FAMILY COUNCIL

POLICY BRIEF

HJR 1005 Lottery Scholarship Amendment

Sponsor: Rep. Ann Clemmer

Summary: This is a proposed amendment to the Arkansas Constitution that, if passed by voters, will require that a minimum of 35% of all Arkansas Lottery proceeds go for college scholarships.

Points to Consider

- The purpose of the Arkansas Scholarship Lottery is to provide college scholarships. Yet, the State of Arkansas is not required to provide any specific amount of money for scholarships. The Arkansas Lottery Commission, with recommendations from the Lottery Director, decides how much of the lottery's proceeds will be used for scholarships.
- According to the Arkansas Democrat-Gazette, the Arkansas Lottery pays one of the lowest percentages in the nation for its stated purpose.¹
- The Arkansas Lottery pays approximately 21.5% of its total proceeds for college scholarships.²
- The lowest rate in the nation is approximately 20.6%. The highest rate in the nation is approximately 43.8%. The average rate for the nation is approximately 31.5%.
- The following states mandate that a specific amount go for their lottery's stated purpose:
 - Louisiana (35%)
 - o California (34%)
 - o Oklahoma (35%)
 - o Delaware (30%)
- In 2010, the Louisiana Lottery grossed approximately \$375 million, but it paid \$133.7 million toward education³ because Louisiana law mandates 35% of the Lottery's revenue be allocated for net proceeds.
- During its first 12 months of operation, Arkansas' Lottery took in approximately \$485 million—over \$100 million more than Louisiana's—but only allocated \$105 million for scholarships, nearly \$30 million less than Louisiana's education allocation.
- Under HJR1005, Arkansas would have allocated \$169.75 million for scholarships during its first year of operation—an increase by over \$60 million.
- California mandates that no more than 50% of lottery proceeds can be used for prizes. If Arkansas were to do the same, we would have approximately 35% left for scholarships.

Please Vote for HJR 1005



Wickline, Michael R. "Foe of lottery faults funding of scholarships". Arkansas Democrat-Gazette. Sept. 5, 2010.

² Ibid.

³ 2010 Financial Report by the LA Lottery Corporation. http://www.louisianalottery.com/assets/docs/Financial/LLCRP.pdf

Arkansas Scholarship Lottery Financial Report

Sept. 28, 2009 – Oct. 1, 2010 (First Year of Operation)

\$485,000,000	
\$300,700,000 \$33,950,000 \$24,250,000	7% 5%
\$19,400,000 \$106,700,000	4% 22%
	\$33,950,000 \$24,250,000 \$19,400,000

Passage of this amendment should generate an additional \$63,000,000 in scholarship funds—enough to pay for an additional 12,000 – 15,000 scholarships, depending on how many are for \$5,000 and how many are for \$2,000.

One Way to Restructure Lottery Proceeds Under HJR1005

State Constitutional Amendment requiring at least 35% of proceeds be used for college scholarships.

Gross Proceeds	\$485,000,000	
Prizes Commissions Advertising & Salaries Gaming Costs	\$242,000,000 \$33,950,000 \$19,900,000 \$19,400,000	7% 4%
Scholarships	\$169,750,000	35%

Arkansas Academic Challenge Scholarship 2010

Students who applied	54,000
Scholarships Awarded	24,455
Number of Students Denied	29,545

Arkansas Academic Challenge Scholarship 2013 (After passage of 35% Amendment)

Applicants	55,000
Awarded	39,455
Denied	15,545