



**SB 475 - Workgroup on the Maryland 529 Prepaid College Trust Program
Education, Energy and Environment
February 22, 2023
SUPPORT**

Chairman Feldman, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 475. This bill will create the Workgroup on Maryland 529 Prepaid College Trust Program.

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. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

The CASH Campaign of Maryland staffs the Financial Education and Capability Commission which is co-chaired by Senator Klausmeier and Delegate Stein. The Commission focuses on topics that expand Marylander's knowledge on financial topics and their ability to apply that knowledge. The Commission worked with Maryland 529 in 2020, 2021, and 2022 to strengthen the Save4College state match program available for accounts in the Investment Plan. Through this work, the state was able to ensure that more low to middle-income families can save for their child's future higher education costs.

Maryland 529 administers two separate plans to help parents pay for their family's future higher education cost- the Investment Plan and the Prepaid Plan. The current miscalculation challenges involve accounts within the Prepaid Plan. The Prepaid Plan works by purchasing a semester's at today's tuition cost to avoid the increasing cost of tuition. Maryland 529 should work with the General Assembly to ensure that account holders are receiving the appropriate payout from their accounts.

SB 475 will create a workgroup to identify policies, procedures, and practices that led to issues within the Prepaid Plan, and develop and make recommendations for improvement in:

- Maryland 529 policies, procedures, and practices to ensure the prevention of similar issues,
- Communication and transparency for account holders, and
- Accountability for the individuals responsible for properly exercising Maryland 529's responsibilities

Changes to Maryland 529's policies, procedures, and practices can have an impact on both plans that Maryland 529 administers. It is imperative to take into account that any changes to Maryland 529 should be comprehensive and encompass best practices for both plans.

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

Creating Assets, Savings and Hope