



PRESS-REGISTER

Rescuing PACT will be hard, but 'doable'

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IT'S GOING to take a lot of money, even by today's standards of government spending, for the state to deliver on the promises it made for the Prepaid Affordable College Tuition program.

That's the gist of an independent study conducted for the Retirement Systems of Alabama. The study's message to the Legislature boils down to this: You can put up a huge chunk of money now to cover the gaping deficit in the PACT program, wait a few years and allocate an even larger amount, or make up the deficit gradually on a long-term installment plan.

Most people who get deeply into debt prefer to climb out a step or two at a time. A guess is that the Legislature will opt for that approach to preserving PACT — assuming lawmakers have the integrity and the political will to make good on the state's pledge to deliver "tomorrow's college tuition at today's prices" for parents who invested in the program.

Lawmakers have enlisted the experts at RSA to help sort things out. That's good news for parents in the PACT program. And Gov. Bob Riley remains steadfast in his belief that the state must honor its commitment to PACT participants.

Just as important, perhaps, the stock market is on the rebound, allowing PACT's investments to recover some of the \$300-plus-million the program lost in 2008. If the stock market rally continues, PACT's financial outlook will not be as bleak as it appeared a few months ago.

Even so, the consultant's study commissioned by RSA shows there is no easy way out of PACT's financial predicament. Marc Reynolds, deputy director of RSA, said the report shows "what's good, what's bad, what's doable and what it will take to run it right."

One scenario in the report may fall into the category of "bad" or not doable: putting up \$641 million in fiscal 2011 to get PACT back on financial course. With the state slashing education budgets to deal with declining revenues, it's unlikely lawmakers will entertain the possibility of pumping more than \$600 million into PACT. The state's oil and gas fund is a possible money source, but it wouldn't be wise to draw that much money out of the fund at one time.

The option that appears most palatable — financing PACT's commitments over a period of 18 years — may not get a warm reception from lawmakers, either. But the Legislature must be prepared to make some difficult choices.

University officials must make some choices, too. The state's universities have benefited from PACT, and they should be willing to hold down tuition increases as part of a team effort to honor the program's commitments.

The one choice that is unacceptable is leaving PACT parents and students out in the cold.

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