



The Huntsville Times

PACT fund has grown, but it's still far behind

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Leader of support group notes tuition hikes are problem

MONTGOMERY - Leaders of Save Alabama PACT were unimpressed with a report Thursday by state Treasurer Kay Ivey on growth in the state's financially troubled prepaid college tuition fund.

Ivey said the fund has grown because of the recovery in the stock market. The Dow Jones industrial average moved above 10,000 for the first time in a year on Wednesday.

According to preliminary annual results, Ivey said the PACT investment return is about 1.54 percent ahead of the past fiscal year.

With more than two-thirds of the PACT Trust Fund invested in stocks, it lost about half of its value from December 2007 to the end of January 2009 - a decline from \$793 million to \$463 million.

During the past two fiscal quarters, Ivey said, the fund's value has increased by more than 29 percent, and stood at \$526.13 million as of Sept. 30.

"The Wallace-Folsom PACT fund's invested assets are tied to the performance of the financial markets," she said in a statement. "When the markets go up or down, the fund's value will follow."

Dr. Richard Huckaby, a Lanett veterinarian and one of the Save Alabama PACT organizers, sarcastically called Ivey's comments "profound."

"I'm certainly pleased that the financial markets are rebounding, and that's obviously going to help the situation with PACT," he said. "But until we address the future of PACT with the universities increasing tuition, PACT is still going to be a problem."

Huckaby said the PACT board of directors and the Legislature must resolve the problem with growing university tuition rates.

"I don't care if we were even back at \$800 million or \$900 million, the PACT program cannot be effectively sustained with tuition increases ranging from 13 percent to 16 percent," he said.

Chuck Gibb of Huntsville, chairman of the Save Alabama PACT board in Madison County, said the Legislature needs to seek a compromise with the universities.

"They (universities) need to get some relief in some other area if they provide some consideration for PACT contract holders, so they are not losing money per se," he said.

Otherwise, universities have no incentive to help because they are able to enroll as many students as they like, Gibb said.

Donna Peacher of Huntsville, who has five PACT contracts for her grandchildren, wrote in a letter to members of the House and Senate education committees that the contracts should be guaranteed by the state.

"Stop dribbling out these tuition payments, semester to semester," she wrote. "The wondering and worrying we PACT owners are feeling will only cause the anger to grow."

Ivey noted that all eligible PACT students have had their tuition paid since the nation's recession began. Of the 48,000 students in the program, 4,068 are from Madison County.

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