

PFD-Education Lottery Would Allow Alaskans to Voluntarily Support K-12 Funding

Why shouldn't we have a little fun solving our problems? Sure, there's a state fiscal problem. I've spoken about this issue for some time. But now we've reached a point where we need to make some real decisions how to fix the problem.

This is a solvable issue, through a combination of budget cuts and new revenue. That's not hard to see. Heck, my grandkids could figure that out.

But I also don't see how this has to be all about doom and gloom. Part of our overall solution is to make sure that we protect one of Alaska's best assets – our own sense and trust that we have a bright future. Without a positive belief in our community, our state, and our lifestyle, I don't see how just making cuts and paying taxes is going to change things for the better.

That's why I've sponsored a bill that says, "Let's do something that helps solve our problems that's fun."

Senate Bill 78 would set up an education lottery as a fun way to raise money for a good cause – supporting education in Alaska – without having to enact any new taxes. It is a new, voluntary approach to help solve Alaska's fiscal problems and address concerns about education funding.

Here's how it works.

Every adult Alaskan eligible for a PFD could use their dividend to buy a \$100 lottery ticket. Of that \$100, 50 percent would go directly to fund education.

Another 25 percent would be placed into an endowment fund, which, after the fund reaches the level of \$1 billion, would spin off a set percentage into the annual education budget.

The final 25 percent would fund the lottery winnings. This account would also be managed similar to an endowment, drawing off one-fifth of the account each year, to be divided among four winners. Any costs of administering the program, which we anticipate would be minimal, would also be taken from this final 25 percent.

Okay, that's the general theory. Let's look at some numbers to understand how it could work, how much it will likely generate for education, and of interest to so many Alaskans, how big the prizes could grow.

First, only adults would be eligible, so, that means about 350,000 participants. If we assume only \$100 from each of those, that generates a total of \$35 million. Of that, \$17.5 million would go directly to education. \$8.75 million would go into the education endowment and the final \$8.75 million would go to the lottery prizes fund.

The lottery pay-out would be 20 percent of the final \$8.75 million, and would be divided as follows: First ticket - \$875,000; second ticket - \$437,500; third ticket - \$262,500; and fourth ticket - \$175,000. The 80 percent of that last quarter remains in the pot. Then with the next PFD year, all of the 25 percent goes in

on top of the remaining funds from the previous year, and the 20 percent for prizes is figured out of the total accumulating in the lottery pay-out fund.

This lottery fund would cap at \$500 million, so the winners potentially would share a prize pay-out of up to \$50 million each year.

While some Alaskans probably won't opt in for a "ticket" to play, many would opt for multiple chances. If we contrast this proposal with a person's typical chances of winning in the PowerBall, or some other multi-state lottery, where your odds of winning are as bad as one in 292 million, we are at one in about 350,000, depending on how many Alaskans opt-in and how many tickets they buy.

Statewide surveys show that more than 60 percent of Alaskans support education funding at current levels or with an increase. Under SB 78, Alaskans can dedicate part or nearly all of their Permanent Fund dividend, in \$100 chances, to enter the lottery and support education.

Under current law, there are many games of chance exempted from Alaska's gambling laws. Raffles, lotteries, bingo games, race classics, fishing classics, deep-freeze classics, Calcutta pools, and big bull derbies are but a few. Like those, the PFD-education lottery would also require an exemption.

Alaskans have a long history of involvement with games of chance and gambling, going back to the gold rush days of the 1800s to the present, like the annual guessing game of when the Nenana River tripod goes out.

I think this bill taps into that sentiment for a good purpose – to secure education funding for Alaska's children, into the future, after the oil runs dry.

Office of Senator Click Bishop