

1 SB162  
2 116109-1  
3 By Senators Little (T), Barron and Mitchem  
4 RFD: Fiscal Responsibility and Accountability  
5 First Read: 12-JAN-10

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SYNOPSIS:                   The Prepaid Affordable College Tuition program which was enacted in 1989 has provided an opportunity for the purchase of PACT contracts to provide for future college tuition payments to be made. The program has provided these payments for each year since inception. The PACT Board has suspended new entrants into the program and has expressed concerns about the ability to meet the contractual obligations for those participants still in the program. This bill will provide for a source of funding to help offset the shortfall if the assets of the program are insufficient to meet the obligations by appropriating funds from the Education Trust Fund as debt service from such fund declines.

A BILL  
TO BE ENTITLED  
AN ACT

1           To provide for additional funds to be appropriated  
2 from the Education Trust Fund to the Prepaid Affordable  
3 College Tuition program beginning in the fiscal year ending  
4 September 30, 2014 and continuing into the fiscal year ending  
5 September 30, 2021 and to repeal Section 16-33c-9 Code of  
6 Alabama 1975 as amended relating to the disposition of funds  
7 upon the dissolution of the PACT Program.

8 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

9           Section 1. Definitions:

10           APSCA -- The Alabama Public School and College  
11 Authority, a corporation authorized by Section 16-16-3 Code of  
12 Alabama 1975 as amended to issue bonds for educational  
13 purposes in Alabama.

14           Base Year Debt Service -- The debt service for the  
15 fiscal year ending September 30, 2013 for bonds issued by the  
16 APSCA which are paid from certain tax receipts which accrue to  
17 the Education Trust Fund. This amount for Fiscal Year 2013  
18 according to the current debt service schedule is  
19 \$189,515,980.

20           Current Debt Service Schedule -- The schedule for  
21 debt service for bonds issued by the APSCA as such schedule  
22 existed on January 1, 2010. It does not include any additional  
23 payments which might be due to any refinanced bonds or  
24 additional bonds issued after January 1, 2010 which are to be  
25 repaid from a tax source which accrues to the Education Trust  
26 Fund. It also does not include the debt service for any bonds

1 described under Section 16-16-14 Code of Alabama 1975, as  
2 amended, and commonly referred to as "pool bonds."

3 PACT Program -- The Prepaid Affordable College  
4 Tuition program established under Section 16-33C-6 Code of  
5 Alabama 1975, as amended, under which purchasers enter into  
6 contracts for the future payment of tuition and mandatory fees  
7 at eligible educational institutions. The PACT program  
8 includes the PACT Trust Fund which is the source of payments  
9 of the obligations of the PACT program under the PACT  
10 contracts.

11 Section 2. Beginning in the fiscal year ending  
12 September 30, 2014 and continuing through the fiscal year  
13 ending September 30, 2021 there is hereby annually  
14 appropriated from the Education Trust Fund to the PACT Trust  
15 Fund an amount equal to the difference between APSCA base year  
16 debt service and the APSCA debt service for the then current  
17 fiscal year. For the fiscal year ending September 30, 2014  
18 these appropriations for each year are as follows:

19 For the fiscal year ending 2014 -- \$19,592,531  
20 For the fiscal year ending 2015 -- \$19,957,666  
21 For the fiscal year ending 2016 -- \$20,347,990  
22 For the fiscal year ending 2017 -- \$19,023,438  
23 For the fiscal year ending 2018 -- \$19,697,076  
24 For the fiscal year ending 2019 -- \$20,448,628  
25 For the fiscal year ending 2020 -- \$84,052,287  
26 For the fiscal year ending 2021 -- \$32,980,384

1                   Section 3. Any funds in the PACT Trust Fund  
2 remaining after the payment of all of the obligations of the  
3 fund shall be transferred to the Education Trust Fund in the  
4 fiscal year immediately following the year in which the last  
5 obligations are met.

6                   Section 4. Section 16-33C-9 Code of Alabama 1975 is  
7 hereby repealed.

8                   Section 5. The provisions of this act are severable.  
9 If any part of this act is declared invalid or  
10 unconstitutional, that declaration shall not affect the part  
11 which remains.

12                   Section 6. This act shall become effective  
13 immediately upon its passage and approval by the Governor or  
14 upon its otherwise becoming a law.