Commission credits the modest upturn to regular players who still leave home to shop for basic needs.

Experts said that in dire times people often turn to gambling.

"This entire situation is very disruptive to, I would imagine, most businesses," said Russ Harben, the Lottery's deputy director of operations. "Lottery is no exception."

Dropoff in jackpots

The disruption in Arizona mirrors a national trend. Lottery games of all kinds are seeing a falloff in players.

For instance, any incentive Garcia and Almaguer might have to gamble on jaw-dropping jackpots has evaporated. Powerball and Mega Millions, two of the biggest lottery games in the nation, including Arizona, have both reduced their prize money in response to declining sales.

Ticket sales for April's \$190 million Powerball drawing were 43% less than the last jackpot of a similar size in December, according to Gregg Mineo, chair of the Powerball Product Group.

"We're in uncharted waters," Mineo said.

Only a handful of states allow lottery tickets to be sold online, and Arizona is not one of them. Some states that do have seen a surge in online purchases. In Georgia, for example, internet and mobile ticket sales were up by 31% in March compared with the previous year.

How state revenues decline

The dampening of the lottery spirit also hurts Arizona's bottom line: A loss in lottery revenue risks a lower payout for the general fund.

Last year, with sales of \$1 billion, the lottery contributed \$230 million to Arizona's general fund and 17 other designated beneficiaries. If revenues fall, the 17 beneficiaries will receive the same disbursement, but the general fund may not.

Payouts to beneficiaries include about \$1 million annually to the Department of Economic Security that is spent on services for homeless people. The largest homeless shelter in the state, Central Arizona Shelter Services, receives part of the money each year.

At crisis times like this, experts say lottery sales are likely propped up by longtime players or people looking for a needed distraction.

Renee Siegel is a therapist who specializes in gambling addiction. She said the lottery can offer relief from everyday reality.

"Everyone who is gambling at some point has lost touch with and is escaping from something," she said. With the lottery, that sense of escape is more accessible; Siegel said the game is an equalizer.

"You don't have to be skilled. You don't have to know how to play poker, you don't have to be able to drive a golf ball farther than your friends," Siegel said. "You have just as great a chance as anybody else."

The likelihood of winning hasn't changed now that fewer people are playing. "They're all basically fixed odds," Harben said of the Arizona lottery games on offer.

Even before the pandemic, the lottery attracted people willing to spend money on a tiny chance they'd win it back. That sentiment might be more pronounced now, according to Martin Dufwenberg, who studies behavioral game theory at the University of Arizona.

“The more grim the situation is, the more important, you could imagine, it becomes to have some hope,” he said.

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