



---

# The Huntsville Times

## No easy solution for PACT

Sunday, June 28, 2009

### Huntsville Times

Alabamians should not doubt the seriousness of the plight facing Alabama's Pre-Paid Affordable College Tuition Program. And if anyone doubted how difficult it will be to solve the problem, they should doubt it no longer. On Wednesday, Times Montgomery Correspondent Bob Lowry summed up the stark facts of the situation.

Between December 2007 and February 2009, the PACT Trust Fund lost about half its value. It went from \$793 million to \$463 million.

In addition, the actuarial debt of \$306 million is an underestimate, according to the Retirement Systems of Alabama, which has been studying the problem. An RSA official put it this way: The fund has lost 50 percent of its value. To gain that 50 percent back the present value of the fund would have to double. And for it to double, the stock market would have to reach 20,000, which is, to put it mildly, very unlikely.

It hasn't helped that short-term obligations were to be met by both a growing national economy and the continued investment in the program by state citizens. Now, new enrollments have been frozen.

The awful situation facing tens of thousands of Alabama families is further compounded by the fact that tuition in the University of Alabama system and at Auburn University, the state's largest colleges, is marching steadily upward. That alone is enough to keep some people from attending college. Add the PACT crisis in, and a serious problem becomes nothing short of critical.

Unless a solution is found, the state could see its economic and educational gains eroded. In addition, the political implications for present officials are enormous. The public is angry and wants something done.

But what? Take money from the colleges or K-12? That merely creates another crisis. Raise taxes? Legislators won't do that, and the public wouldn't stand for it. Force the colleges to freeze tuition? That would be both inadequate and counter to the state's long-term interest.

Or must Alabamians hope the economy will improve and the value of the trust fund will be restored? Again, that's unrealistic. For now, the state must await the final report of an RSA study. Depending on what that report recommends, the Legislature in early 2010 must do something - or at least try. For both lawmakers and the citizens, the stakes are enormous.

By John Ehinger, for the editorial board. E-mail: [john.ehinger@htimes.com](mailto:john.ehinger@htimes.com)

©2009 Huntsville

© 2009 al.com All Rights Reserved.