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Maryland House of Delegates
Appropriations Committee
Ben Barnes, Chair
House Bill 1290 Testimony

Chairman Barnes and esteemed committee members, my name is Monica Heinlein and I support HB1290 with amendments.

I opened my son Connor's Prepaid College Trust accounts in 2009 when he began kindergarten. He's now a freshman at Towson University and I haven't been able to access his college funds due to harmful decisions made by the Trust leadership over the past 11 months, beginning on April 15, 2022, when they decided to freeze rollovers.

The most egregious decision made to date was when Maryland 529 leadership breached our contracts by adopting and implementing new earnings calculations that resulted in the decimation of earnings on accounts opened prior to November 2021.

To fix the harm that Maryland 529 has caused account holders and beneficiaries, I recommend the following amendments to House Bill 1290:

1. The State Treasurer shall grant and apply a 6% earnings rate compounded monthly on account balances from the date of contribution to the date of rollover or refund.
2. Provide account holders an updated account statement that reflects the 6% earnings rate.
3. Implement a process for rollovers and refunds with a priority for those who've incurred college expenses from April 15, 2022 to present and those whose beneficiaries will be attending college in the Fall of 2023.
4. Establish a damage claims process for those who've incurred expenses because they were unable to access funds beginning April 15, 2022. Damage recovery should come from the Governor's rainy-day fund. For account holders who used the Weighted Average Tuition option after the earnings freeze, excess benefits should be calculated and refunded to accounts.
5. The work group members should include four MD Prepaid College Trust account holders who've experienced issues accessing their funds and the work group should begin by June 1, 2023 and finish by September 2023.
6. Notification needs to be provided to all account holders regarding the transfer of the Maryland 529 to the Treasurer within 15 days of the passage of this bill.

Based on the 2022 annual report, the Trust should have the funds required to cover rollovers and refunds when requested by account holders.

Thank you for your consideration.