



PRESS-REGISTER

No easy way to fix PACT

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AN OFFICIAL with the Retirement Systems of Alabama recently underlined a conclusion the Press-Register editorial board and other observers reached months ago: There is no painless and cost-free way to fix the state's Prepaid Affordable College Tuition plan.

Marc Reynolds, deputy director of RSA, said the prepaid tuition program is even deeper in the hole than earlier reports indicated. He said it was going to "take a ton of money" to eliminate the PACT shortfall.

In May, the Legislature and the PACT board asked RSA to conduct a study of the program's financial status. The report isn't due until later this summer, but Mr. Reynolds' remarks provide a grim preview of RSA's analysis.

The recession and the stock market crash rocked the PACT fund, which had fared well for years because it was heavily invested in a rising stock market. It appears the PACT fund has bottomed out and even rallied a bit since March; however, as Mr. Reynolds noted, the stock market would have to soar to record levels for the program to deliver on its promise of "tomorrow's tuition at today's prices" for all 48,000 enrollees.

A market rebound should help stabilize PACT, but the program's ultimate fate rests with the Legislature. Lawmakers considered several bailout proposals this spring before punting on the issue and waiting for RSA to deliver its verdict.

At some point, the Legislature will either have to appropriate enough money to make PACT enrollees whole or opt to leave thousands of parents and students out in the cold.

Let us remind lawmakers that parents staked their children's education on the credibility of the state's promises. Only the Legislature can ensure the PACT promise doesn't turn into a massive betrayal.

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