

Dear Members of the Appropriations Committee,

Here is my testimony in support of HB1290, with amendments.

In 2006, when our children were 2 and 4, respectively, my husband and I invested in the Maryland Prepaid College Trust (the "Trust") in order to lock in the supposedly rising cost of tuition, as well as to have the option of applying earnings to their education. We weren't sure if our children would attend Maryland state schools, or private or out of state schools, so this plan gave us some flexibility. The MD529 rep who spoke with us encouraged us to select this plan over the MD College Investment Plan both because of his claim that state tuitions were bound to rise dramatically, and because the markets were unpredictable. We so regret that decision today.

Today, our older son, Daniel, is attending Cornell University after transferring from Howard Community College. We counted on the earnings on his account to help pay for his education at this revered institution. As you have already heard from so many of my new MD529 **Dis**Trust friends, we were unable to do that. Consequently, we had to refinance our home, trading in our historically low mortgage rate for a much higher one to pay his fall tuition. We are now paying his Spring tuition on a payment plan out of our limited savings.

Our younger son, Ezra, will be attending the University of Arizona in August. As an out of state student, his tuition costs are very high, and he is not receiving any aid whatsoever beyond loans. Our total bill for the year is \$59,200. Given the reprehensible actions by the "Trust", we can't access either of our children's earnings (totaling over \$45,000) and we don't know where money for tuition and other expenses is going to come from.

As you have certainly already heard and read testimony from so many other parents, the "Trust" has inappropriately, and many say, illegally, changed our contracts to remove our promised earnings. I previously had assumed that their 'errors' reflected a lack of familiarity with our original contracts and how they had been applied to other account holders for years. However, after receiving the frankly ludicrous email from Tony Savia on March 3, I realize that he and the Board are doubling down on the lies and obfuscations. Why they would do that, I can only imagine - and it's not a pretty vision. The entire situation, even without speculation on nefarious goings on, is a stain on Maryland's reputation. As a proud Marylander, I am ashamed of my state in this instance.

I am relieved, however, to see the Legislature and the Administration (including the Treasurer) poised to correct this shameful debacle. Therefore, I support HB1290, although with some amendments<sup>1</sup>:

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<sup>1</sup>Please note that other account holders are suggesting additional amendments that I also support. I am presenting what I see as the most critical ones here.

1. Guarantee that all account holders will receive all earnings as defined in our original contracts. Although less than returns received by those who rolled their MPCT accounts over before April 2022 (per former MD529 client communications manager Spencer Fells), we will accept, at minimum, the FAFSA values reported in the December 31, 2021 account statements, plus earnings received since that date, less any appropriate fees.
2. The Treasurer will allocate monies from a readily available source, such as the State's rainy day fund for immediate (by July 1, 2023) financial relief of account holders with students who will be enrolled in college, or another approved program in Fall 2023. Such 'financial relief' must cover, at a minimum, the immediate costs of attending the school in which they have enrolled (or plan to enroll) up to and including the value of their rollover amounts, plus documented expenses from unplanned loans, mortgages, credit card charges, etc., accrued because of the frozen assets.
3. Allow merger of multiple accounts for a given beneficiary to avoid the stipulation against more than one rollover per account per year.
4. The MPCT will immediately cease enrolling new accounts.
5. In the event that the entire MPCT is dissolved, any remaining assets will be divided among account holders commensurate with their contributions and time in the Trust. Account holders will include those who have used their WAT and closed their accounts since earnings were frozen in April of 2022. More recent account holders that have been promised 6% earnings as of November 2021, should be offered an attractive financial incentive to close their accounts.

Here's the bottom line: I'm glad to have the Treasury take over, but it **MUST** honor our contracts, provide our earnings, and for those of us with kids in or near college or other approved programs, create a mechanism to get our money to us **BEFORE** bills are due in August. Multiple accounts per beneficiary must be combined to allow full rollover within the year. Finally, in the event of dissolution of the MPCT, any remaining assets should be divided appropriately among account holders.

Thanks very much for your consideration of my testimony. I look forward to a favorable vote on the bill, with the listed amendments.

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