



SB 615 - Maryland Senator Edward J. Kasemeyer College Investment Plan - State Contributions - Alterations
Senate Education, Health, and Environmental Affairs Committee
February 26th, 2020
SUPPORT

Chairmen Pinsky, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 615. This bill will close a loophole in the existing legislation by clarifying that one beneficiary can receive one state match annually.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program ‘VITA’, offering free financial education and coaching, and engaging in policy research and advocacy.

The Save4College program was created by the College Affordability Act to encourage low to middle income children to pursue education after high school. It does this by providing a state match annually when the appropriate contribution is made into the College Investment Plan account. The state match was meant to be given to one beneficiary annually; however, current legislation allows for each eligible account to receive a state match. This means that multiple adults can open a College Investment Plan and contribute the minimum for one child and that one child will receive a state match multiple times each year.

A deficiency appropriation of \$3.7 million was awarded for the Save4College program to ensure that all applications received a state match. This means that the amount of money available for the state match program is running out. If there are not enough funds for the state match then applications will be priorities by accounts that have not received the match and then in the order the applications were received. If this is the case, there is a possibility that one child can receive a state match multiple times, while another child will not receive one.

DLS analysis revealed that the number of families that are opening more than 2 accounts for one beneficiary is increasing. Closing this loophole is essential to ensuring that state match money is going to as many Maryland children as possible. This graph shows an example provided by Maryland 529 of what one family received in state match, and what that same family would receive under SB 615.

	Current Law	With SB 615¹
Number of Accounts Opened:	195	4
Money Put into Accounts:	\$19,500	\$400
State Match:	<u>\$97,500</u>	<u>\$2,000</u>

¹ Based on a family’s minimum contribution being \$100.



This family received an extra \$95,500 of effect on low to middle income families' future education cost as more are received.

state match dollars. This will have an opportunity to save for their children's applications for the state match program

Thus, we encourage you to return a favorable report on SB 615.