

Testimony SUPPORT of Senate Bill 1238  
Maryland 529 Program – Board Authority and State Contribution – Alterations

House Appropriations Committee  
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The Maryland State Education Association supports House Bill 1238, which clarifies provisions related to 529 savings accounts and caps the total lifetime amount of state contributions an account holder may receive at \$9,000. This is an important step in tightening up the state's 529 program and ensuring the program is meeting its intended goals.

MSEA represents 75,000 educators and school employees who work in Maryland's public schools, teaching and preparing our 896,837 students for careers and jobs of the future. MSEA also represents 39 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3 million-member National Education Association (NEA).

MSEA supports House Bill 1238 that helps clarify the original intent of the program, but believes more needs to be done to reign in this program and restore it to its original intent.

Maryland's 529 program is now serving two purposes: first, helping Marylanders save and pay for higher education for their loved ones, and secondly, helping families invest private school tuition funds in tax-benefitted accounts while receiving a state match. Provisions inserted into Federal Tax Cuts and Jobs Act of 2017 allows families to pay for private school K-12 tuition with 529 account funds. That was never the intent in Maryland and as the program currently stands, Maryland taxpayers are subsidizing private elementary and secondary school tuition with state funds designed to incentivize saving for college.

The Maryland Higher Education Commission estimates that student loan debt is about \$1.48 trillion nationally, and the average student loan debt in Maryland is around \$27,455 per student. Unfortunately, the loophole in the 529 program results in less funding available to address skyrocketing student loan debt. According to a press release from Governor Hogan in 2018, the 529 "program was designed to help families, especially those from low- and middle-income households, have the opportunity to start saving for college for their children." Marylanders struggle to afford higher education, and the legislature should restore this program to its original intent. This bill would help to put guardrails around the program and ensure families are not receiving more than \$9,000 in matching funds.

The Kirwan Commission has determined that Maryland will need to put substantially more resources into education if our state is to help our citizens become truly successful in the very competitive national and



global economies. This is the time to locate and allocate more resources to public education, and to make sure current expenditures are used for their intended purposes. The passage of this bill helps to do just that.

**MSEA urges a favorable report of House Bill 1238.**