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Why my PACT solution will work

by Kay Ivey
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Across Alabama, tens of thousands of parents and grandparents share a common concern. They bought contracts with the state's Prepaid Affordable College Tuition program. Now, they're anxious about whether their children and grandchildren will receive the college education they were promised. Unless decisive action is taken soon, their worry and uncertainty will drag on.

That's one reason why I am proposing "Keeping the Commitment: The Kay Ivey Partnership for PACT" solution. It provides a flexible, do-able framework for solving this challenge without raising taxes on hard-working Alabamians, while also safeguarding the Alabama Trust Fund from a raid on its much-needed assets.

Naysayers and skeptics always become vocal when any complex public policy is discussed. Critiques with suggestions and alternatives can be healthy and productive for the process, but criticism alone is fruitless and ineffective. My nature is to be proactive. With that in mind, I have stepped outside the box to find a solution for this complicated challenge.

As your state Treasurer, I tell you the state is currently operating beyond its means. We are propped up with federal stimulus funds that now provide 40 percent of the state's General Fund budget. When this federal money runs out on Oct. 1, 2010, there will be an enormous financial hardship for the state.

When the money goes away, there will be those who hope to either dip into the public trough by raising your tax dollars, or raid the Alabama Trust Fund. Both options are irresponsible and unacceptable.

My proposal tries a different approach. It brings together all the stakeholders involved in this issue: the PACT contract holders, the state Legislature, public and private colleges and universities, taxpayers and others, and it provides a framework for us to work together.

My solution consists of two important pieces of legislation. First, it contains a bill providing all PACT holders with an unequivocal guarantee that their contracts will be honored. I call it the "Moral Obligation Bill." Because the PACT contracts were sold by the state, it is right to make sure they are honored.

There is a second component, and this is where my solution is different from other PACT plans. This second bill provides a funding mechanism to fulfill the promises in the first bill.

Under my proposal, the current PACT trust fund would be largely divided proportionately among the colleges and universities to ensure a quality education for all PACT students. Specifically:

- Alabama's public and private four-year universities and colleges will receive a block allotment from the PACT trust fund. These institutions will then guarantee the education of an eligible PACT student.
- Alabama's two-year college system will receive tuition payments from the PACT Trust Fund.
- PACT students attending out-of-state institutions (public or private) will receive all PACT benefits through May 31, 2015, but at the frozen rate of tuition costs determined as of Sept. 30, 2010.

Our institutions of higher education are different from private businesses. They are not McDonald's or Ford Motor Co. or Microsoft; they don't exist to make a profit. They exist to educate and prepare the next round of doctors and veterinarians, business executives, teachers, engineers and architects. Without these professionals, Alabama's future would be bleak.

An educated and highly trained workforce is the engine that drives our state's economy. So colleges and universities are stakeholders in the PACT challenge, too. I want to make them problem-solving partners in my plan, rather than mere customers.

If tuition rates continue to inflate year after year as they are now, a higher education will soon be out of reach for even most middle-class families. Without a fair solution, many of the tens of thousands of children currently enrolled in the PACT program will not get a chance to attend college, depriving Alabama's colleges of all those students as well.

You see, we are in this boat together: PACT parents and students, Alabama taxpayers, state legislators and public and private college administrators. By working collaboratively and cooperatively, we can resolve this issue once and for all. I am confident that people of good will, working toward a common goal, can serve the common good.

Visit www.kayivey.org for more information about my plan. Once you've read it, let me hear from you at kay@kayivey.org. I invite you to join me in being part of the solution. Tens of thousands of Alabama's children — and our state's future — are counting on us to come through for them.

Kay Ivey is Treasurer of the State of Alabama and a Republican candidate for governor.