

# Alaska State Legislature

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## Representative Jay Ramras House District 10

*Co-Chair, House Resources Committee • Vice-Chair, Economic Development Tourism & Trade • Member, House State Affairs • Member, Joint Armed Services Committee*

**FOR IMMEDIATE RELEASE:** April 20, 2005

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## OPINION EDITORIAL

I like my Permanent Fund Dividend (PFD). I look forward to it coming every year, just like you do.

This year over 75% of Alaskans will file to get our PFDs by direct deposit.

We will receive our dividends, in October, in one lump sum. Some of us will demonstrate good financial habits and budget this income. Some of us will purchase big-ticket items like snow machines, hot tubs, cars and trucks, or trips to Hawaii. Some of us will spend our PFDs on basic needs, and some of us, sadly, will squander our PFDs frivolously.

When that check comes, it's yours to do with as you please.

So what kind of an opportunity exists to look at our PFDs as a dynamic part of our household income, rather than just a Christmas gift that comes each October?

The PFD *Quarterly Dividend Program*, House Bill 186, suggests that we envision our PFDs as an apple tree and not just a Christmas tree.

As an apple tree our PFDs would provide dividend payments quarterly, just like low hanging fruit.

Instead of receiving your dividend as a single payment in October amidst all the retail inducements of the season, imagine a voluntary system, where you could check a box during the "sober" application period (ending March 31<sup>st</sup>, each year), which would allow you to receive your PFD in quarterly installments.

You'd receive a quarter of it when everyone else gets theirs (in October), and then you would receive additional equal quarterly payments in January, April, and July.

Imagine this voluntary program to be a *Household Budgeting Tool*. It's not designed for people who already have excellent savings habits, nor is it recommended for those on public assistance. HB 186 is

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designed for the vast majority of us in the middle, and you have to be signed up for direct deposit to participate.

Some of us simply are not the best money managers. We can't resist the overheated October retail environment, and then as a result, we often emerge out of the PFD season in greater debt than we were the week before we got our checks. We find ourselves saddled with more term debt (monthly payments due on durable goods) than we had before Dividend season began.

We have seen success with the University of Alaska College Savings Plan in which each year, approximately 1% (6,000 participants) of PFD recipients deposit all or a portion of their dividends into this savings program. Let's continue to make the Permanent Fund more meaningful to our daily lives by innovating these types of programs.

HB 186, the *Quarterly Dividend Program*, will pay for itself if about one in a hundred people participate. The program is voluntary and you can opt in or out each year when you re-apply for your dividend.

This may help us begin to see our dividend as the dynamic *Household Building Block* it could be. For some, let the dividend be **mad money**, but for others, let's look at the quarterly dividend program as a *Household Budgeting Tool* that can contribute to a stable family-kitchen-table-budget. Quarterly checks, particularly in future years as the size of our dividends begin to grow again, will offer significant, predictable income in the months of October, January, April, and July. This will greatly assist single-income and dual-income households that need help with budgeting items that range from home heating bills, to insurance, to rent, to paying off Christmas credit card debt, or back-to- school-clothes.

The Permanent Fund can have a more dynamic, positive, year round impact on Alaskans' bettering their quality of life.

If you do like this idea, then contact your legislators. Governor Frank Murkowski supports HB 186 and I hope you will too.

And best of all, HB 186, the *Quarterly Dividend Program*, is voluntary. If you don't like it, don't check the box.