

Committee Members,

Within days of Andrew (Attachments 1 and 2), my son's, birth, 18 years ago, I made my initial multiple thousand dollar deposit, into his MD Prepaid College Trust (MPCT) account and then paid the account in full (Attachment 4) before his first birthday (Attachment 3). According to 2021 yearly statements, the interest amount has grown to over \$53,500 per FAFSA reporting value in the 2021 MPCT Annual statement (Attachment 5) but interest was omitted in the 2022 Annual Statement (Attachment 6).

Using the 6% interest rate compounded monthly that has been stated for years by various MPCT leaders shown in Attachments 7 and 8, the interest in Andrew's account should now be close to, if not exceed \$60,000, (attachments 9, 10 and 11). It should be noted that if 6% is compounded annually, the dollar amount reported in the 2021 FAFSA is less than \$3 from the calculated rates below.

Reading the scandalous, horrifying, and troublesome reports (Attachments 12 and 13), and being ignored by MPCT leadership during board meetings, I contacted the MPCT by email (Attachment 14) and by telephone. When I spoke with the team in Florida, I was referred back to Maryland as they, the Florida team, have no account balances, only principal contributions. When I spoke with the Maryland office they say they are working on the issue - for about a year! I know of no one who has an account-calculation.

Please unfreeze Andrew's and the thousands of MPCT's account holder's money; they need it for applicable college expenses: room, board, fees, etc. I, like many others, entered into the contract for the legislative guarantee, please make a decisive action that will correct this issue that has been festering for a decade.

My suggestions for the committee are to make bold and courageous actions:

- Loan 25% of the fund's reported value, \$40 Million dollars, via non-interest bearing line item in the budget; the money will (re)pay for expenses until the forensic audit concludes,
- Pay all account holders of 2022 contracts and earlier a one-time benefit of 25% of their interest to date so that they may pay back their interest charges for credit cards and lines of credit, (this will be seen as a sign of good faith as many of us need to this to make us whole)
- Ask MPCT to present to the legislative body an annual update,
- Hold the person who stole money criminally accountable, if this person did what is alleged in the articles in a for-profit company, the SEC would have him/her in jail
- Figure-out the interest ALL charges by April 3, 2023, (use state accountants, if need be; my son's account has three deposits within a year; it's not that hard but I am waiting years)
- Stop paying \$50,000 a month for a PR firm as this is expense is unnecessary and the funds would be better served to get account holders their interest, and, most importantly
- Be more transparent; fill the open public board member, I will take it, if no one wants it!

Please contact me if I may of further assistance or if you have questions.

A handwritten signature in black ink that reads "Mark Wozar". The signature is written in a cursive, flowing style.

Mark Wozar
312-692-9335
mwozar@hotmail.com
Jan 24, 2023

Attachment 1 – Andrew Wozar the person

My son Andrew has *earned* over 4.5 last quarter and maintains cumulative GPA over 4.4 at Hartford Tech High School. He is ranked number 1 in his class. (Attachment 2)

He was elected captain of his soccer team, that went to the state finals in 2021. He has led their lacrosse team in points for the past 2 years. He also has participated in sports for life (working with students at what was previous called John Archer school) for years. Before CoVID, he was active in his faith community while holding down jobs.

He wants to be the 4th generation US military officer to help others by serving in the medical corps as his grandfather earned multiple purple hearts in Vietnam, his great grandfathers one served in the US Navy (onboard the USS Arizona on December 7th, 1941) and another being a glider/airborne ranger (as well as being a native American, a member of the Cherokee's Turtle Clan of the Northern Maryland), but with his funds which are frozen, he cannot attend college in the planned manner. (He has been accepted to the military college his family has attended but he cannot attend as \$60,000 in interest is not being released by MPCT and no time table has been provided for its release.)

Attachment 2 – Andrew Wozar's transcript

File | C:/Andrew/College/AndrewWozarTranscript.pdf

IPR				Report Card				Transcript			
Building: Harford Technical High School				Building: Harford Technical High School				Building: Harford Technical High School			
Course	Description	Final	Credit	Course	Description	Final	Credit	Course	Description	Final	Credit
AR0201 - 1	Fine Art Prep	A	1.0000	CT0201 - 3	Intro Manufact	A	1.0000	EN2021 - 1	English II	A	1.0000
TE0501 - 4	Found Tech	A	1.0000	EN0201 - 1	English II	A	1.0000	MA09W81 - 1	Hnr Trig	A	1.0000
FL0701 - 5	Spanish I	A	1.0000	MA09W81 - 1	Hnr Trig	A	1.0000	MU1801 - 1	Am Mu Thr Film	A	1.0000
SS01W81 - 1	Hnr Amer Gov	A	1.0000	MU1801 - 1	Am Mu Thr Film	A	1.0000	PE0205 - 9	Phys Ed 10 12	A	0.5000
HE0105 - 6	Health	A	0.5000	PE0205 - 9	Phys Ed 10 12	A	0.5000	PE0206 - 9	Phys Ed 10 12	A	0.5000
MA07W81 - 1	Hnr Alg II	A	1.0000	PE0206 - 9	Phys Ed 10 12	A	0.5000	SC04W81 - 4	Hnr Chemistry	A	1.0000
EN01W81 - 3	Hnr English I	A	1.0000	SC04W81 - 4	Hnr Chemistry	A	1.0000	SS0371 - 2	AP World Hist	A	1.0000
SC0201 - 4	Biology	A	1.0000	SS0371 - 2	AP World Hist	A	1.0000	FL0801 - 6	Spanish II	A	1.0000
PE0106 - 6	Fnd Fit Phy Act	A	0.5000	FL0801 - 6	Spanish II	A	1.0000				
GPA: 4.3750 Total Credit: 8.0000				GPA: 4.3750 Total Credit: 8.0000				GPA: 4.3750 Total Credit: 8.0000			
Year: 2022				Year: 2023				Year: 2023			
Grade: 11				Grade: 11				Grade: 12			
Building: Harford Technical High School				Building: Harford Technical High School				Building: Harford Technical High School			
Course	Description	Final	Credit	Course	Description	Final	Credit	Course	Description	Final	Credit
PE0605 - 1	Weight Train I	A	0.5000	EN2901 - 1	English IV 21st		0.0000	CT26W09 - 1	Cam Hp Mfg II		0.0000
PE0606 - 1	Weight Train I	A	0.5000	CT26W09 - 1	Cam Hp Mfg II		0.0000	MA1671 - 1	AP Statistics		0.0000
CT2509 - 1	Cam Hp Mfg I	A	2.0000	MA1671 - 1	AP Statistics		0.0000				
MA10W81 - 2	Hnr Precal	A	1.0000								
SS0671 - 1	AP US History	A	1.0000								
SC06W81 - 2	Hnr Physics	A	1.0000								
SC21W01 - 2	Forensic Sci	A	1.0000								
EN0301 - 6	English III	A	1.0000								
GPA: 4.5000 Total Credit: 8.0000				GPA: 4.5000 Total Credit: 8.0000				Total Credit: 0.0000			
GPA Type		GPA	Rank								
Cumulative GPA/Rank (weighted)		4.4167	27 / 220								
Cumulative GPA/Rank (unweighted)		4.0000	1 / 220								
Mid Year / 7th Semester		4.3750	28 / 221								

Attachment 3 – Itemized payments for Andrew Wozar's account-calculation per MPCT website

https://access.mdprepaidcollegetrust.com/YourPlans/TransactionHistory

Andrew Wozar

Phone Number
(312) 692-9335 (Landline)

Mailing Address
2260 Grand Ave
1290
Baldwin, NY 11510

Account Number
4004003982

Account Status
Paid in Full

Product Type
Four Year/8 Sem

No Account Holder's Successor Listed

Payment History

Excel Export
PDF Export
CSV Export

Transaction Date	Transaction Type	Amount Received	Plan Amount
8/26/2005	Payment	\$26,483.85	-\$26,483.85
3/3/2005	Fee Assess	-\$75.00	\$0.00
3/2/2005	Payment	\$4,230.00	-\$4,230.00
10/27/2004	Payment	\$2,575.00	-\$2,500.00

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10 Items per page

1 of 1 pages (4 items)

Attachment 4 – Payments for Andrew Wozar's account reflecting payment in full since August 2005 per MPCT website

https://access.mdprepaidcollegetrust.com/YourPlans/PlanDetails

Account Number: 4004003982
 Account Status: Paid in Full
 Product Type: Four Year/8 Sem

Phone Number: (312) 692-9335 (Landline)
 Mailing Address: 2260 Grand Ave, 1290, Baldwin, NY 11510

Contract Information

Total Sum of Payments: \$33,213.85
 Payments Received: \$33,213.85
 Balance Due: \$0.00
 Projected Enrollment Year: 2021

Payment Schedule

Payment Schedule: 10 Year Annual
 Payment Amount: \$4,230.00
 Next Payment Due Date: None
 Last Payment Date: 8/30/2005

Next Payment

Make a payment

Attachment 5 – Andrew Wozar's account reflected a FAFSA reporting value of \$86,771 as of 2021

ACCOUNT NUMBER: 4004003982		BENEFICIARY: ANDREW WOZAR		ACCOUNT HOLDER'S SUCCESSOR: NOT ON FILE	
PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 10 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2021		
FINANCIALS	PURCHASE PRICE: \$33,213.85	PAYMENTS RECEIVED: \$33,213.85	BALANCE REMAINING: \$0.00		
	SCHEDULED PAYMENT AMOUNT: \$4,230.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00		
	FAFSA REPORTING VALUE*: \$86,771.28	CURRENT TAX YEAR PAYMENTS**: \$0.00			
BENEFITS	SEMESTERS AVAILABLE: 8.000				

Attachment 6 – Andrew Wozar's account reflected NO FAFSA value in 2022

ACCOUNT NUMBER: 4004003982		BENEFICIARY: ANDREW WOZAR		ACCOUNT HOLDER'S SUCCESSOR: NOT ON FILE	
PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 10 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2021		
FINANCIALS	PURCHASE PRICE: \$33,213.85	PAYMENTS RECEIVED: \$33,213.85	BALANCE REMAINING: \$0.00		
	SCHEDULED PAYMENT AMOUNT: \$4,230.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00		
	CURRENT TAX YEAR PAYMENTS**: \$0.00				
BENEFITS	SEMESTERS AVAILABLE: 8.000				

Attachment 7 – Per Treasurer Nancy K. Kopp's 13 October 2021 statement as shown in pages 10 of 2021 Annual report and section 23 of the Prepaid College Trust Disclosure statement (below), rate of return is 6.0% since inception

Accounts in existence on October 31, 2021:

- For Accounts in existence on October 31, 2021, contributions in your Account prior to November 1, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated.
- Contributions made on or after November 1, 2021 will accrue regular interest each year, compounded monthly, at a rate equal to the 10-year Treasury note rate. The Treasury note yield applicable to the Account contributions will be updated annually with the June 30th number.

Attachment 8 – Per Maryland Prepaid College Trust: Public Update as of January 6, 2023, the rate of return is a fixed 6% compounded monthly

Public Update

The MPCT Tuition Plan Minimum Benefit (2021 Changes)

- In light of a calculated surplus in the MPCT Program, the Board of Directors voted in 2021 to implement a 6% Earnings rate on all balances in accounts **as of October 31, 2021**. Earnings compound every month.
- Any contributions made **on or after November 1, 2021** accrue earnings at the 10-year Treasury Note rate. Earnings compound every month.
- If an Account is opened **on or after November 1, 2021**, only the 10-year Treasury Note Earnings rate applies to the balances.

Accounts in existence on October 31, 2021:

For Accounts in existence on October 31, 2021, contributions in your Account prior to October 31, 2021 will earn 6% on balances, compounded monthly, until Benefits are withdrawn, or your Contract is terminated.

Contributions made on or after November 1, 2021 will accrue regular interest each year, compounded monthly, at a rate equal to the 10-year Treasury note rate. The Treasury note yield applicable to the Account contributions will be updated annually with the June 30th number.

The yield for the 10-year Treasury note will be sourced from the Board of Governors of the Federal Reserve System (US), 10-Year Treasury Constant Maturity Rate [DGS10], as retrieved from FRED, Federal Reserve Bank of St. Louis (fred.stlouisfed.org/series/DGS10).

Accounts opened on or after November 1, 2021:

Contributions to Accounts opened on or after November 1, 2021 will accrue regular interest each year, compounded monthly, at a rate equal to the 10-year Treasury note rate. Treasury note yield applicable to the Account contributions

Attachment 9 – Per Calculator.net Andrew Wozar's account should have a balance in excess of \$94,600 dollars when compounded monthly for FY 2022 and \$89,108 when compounded monthly for FY 2021

Annual Schedule

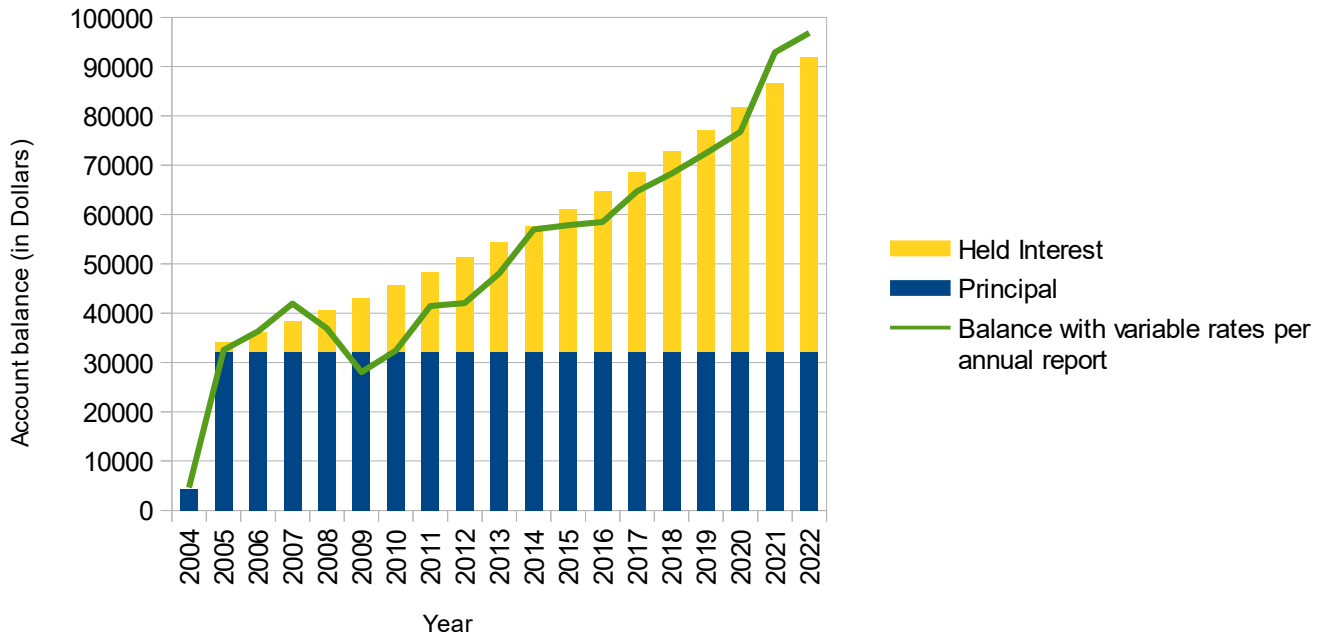
	Annual Schedule	Monthly Schedule				
	start principal	start balance	interest	tax	end balance	end principal
1	\$32,213.85	\$32,213.85	\$1,986.87	\$0.00	\$34,200.73	\$32,213.85
2	\$32,213.85	\$34,200.73	\$2,109.42	\$0.00	\$36,310.16	\$32,213.85
3	\$32,213.85	\$36,310.16	\$2,239.55	\$0.00	\$38,549.69	\$32,213.85
4	\$32,213.85	\$38,549.69	\$2,377.66	\$0.00	\$40,927.35	\$32,213.85
5	\$32,213.85	\$40,927.35	\$2,524.31	\$0.00	\$43,451.66	\$32,213.85
6	\$32,213.85	\$43,451.66	\$2,680.00	\$0.00	\$46,131.66	\$32,213.85
7	\$32,213.85	\$46,131.66	\$2,845.31	\$0.00	\$48,976.96	\$32,213.85
8	\$32,213.85	\$48,976.96	\$3,020.80	\$0.00	\$51,997.75	\$32,213.85
9	\$32,213.85	\$51,997.75	\$3,207.11	\$0.00	\$55,204.86	\$32,213.85
10	\$32,213.85	\$55,204.86	\$3,404.91	\$0.00	\$58,609.77	\$32,213.85
11	\$32,213.85	\$58,609.77	\$3,614.93	\$0.00	\$62,224.70	\$32,213.85
12	\$32,213.85	\$62,224.70	\$3,837.87	\$0.00	\$66,062.58	\$32,213.85
13	\$32,213.85	\$66,062.58	\$4,074.59	\$0.00	\$70,137.17	\$32,213.85
14	\$32,213.85	\$70,137.17	\$4,325.91	\$0.00	\$74,463.08	\$32,213.85
15	\$32,213.85	\$74,463.08	\$4,592.74	\$0.00	\$79,055.80	\$32,213.85
16	\$32,213.85	\$79,055.80	\$4,875.99	\$0.00	\$83,931.79	\$32,213.85
17	\$32,213.85	\$83,931.79	\$5,176.76	\$0.00	\$89,108.52	\$32,213.85
18	\$32,213.85	\$89,108.52	\$5,496.02	\$0.00	\$94,604.54	\$32,213.85

Attachment 10 – Per Calculator.net Andrew Wozar's account should have a balance in excess of \$91,949 dollars when compounded annually for FY 2022 and \$86,744 when compounded annually for FY 2021

Annual Schedule

	Annual Schedule	Monthly Schedule				
	start principal	start balance	interest	tax	end balance	end principal
1	\$32,213.85	\$32,213.85	\$1,932.83	\$0.00	\$34,146.68	\$32,213.85
2	\$32,213.85	\$34,146.68	\$2,048.80	\$0.00	\$36,195.48	\$32,213.85
3	\$32,213.85	\$36,195.48	\$2,171.71	\$0.00	\$38,367.21	\$32,213.85
4	\$32,213.85	\$38,367.21	\$2,302.03	\$0.00	\$40,669.24	\$32,213.85
5	\$32,213.85	\$40,669.24	\$2,440.13	\$0.00	\$43,109.40	\$32,213.85
6	\$32,213.85	\$43,109.40	\$2,586.56	\$0.00	\$45,695.96	\$32,213.85
7	\$32,213.85	\$45,695.96	\$2,741.75	\$0.00	\$48,437.72	\$32,213.85
8	\$32,213.85	\$48,437.72	\$2,906.25	\$0.00	\$51,343.98	\$32,213.85
9	\$32,213.85	\$51,343.98	\$3,080.64	\$0.00	\$54,424.62	\$32,213.85
10	\$32,213.85	\$54,424.62	\$3,265.48	\$0.00	\$57,690.10	\$32,213.85
11	\$32,213.85	\$57,690.10	\$3,461.41	\$0.00	\$61,151.51	\$32,213.85
12	\$32,213.85	\$61,151.51	\$3,669.10	\$0.00	\$64,820.60	\$32,213.85
13	\$32,213.85	\$64,820.60	\$3,889.26	\$0.00	\$68,709.83	\$32,213.85
14	\$32,213.85	\$68,709.83	\$4,122.61	\$0.00	\$72,832.42	\$32,213.85
15	\$32,213.85	\$72,832.42	\$4,369.96	\$0.00	\$77,202.37	\$32,213.85
16	\$32,213.85	\$77,202.37	\$4,632.14	\$0.00	\$81,834.51	\$32,213.85
17	\$32,213.85	\$81,834.51	\$4,910.07	\$0.00	\$86,744.58	\$32,213.85
18	\$32,213.85	\$86,744.58	\$5,204.67	\$0.00	\$91,949.25	\$32,213.85

Attachment 11 – Stacked bar chart (principal and interest being held) comparing rate of return reported in annual report



Attachment 12 –

Maryland 529 agency says it has addressed majority of accounts with problems in the Maryland Prepaid College Trust

By Lia Russell

Baltimore Sun

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Jan 06, 2023 at 5:59 pm

Maryland parents said this week that they hadn't received answers as to when they'd be able to access state accounts that contain their children's college education funds, even as tuition payments were coming due for the spring semester.

But Maryland 529, the state agency that oversees the system said Friday evening that it had resolved errors associated with the calculation formula for the Maryland Prepaid College Trust.

In a statement, Maryland 529 Executive Director Anthony Savia said 419 out of the 480 accounts that reported having issues accessing their interest payments had been reviewed and addressed.

Account holders with the trust have reported being unable to access their money since April due to what the agency described as an internal calculation issue. Anxious parents said they dipped into personal savings or took out loans to cover their children's school expenses.

Maryland offers two funding plans, a prepaid college trust and a college investment plan, through Maryland 529. The agency is named for the section of the federal tax code that allows parents to save money and withdraw it tax-free at a later date to pay for their child's education.

The trust allows parents to lock in tuition prices from the time they open an account; the state pays any increase in tuition charges. The trust is backed by a state legislative guarantee, so the state is obligated to pay the benefits offered. The trust is managed by a Florida-based company, Intuition College Savings Solutions.

The college investment plan, which is run through Baltimore investment firm T. Rowe Price Group and operates similarly to a 401(k) plan, is not affected by the interest calculation problems.

Maryland 529 said earlier this year that it would prioritize addressing complaints from parents whose children are in college and rectify the situation by fall 2022, but it missed every self-imposed deadline, affected account holders have said.

After The Baltimore Sun requested updates repeatedly this week, Maryland 529 responded late Friday with its statement.

"It has taken time to resolve this issue because it was important to ensure that the trust accounts were carefully prioritized," Savia said in the statement.

"Quality control measures were put in place to correct the calculation for all [Maryland Prepaid

Mark Wozar's testimony to Maryland Committee members of Budget and Tax

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College Trust] Tuition plan account holders and ensure accurate reporting going forward ... I can say with confidence that the calculation formula has been corrected in accordance with the Tuition Plan Disclosure Statement.”

Savia said outside consultants were “moving through the remaining individual account manual reviews as quickly as possible to correct all remaining Tuition Plan accounts.”

A company that recently acquired Intitution called Catalis had issued a statement earlier in the week, saying it was confident the issue would be resolved soon.

Maryland 529 began seeking a crisis communications firm Dec. 29, according to an invitation for bids that The Baltimore Sun obtained.

The bidding, which closed Thursday, asked for a firm to provide a “strategic crisis communication strategy,” “control messaging,” “help agency spokespeople when responding to questions” from the public and reporters, develop ways to manage and respond to “negative or inaccurate [social media] posts and comments,” and help repair Maryland 529’s reputation and “rebuild public trust,” according to the invitation. The contract has a maximum value of \$50,000. It would begin Monday and run through June 30, with an option to extend.

“We’re only nine months into this and now they’re hiring a crisis firm?” said Brian Savoie, an account holder who hasn’t been able to draw money since August from his prepaid college trust account for his son.

Another parent, Ray Mahar of Howard County, said a Maryland 529 employee told him Thursday that his interest payments would resume by the end of the month. He was skeptical, through, because the agency had missed previous deadlines.

He’s been asking where \$18,000 in interest and earnings went since he attempted to draw \$8,000 from one of his daughter’s two college fund accounts to pay for her room and board and was told he had only \$6,200 left.

“This really needs to get more attention from people in Annapolis as to how this is affecting thousands of kids’ future college attendance,” Mahar said in a text message.

To that end, two lawmakers have promised to hold hearings to get answers. The House Appropriations Committee is scheduled to hold a briefing Jan. 19 on the Maryland 529 calculations errors, according to its chairman, Democratic Del. Ben Barnes, who represents parts of Anne Arundel and Prince George’s counties.

Savia said Maryland 529 “looked forward to explaining and working through this issue with the General Assembly.”

Democratic Sen. Guy Guzzone of Howard County told The Washington Post that the Budget and Taxation Committee he chairs also would hold a hearing early in the General Assembly session, which begins Wednesday. Guzzone was unavailable for comment, according to Deanna Peel, his chief of staff.

Mark Wozar's testimony to Maryland Committee members of Budget and Tax

Attachment 13 –

Maryland lawmakers plan hearings on troubled state college savings plan

By Danielle Douglas-Gabriel

January 4, 2023 at 1:58 p.m. EST

The Maryland House of Delegates, above, and Senate will hold hearings this upcoming session on the troubled state college savings plan. (Michael Robinson Chavez/The Washington Post)

Maryland lawmakers will soon hold hearings on account-calculation problems in the Maryland Prepaid College Trust that has left hundreds of families unable to access all the money in their accounts since the summer.

Meanwhile, state auditors plan to delve into the freeze as well as whether Maryland 529, the agency charged with managing the state's college savings plans, has addressed management problems identified in 2019 as part of a planned review.

The calculation error has left many parents scrambling to pay tuition this academic year, and families say Maryland 529 has not acted quickly enough to resolve the issues. The agency suspended interest earnings in August because of a calculation error and has missed self-imposed deadlines to sort out the problem.

‘A broken promise’: Maryland college savings plan blocks parents from withdrawing money

Families have voiced their frustrations to state lawmakers who are taking heed.

On Tuesday, House Appropriations Committee Chair Ben Barnes (D-Prince George's) told The Washington Post that he will hold a hearing on Jan. 19. Senate Budget and Taxation Committee Chair Guy J. Guzzone (D-Howard) said he is nailing down a date but expects a hearing in the first couple of weeks after the General Assembly convenes Jan. 11.

“It's unacceptable,” Guzzone said. “It's got to be resolved, the quicker the better. We're going to keep pushing them to do that.”

Guzzone said he spoke with Anthony Savia, executive director of the Maryland Prepaid College Trust and the College Investment Plan, a few weeks ago about the calculation glitch and felt confident that Savia is doing everything to resolve the matter. Guzzone said Savia explained that it took several hours to recalculate each account, a process that makes a quick resolution challenging.

On Wednesday, Michelle Winner, a spokeswoman for Maryland 529, said the agency “recognizes the frustration this issue has caused the account holders who have been impacted.” The agency has prioritized approximately 430 families who needed their distributions immediately and has reconciled the accounts of about 100 of them to date, she said.

“Maryland 529 and outside consultants continue to work diligently and in good faith to resolve this issue,” Winner said. “Quality control and the accuracy of the account holders’ calculations and subsequent manual review reports are our top priority.”

Winner said the error stemmed from a technical problem in applying a new accrual rate for some accounts. In November 2021, the board voted to raise the rate to 6 percent on balances held before Oct. 31, 2021. When the agency and a new fund manager, Intuition College Savings Solution, implemented the change electronically, some accounts that were ineligible for the increase were shown as receiving it.

When the error was discovered, Maryland 529 suspended interest payments until they could be corrected. Winner said third-party accountants are verifying the calculations and the computer coding of information technology software.

“It is not a glitch per se but is an issue with properly setting up the different earnings calculations to apply properly to different balances and different contributions,” she said.

While many parents have been able to access the principal in their accounts, others say their money has been completely frozen. All are clamoring for answers.

The General Assembly hearings will start as Maryland’s Office of Legislative Audits begins work on a routine fiscal review of the prepaid plan, according to Brian Tanen, director of compliance and performance at the state entity. He said the audit occurs every three to four years.

In 2019, auditors produced a damning report revealing years of lax oversight and poor record-keeping at Maryland 529. The audit, which covered 2014 to 2018, spanned a period of tremendous upheaval for the agency.

After the respective resignation and firing of the agency’s chief executive and chief financial officer in May 2015, the Maryland State Treasurer’s Office discovered unopened and undelivered mail in the former CFO’s office. Around the same time, personnel at Maryland 529 found 187 boxes of documents, some dating back a decade, that included unpaid invoices, undeposited checks and unprocessed refund requests.

In reviewing the documents, Maryland 529 staff also found \$4.3 million in account holder disbursements that had not been properly recorded and the existence of a previously unknown bank account used for the deposit of administrative fees. The documents also showed irregularities in the personal accounts of a former Maryland 529 employee, which were sent to the attorney general’s office for investigation.

In the 2019 report, auditors criticized Maryland 529 for not retaining a detailed accounting of the files, records of its investigation or the steps taken to resolve the matter.

The audit also took issue with how the agency calculated interest when prepaid account holders requested a refund or rollover of funds into another account, concluding that the method used resulted in excessive payments. Auditors were also concerned that refunds, tuition payments and adjustments to financial account data in the trust were not subject to a documented independent review.

After the audit, Maryland 529's board said it would seek a forensic audit and evaluate its methodology for calculating refund and rollover payments by January 2021. Winner said the forensic audit that resulted did not show any calculation errors.

Maryland offers two types of 529 college savings accounts: a standard investment plan and a prepaid college tuition trust. The investment plan is like a 401(k) account. Its value fluctuates with the price of the equities it holds, and families assume the risk. These accounts were not affected.

Prepaid plans, by contrast, let families lock in future tuition payments at today's prices. Here, the state bears the risk because it will have to absorb the cost of tuition inflation. It charges families a fee to carry that risk, and officials invest in stocks, bonds and other vehicles, using the returns to pay for tuition. Most prepaid plans only cover in-state tuition, but Maryland also lets families put their investment toward tuition at a private or out-of-state college.

Attachment 14 – Email Thread

From: Mark Wozar

Sent: Tuesday, January 10, 2023 8:04 PM

To: weydenkw@gmail.com <weydenkw@gmail.com>

Cc: mpctquestions <mpctquestions@mdprepaidcollegetrust.com>; kathy.szeliga@house.state.md.us <kathy.szeliga@house.state.md.us>; Jennings, J.B. Senator <JB.Jennings@senate.state.md.us>

Subject: Re: Maryland Prepaid College Trust

Michelle,

Thank you for your email; I am concerned that it contains no timeline for the solution. I am more concerned that the board is not allowing the public to voice their concerns -- either directly to the board nor through the legislature as they go to secret session and don't allow us to speak.

My concerns to your statements are in red below; they process does not offer solutions. I suggest that you and your team go to Maryland Legislature and ask for the money to make this whole. Ask the legislature for a "loan" to right the ship. I, like many others, have paid years in advance with the legislative guarantee of 6%; I, like my parents, did my part of the bargain now you, MDPCT should do yours. As they money is there, what do you have to lose? Open the floor for debate. No bill is written; no sponsor has been assigned. No bill number has been assigned. The time is NOW for action!

I hope the following information is helpful in explaining the Request for Account Support process:

- At this time, and in an abundance of caution, Prepaid College Trust Tuition Plan accounts are being individually reviewed by outside certified public accountants based on a priority system to help confirm accuracy of calculations.

[MW: I wanted validation on what was previously sent. My sons accounts were paid in full since 2005 -- 18 years ago. No outside agency has to certify that is in your records and in the spreadsheet. The accounts are simple interest at a fixed 6% as they were paid in full prior to Oct 31, 2021.]

- The completion of the Request for Account Support Form puts the Prepaid College Trust Tuition Plan Account Holder in the queue for a manual or other review based on the assigned priority level - if you submitted your form, you are now in the queue.

[MW: Thank you for confirming that I am in the queue; what is the ETC for the queue? I do not know of anyone one who has been given this information. My sons' accounts are easy to figure as they have been paid in full for 18 years and have no withdrawals. I AM CONCERNED BECAUSE FLA SEES NO INTEREST! IF THE ACCOUNTS ARE over 160% FUNDED, why does it take about a year to reconcile and distribute?]

- Upon completion of the manual review process (if applicable), the priority Account Holder will receive a MPCT Tuition Plan Manual Review Report and an explanation of next steps – including the actions the Account Holder may take on their MPCT Tuition Plan account.

[MW: When will this be done? Will this be done before the Maryland legislature adjourns? Shouldn't they know about the state of the MDCPT before they go for the year as they would have to vote on funding and making people whole who are placing their kids college on credit cards as their interest is not being released or kids have to go to other schools as the interest is not released?]

Mark

From: Michelle Winner -MD529- <michelle.winner1@maryland.gov>

Sent: Tuesday, January 10, 2023 5:31 PM

To: Mark Wozar <mwozar@hotmail.com>

Cc: mpctquestions <mpctquestions@mdprepaidcollegetrust.com>; kathy.szeliga@house.state.md.us <kathy.szeliga@house.state.md.us>; Jennings, J.B. Senator <JB.Jennings@senate.state.md.us>

Subject: Re: Maryland Prepaid College Trust

Dear Mr. Wozar,

I apologize for the frustration you are experiencing, but as I am not a member of the customer support or account services teams and have no access to account holder information, I am personally unable to provide assistance regarding your account. However, as you have stated that you completed and submitted the Request for Account Support form, a member of the Maryland 529 account services team will contact you.

I hope the following information is helpful in explaining the Request for Account Support process:

- At this time, and in an abundance of caution, Prepaid College Trust Tuition Plan accounts are being individually reviewed by outside certified public accountants based on a priority system to help confirm accuracy of calculations.
- The completion of the Request for Account Support Form puts the Prepaid College Trust Tuition Plan Account Holder in the queue for a manual or other review based on the assigned priority level - if you submitted your form, you are now in the queue.
- Upon completion of the manual review process (if applicable), the priority Account Holder will receive a MPCT Tuition Plan Manual Review Report and

an explanation of next steps – including the actions the Account Holder may take on their MPCT Tuition Plan account.

The most recent updates on this issue can also be found on our website at <https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-FAQs/Interest-Calculation-FAQs>

If you have additional questions regarding your request for account support form, please direct them to: mpctassistance.md529@maryland.gov.

Sincerely,

Michelle Winner
Director of Marketing

Maryland 529
217 E. Redwood Street
Suite 1350
Baltimore, MD 21202
Office: 443.769.1024
michelle.winner1@maryland.gov

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