

1 HB361  
2 136954-2  
3 By Representative Ford  
4 RFD: Ways and Means Education  
5 First Read: 21-FEB-12

2  
3  
4  
5  
6  
7  
8 SYNOPSIS: Current law provides for appropriations to  
9 be made from the Education Trust Fund in future  
10 years to the PACT Trust Fund for the purpose of  
11 fully funding the PACT Program, the terms of which  
12 were amended in Act 2010-725.

13 This bill will provide that in any year in  
14 which the PACT Program is unable to meet the  
15 financial obligations mandated in Act 2010-725, an  
16 amount sufficient to off-set such shortfall shall  
17 be transferred to the PACT Program from any funds  
18 designated to be deposited into the Budget  
19 Stabilization Fund under the Code of Alabama 1975,  
20 Section 29-9-4.

21  
22 A BILL  
23 TO BE ENTITLED  
24 AN ACT

25  
26 To further provide for the full funding of the PACT  
27 Program by providing for the transfer of funds designated for

1 the Budget Stabilization Fund provided for in Code of Alabama  
2 1975, Section 29-9-4, in any year in which the PACT Program is  
3 unable to meet the financial obligations established by Act  
4 2010-725.

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6 Section 1. Sections 16-33c-16 and 29-9-4 are hereby  
7 amended to read as follows:

8 "§16-33C-16.

9 (a) In addition to the appropriations made in  
10 Section 16-33C-14 and Section 16-33C-15, there is annually  
11 appropriated from the Education Trust Fund to the PACT Trust  
12 Fund the following amounts in the following fiscal years:

13 (1) For the fiscal year ending 2016 -- \$10,000,000

14 (2) For the fiscal year ending 2017 -- \$20,000,000

15 (3) For the fiscal year ending 2018 -- \$20,000,000

16 (4) For the fiscal year ending 2019 -- \$13,000,000

17 (b) These appropriations, along with the  
18 appropriations made in Section 16-33C-14 and Section  
19 16-33C-15, will make the PACT Program 100 percent fully  
20 funded, according to the actuarial professional retained by  
21 the PACT board.

22 (c) Beginning in FY 2016, in any fiscal year in  
23 which the PACT Trust Fund has insufficient assets in which to  
24 pay the financial obligations designated in Section 16-33c-17,  
25 an amount needed to meet those obligations shall be  
26 transferred from the funds designated to be deposited into the

1 Budget Stabilization Fund established in Code of Alabama 1975,  
2 Section 29-9-4.

3 "§29-9-4.

4 There is hereby created in the State Treasury an  
5 Education Trust Fund Budget Stabilization Fund and an  
6 Education Trust Fund Capital Fund. Any monetary interest which  
7 accrues in the Education Trust Fund Budget Stabilization Fund  
8 shall be retained in the fund from year to year and shall be  
9 subject only to the provisions of this chapter. On or before  
10 November 15 of each fiscal year, if the total revenues  
11 deposited into the Education Trust Fund during the immediately  
12 preceding fiscal year exceed the fiscal year appropriation cap  
13 for the immediately preceding fiscal year, the excess shall be  
14 transferred to the Education Trust Fund Rainy Day Account  
15 until the account has been repaid in full. If the account has  
16 been repaid in full, any excess remaining shall be transferred  
17 to the PACT Trust Fund if needed to fully fund the tuition and  
18 fees mandated to be paid by the PACT Board under Section  
19 16-33c-17. Funds remaining each year after such transfers, if  
20 any, shall be transferred into the Education Trust Fund Budget  
21 Stabilization Fund created in this chapter. The transfers to  
22 the Education Trust Fund Budget Stabilization Fund shall be  
23 made until the Fund reaches an amount which equals 20 percent  
24 of the then current year's appropriations from the Education  
25 Trust Fund. After the balance in the Education Trust Fund  
26 Budget Stabilization Fund reaches a total of 20 percent, any

1 excess remaining shall be distributed to the Education Trust  
2 Fund Capital Fund.

3 Section 2. It is the intent of the Legislature that  
4 the PACT program which as amended in Act 2010-725 shall be  
5 fully funded as was intended with the passage of that Act.

6 Section 3. The provisions of this act are severable.  
7 If any part of this act is declared invalid or  
8 unconstitutional, that declaration shall not affect the part  
9 which remains.

10 Section 4. This act shall become effective  
11 immediately upon its passage and approval by the Governor or  
12 its otherwise becoming law.