Government Shouldn’t Lose Its Way to ‘Good Fiscal Health’

While Illinois, Connecticut and New Jersey have been making national headlines for their respective budget fiascos, Pennsylvania has been under the radar with its own problems. The legislature has passed a budget. Governor Tom Wolf has not announced his intentions about signing the budget. A key sticking point is that the budget is estimated to be about $2 billion short of what will be collected in taxes. The Pennsylvania state constitution requires a balanced budget, so new revenue needs to be found.

One of the most-talked about revenue solutions is to expand gambling. Gambling revenue can appeal to politicians on both sides of the aisle. In the eyes of some, this potentially perfect solution allows politicians to increase spending while claiming that they have not raised taxes. Thus gambling may soon be coming to Pennsylvania airports and bars. We may even have state-sanctioned online gambling.

Why should government live within its means when we can spend the money our citizens lose from gambling?

Pennsylvania is already a highly taxed state. The Tax Foundation ranks Pennsylvania with the 15th-highest state and local tax burden at 10.2 percent. For comparison, New York is ranked with the highest tax burden of 12.7 percent and Alaska 50th with 6.5 percent. Perhaps we in Pennsylvania have a spending problem rather than a revenue problem.

While not part of the general fund, the Pennsylvania Lottery is also having a revenue problem. The number of senior citizens is growing, and people are living longer. Thus there is a longer list of people who desire services funded by the lottery, and the number of people is expected to keep growing.

The original plan for the Pennsylvania Lottery in 1971 was comparatively modest: to use lottery proceeds to reduce property taxes for senior citizens. Since that time, the Pennsylvania Lottery has introduced additional opportunities for residents to gamble and expanded the senior citizen benefits that are paid for by the lottery fund. Among these expanded benefits are home care, transportation and rent rebates. The programs are paid for not by people creating wealth, but by people losing wealth.

With demographic changes in mind, Pennsylvania Lottery officials are considering new ways to entice people to play the lottery. One possibility is that soon people will be able to pay double-digit interest rates on lottery tickets purchased with credit cards. Because there are some people who really want to buy lottery tickets but find the walk from the gas pump to the store too long, the state has experimented with allowing people to buy lottery tickets from gas pumps when filling up.

State lotteries are particularly bad investments, even when compared to other forms of gambling. The Pennsylvania Lottery pays out 64 percent of the proceeds to gamblers, 27 percent to senior programs, 7 percent to retailers and 2 percent for operating expenses. All lottery advertisements have the disclaimer to “Please play responsibly.”

How can getting a long-run average return of losing 36 percent of one’s investment ever be truly responsible?

It is well known that the poor spend a higher percentage of their income on gambling than do the middle class. Thus while promoting gambling, and the lottery in particular, the state is enticing people with little financial literacy to make bad financial choices, all while claiming to help the least among us with government programs. Many of today’s economically disadvantaged seniors would be better off if the state—instead of creating illusory visions of wealth from playing the lottery–promoted financial literacy in the schools.

I have little argument with adults who choose to gamble occasionally for entertainment. People who go to a casino for a vacation come home with less money than they left with; so do people who go skiing. Most people spend money rather than earn it while on vacation. I do object to the government encouraging the least among us to lose what little they have in pursuit of a false dream of riches. I do object to a government that seeks fiscal health not by promoting wealth creation but by creating losers.

Make no mistake about it: If Pennsylvania's politicians decide to fill a huge fiscal hole by expanding gambling, they are counting on Pennsylvanians losing vast sums of money. Such politicians want and need for us to be losers. That is a game I am not playing.

Dr. Joseph J. Horton *is professor of psychology at Grove City College and the working group coordinator for Marriage and Family with The Center for Vision & Values.*

This article was originally published at . Used with permission.