

Study: PACT lifelines feasible

Report outlines 4 possible solutions, cites \$461 million shortage in funds

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MONTGOMERY — A newly released financial study of the state's Prepaid Affordable College Tuition program shows possible lifeline options to help the program survive.

The study was released to Gov. Bob Riley and members of the Legislature late Friday. The report gives four suggested options available to the state to shore up financial losses in the program.

Over 48,000 families invested in PACT as a way to provide college tuition and fees, but financial market losses in the program's investments put it in serious financial jeopardy.

Based on PACT's financial data through the end of May, the report estimated the program is \$461 million underfunded, an amount the state would need to allocate.

The senator who requested the study by the Retirement Systems of Alabama, and an organizer of Save Alabama PACT said the report will help the Legislature form a plan for PACT's future.

Gov. Bob Riley and his staff were reviewing the RSA-ordered actuarial study by BUCK Consultants late Monday.

Jeff Emerson, Riley's communications director, said the governor has always been willing to call a special session on PACT if it seems appropriate. Late Monday, Emerson said Riley was still studying the report.

The four options given in the actuarial study involve more financial investment by the state over extended periods of time.

Most also involve stabilizing tuition increases at colleges and universities.

"I think this will be something the Legislature can sink its teeth into," said Patti Lambert of Decatur, Save Alabama PACT founder. "I am relieved that there is apparently no mismanagement. I am pleased that the report does not make a distinction between contracts that have the words 'guaranteed' and those that do not."

Lambert said she believes the report will calm fears of PACT members, especially members who purchased PACT contracts after 1995 when language guaranteeing college tuition was removed from the contracts.

The actuarial study said there should be no distinction in how the state handles the two types of contracts.

Lambert said she hopes the PACT board of directors will discuss the actuarial study report at its regularly scheduled meeting Wednesday.

But late Monday, Treasurer Kay Ivey, who is PACT board chairman, and Gregory Fitch, executive director of the Alabama Commission on Higher Education and a board member, said they did not have the report.

The study is not on the meeting agenda.

Sen. Roger Bedford, D-Russellville, sponsored the Senate resolution that requested RSA Chief David Bronner consider taking over management of PACT.

Bronner said he would not consider taking the program unless he knew it was viable. Bronner ordered the study detailing the program's liabilities and possibilities for repair.

"I appreciate Dr. Bronner getting the study and doing so in such a timely manner," Bedford said. "I am hopeful that the Legislature and the universities can work together on a plan."

Bedford said if the governor does not call a special session on PACT, the Legislature will begin formulating plans to deal with the shortfall during legislative budget hearings in December.

Like Lambert, Bedford also noted the report said the state should make no distinction between PACT contracts bought by 1995 and those purchased afterward.

Lt. Gov. Jim Folsom Jr. said he thinks January is probably soon enough for the Legislature to deal with PACT.

Folsom, who helped establish the program, said the fund continues to gain as the stock market begins to recover from deep losses.

The program could continue to pay all PACT contracts until 2015, even if the rebound did not continue, he said.

"The Legislature wants to help PACT," Folsom said.

PACT-related meetings scheduled for Wednesday

PACT board of directors: Regular board meeting at 1 p.m. in the Old Archives Chamber of the state Capitol, 600 Dexter Ave. Open to the public.

PACT board of directors: Executive session to discuss litigation meets at 9 a.m. at 100 N. Union St., room 683. Not open to the public.

Save Alabama PACT: Advocacy organization board of directors meeting immediately after PACT Board of Directors meeting. Advocates' meeting at Dexter Avenue United Methodist Church Fellowship Hall, 301 Dexter Ave. Speakers will include Agriculture Commissioner and Democratic gubernatorial candidate Ron Sparks and Republican gubernatorial candidate Bradley Byrne.

For more information, visit www.savealabamapact.com.