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Local News

State Treasurer Ivey speaks to Rotary Club

By Adam Smith The North Jefferson News/February 10, 2010

Gardendale Rotary Club members received a dose of financial reality last week from the woman who handles the state's money.

Alabama State Treasurer and Republican gubernatorial candidate Kay Ivey spoke to the club about the state's financial outlook and about the future of pre-paid tuition programs.

Ivey, who was elected to treasurer in 2002, was re-elected in 2006 with the largest majority in a contested race.

As treasurer, she oversees the state's two pre-paid tuition programs, Prepaid Affordable College Tuition (PACT) and the 529 savings plan.

Last fall, a shortage of more than \$340 million in the PACT program was revealed. Ivey blamed the loss on the economic downturn and a quick drop in the stock market.

"The program was founded in 1990 and has educated 15,000 young people," she said. "Last year, the market dropped, PACT lost 35 percent and everybody thinks I'm evil."

Ivey said despite PACT losses, all students enrolled in the plan need to be served. She called on legislators to develop a plan during this session to deal with the shortfall.

A PACT bail-out plan that would funnel more than \$230 million into the fund was recently introduced by Gadsden democrat Rep. Craig Ford. A rival plan has also been introduced by Auburn democrat Rep. Ted Little.

Published reports claim both plans would pay the PACT program about \$236 million from the Education Trust Fund from 2014 through 2021.

Ford will reportedly debate his plan today at 9:30 a.m.

Ivey said while the prepaid tuition plan crisis is of great concern to family members who have paid into the program, the state may be on the verge of a bigger mess.

“The general fund is propped up 40 percent with federal stimulus money,” she said. “That pending financial crisis will give us the opportunity to make changes for the good [in state government].”

Ivey said legislators need to rethink how the annual budgets are created. She said speculation, or the “guess method,” is not effective.

“The state should draft its budget like cities and base numbers off the previous year’s revenue,” she said. “Anything left should go into the rainy day fund.”

A former banker, Ivey is a proponent of transparency in her department and at all state levels. She spoke about her ability to cut government costs, including downsizing the number of vehicles in her office from six to “one and one clunker.”

Another responsibility of Ivey’s is “reconnecting people with lost belongings” through unclaimed property. There is currently about \$338.2 million in property waiting to be claimed by owners, she said. Residents can visit the state treasury’s Web site at www.treasury.alabama.gov and search for property.

Ivey said her experience as a financial manager through good times and bad makes her the ideal gubernatorial candidate. She’s one woman in a crowded field of men, including Robert Bentley, Bradley Byrne, Tim James, Bill Johnson, Roy Moore and Anthony Wright.

“No other candidates for governor have managed a crisis,” she said. “Some of my colleagues have ducked and run.”

For more information on Ivey, visit her Web site at www.kayivey.org.