

[back to article](#)

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Studys shows PACT program can be saved

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The state can likely save the limping Prepaid Affordable College Tuition program, a high-ranking state investment official said Monday.

The program is often referred to as PACT.

Retirement Systems of Alabama Deputy Director Marcus H. Reynolds said he bases his opinion on results of a study of the program's finances and future projections by an actuarial firm.

But the deal is not done yet.

"It is going to take a collective effort to solve this, but it is do-able. We didn't know before if it was possible," Reynolds said. "It won't be easy, but there is a possible solution. We got some good numbers from the actuarial study that make us think it can be done."

Reynolds said he is still reviewing the study and said he will not release details before presenting findings to Gov. Bob Riley sometime between Aug. 10 and the Aug. 19 PACT board meeting.

Immediately afterward, Reynolds said he would send copies of the study to members of the Legislature and release results to the public.

Reynolds said a successful plan for PACT hinges on Riley, the Legislature and representatives of K-12 and universities reaching mutual agreement on a plan.

Part of the plan will likely involve talk about limiting tuition increases, he said. The state's two-year colleges have already said they will hold down tuition increases for PACT students.

The state's largest universities, hardest hit already by state budget cuts in recent years, have not yet agreed to do so.

"The governor has an opportunity to bring them together, sit down and have a dialogue on how to accomplish this," Reynolds said.

Riley and the Legislature asked RSA Chief Executive Officer David Bronner to consider taking over management of PACT after financial losses threatened the program. Bronner said he would consider it only if a complete study of the program showed it is viable.

"Dr. Bronner said don't let us get in this if the program cannot be successful," Reynolds said.

The economic downturn of 2007 and 2008 caused PACT investments to lose value and the PACT board shut down the program to new investors earlier this year.

Investors who thought their investments were safe demanded action or assurance that the program would be there to pay their children's college tuition.
